

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of a Working Case to Explore)
Emerging Issues in Utility Regulation) **File No. EW-2017-0245**

**MISSOURI DIVISION OF ENERGY’S RESPONSE TO
STAFF’S AGENDA AND REQUEST FOR WORKSHOP DOCKET**

COMES NOW the Missouri Division of Energy (“DE”), by and through the undersigned counsel, and in response to the Public Service Commission (“Commission”) Staff’s (“Staff”) *Agenda and Request for Workshop Docket* in the above-styled matter, states:

1. On March 24, 2017, Staff filed an *Agenda and Request for Workshop Docket* to explore, “... five emerging areas of interest, for which it believes a workshop of interested parties would be beneficial to better understand these advancements and methods.” In doing so, Staff cited Section 386.135.5, RSMo., which states:

The technical advisory staff shall ... update the commission and the commission's administrative law judges periodically on developments and trends in public utility regulation, including updates comparing the use, nature, and effect of various regulatory practices and procedures as employed by the commission and public utility commissions in other jurisdictions.

According to Appendix A of Staff’s filing, the topics to be addressed would include solar energy, advanced metering infrastructure (“AMI”), customer financing, rate design, and the role of the Commission in creating a competitive market for electric vehicle (“EV”) charging.

2. Although great care will need to be taken to avoid the discussion of matters still before the Commission in other cases, DE is supportive of a workshop to address an array of

emerging issues in further detail, consistent with Section 386.135.5, RSMo. In the Commission's recently concluded working docket on policies to improve electric utility regulation (EW-2016-0313), DE commented extensively on similar topics. Although that docket ultimately focused on ratemaking questions more so than the numerous other issues raised by DE, those issues are still pertinent as well. DE also participated in the Commission's recently concluded EV charging station working docket through several submissions.

3. Many states have begun or are in the process of comprehensive evaluations of the evolving utility business model, sometimes referred to as the "utility of the future." In concept, the utility of the future is an entity which has moved towards providing energy and other related services to its customers. Undertakings addressing this concept include New York's "Reforming the Energy Vision" proceeding, the "e21 Initiative" in Minnesota, and Illinois's recently announced "NextGrid" study. In Missouri, the Comprehensive State Energy Plan, the workshop docketed as EW-2016-0313, and the Senate Interim Committee on Utility Regulation and Infrastructure Investment have all provided the foundations for additional conversation, albeit less extensively than processes in other states. Missouri's policymakers, utilities, and other stakeholders would be well served by continuing a broad discussion of the utility of the future. In addition, there may be an opportunity for Missouri to participate in a National Governors Association initiative in which Kentucky, Oregon, Rhode Island, and Washington will explore and discuss grid modernization, resiliency, and environmental stewardship as a means to address policy adaptation to the new utility business model.¹

¹ National Governors Association. 2016. "States Modernize Electric Power Sector." <https://www.nga.org/cms/home/news-room/news-releases/2016--news-releases/col2-content/states-modernize-electric-power.html>

4. As Missouri's state energy office, DE often considers these broader issues and looks forward to responding to Staff's discussion questions. DE's experience derives both from the Missouri Comprehensive State Energy Plan stakeholder process and DE's involvement in Commission proceedings. Based on DE's past activities and the lessons learned therefrom, DE offers the following suggestions to build on Staff's request for a new docket:

- a. **Stakeholders and experts** – the Commission should invite the broadest possible array of stakeholders and experts to participate in the suggested workshop and to answer Staff's questions. Doing so will increase the diversity of viewpoints which the Commission can consider in evaluating the utility of the future. To this end, DE suggests that, at a minimum, invitations to participate in this docket be distributed to all participants in recent electric utility proceedings before the Commission. Invitations to participate should also be provided to nationally recognized expert groups in order to learn of broader state and national trends, such as the American Council for an Energy-Efficient Economy, the Regulatory Assistance Project, the Rocky Mountain Institute, Energy Innovation, the Smart Electric Power Alliance, the Electric Power Research Institute, and Advanced Energy Economy.
- b. **Facilitation** – The groups mentioned above would also be ideally suited for providing a facilitator at the workshop. The Comprehensive State Energy Plan benefitted from a facilitator at the initial stakeholder meetings, with the conversations contributing to a balanced, thoughtful final document; the facilitator allowed DE to focus on listening to – and learning from – stakeholder input, deepening engagement in the content of the process while the facilitator handled

logistical considerations. The third workshop in the Commission’s most recent Missouri Energy Efficiency Investment Act rulemaking docket was facilitated by Richard Sedano of the Regulatory Assistance Project, resulting in a well-moderated discussion of energy efficiency policy. DE urges the Commission to find an impartial moderator for Staff’s suggested workshop in order to promote fair and robust dialogue and improve the likely effectiveness of the proceeding; DE is willing to assist with finding a facilitator.

- c. **Report** – Staff indicates that it will prepare a report based on the discussions at the workshop. DE recognizes that Staff holds a unique position as both a technical advisory body and an independent voice during Commission proceedings. Given Staff’s role, DE suggests that stakeholders be allowed to respond in writing to workshop discussions by May 30, and that Staff subsequently issue a draft report on June 30, accept comments on the report from stakeholders through July 31, and issue a final report which includes and responds to stakeholder comments by August 31.² This will better enable both Staff and the Commission to consider a diverse range of views on emerging issues.
- d. **Topics** – DE commends the range of topics included in Staff’s questions, and offers the following additions/revisions to these questions:
 - i. *Customer financing* – DE suggests replacing the mention of “Pay-As-You-Save ® (‘PAYS®’) programs” with the broader term “on-bill financing programs.” PAYS® is a specific brand of on-bill financing program, and

² DE notes that Staff’s pleading suggests April 30 as the deadline for responding to Staff’s questions; however, April 30 is a Sunday, so April 28 or May 1 would be better response dates.

discussions of customer financing options should be more inclusive of differing program design options.

- ii. *Customer impacts and low-income rates* – DE recommends adding “intra- and interclass customer impacts” and “low-income rates” as sub-topics to the question regarding modified rate design proposals.
- iii. *EV charging availability, EV charging prices, and resale issues* – DE recommends adding “charging station availability (number and locations),” “prices for charging,” and “resale issues” as sub-topics under the question regarding EV charging.
- iv. *Deployment, cost recovery, cybersecurity, third-party data access, and Internet of Things* – DE recommends adding the sub-topics of “deployment,” “cost recovery,” “cybersecurity,” “third-party data access,” and “Internet of Things” to the question about AMI.
- v. *Combined heat and power, distributed energy resources and microgrids* – DE recommends broadening Staff’s question about solar energy (as well as the subtopics thereunder) to a discussion of all distributed energy resources and microgrids, including combined heat and power. This could be accomplished by reframing the question as, “What is the Commission’s role in supporting distributed combined heat and power, microgrids, and distributed resources in general?”
- vi. *Enabling customer access, community solar, virtual and aggregated net metering, interconnection standards, other laws and regulations, and tariff structures* – DE recommends adding sub-topics under the broader

heading of distributed energy resources and microgrids (see above) related to “enabling customer access through utility-owned/customer-sited resources, power purchase agreements, and leases,” “community solar,” “virtual and aggregated net metering,” “interconnection standards,” “other laws and regulations,” and “tariff structures.”

vii. *Additional questions* – DE recommends adding the following questions and sub-topics to Staff’s list in Appendix A:

1. What is the Commission’s role in encouraging the deployment of storage resources, both behind the meter and within the broader utility grids?
2. What is the Commission’s role in shaping broader demand-side management efforts?
 - a. Missouri Energy Efficiency Investment Act goals
 - b. Cost-effectiveness testing
 - c. Non-energy benefits
 - d. Building codes and enforcement
 - e. Multifamily programs
 - f. Low-income programs
 - g. Alternative rate designs
 - h. Energy and demand savings
 - i. Utility coordination
 - j. Other states

3. What is the Commission's role in supporting, fostering, or enhancing a thriving economy in Missouri?
 - a. Economic development riders
 - b. Workforce development, training, and retraining
 - c. Flexible investments in innovation through research, development, deployment, and testing or experimentation
 - d. Balancing the interests and investments of ratepayers and taxpayers

WHEREFORE, the Missouri Division of Energy respectfully files its response to Staff's *Agenda and Request for Workshop Docket* and prays that the Commission consider the suggestions herein.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been served electronically on all counsel of record this 31st day of March, 2017.

/s/ Brian Bear

Brian Bear