

Issues Suggested by Staff:

- a. Describe and document the process Empire used to quantify all cost-effective demand-side savings in its most recent triennial compliance filing;
- b. Describe and document the quantification of all cost-effective demand-side savings for Empire in its most recent triennial compliance filing; and
- c. Describe and document how Empire's portfolio of demand-side resources in its adopted preferred resource plan in its most recent triennial compliance filing is - or is not - designed to achieve a goal of all cost-effective demand-side savings during the 3-year implementation plan period and during the 20-year planning horizon.

Empire's Response to Staff Issues a, b, and c:

These do not appear to be special contemporary issues to be analyzed and documented by Empire in its next annual update report. Instead, these "issues" suggested by Staff are more like requests for data related to demand-side issues stemming from Empire's triennial compliance filing made on July 1, 2013 (File No. EO-2013-0547) (the "2013 IRP").

Empire met with stakeholders on ten occasions in preparation for the 2013 IRP. Demand-side issues were on the agenda in nearly all of these meetings, and Empire's demand-side consultants were made available for questions during multiple Advisory Group meetings. Empire's 2013 IRP filing was delayed by three months in order to provide stakeholders with additional demand-side information. Empire delivered detailed demand-side information as agreed. One entire 2013 IRP volume (Volume 5: Demand-Side Resource Analysis) is dedicated to demand-side analyses.

Empire met with stakeholders within thirty days of the 2013 IRP filing. At that meeting on July 30, 2013, the proposed demand-side portfolio in the 2013 IRP preferred plan was discussed and generally thought to be aggressive. It was further agreed that the plan was adequate to be utilized in Empire's new MEEIA filing to be made within 90 days of that meeting date. The issues being suggested by Staff at this time have already been addressed in the 2013 IRP process and should not be considered "special contemporary issues" for Empire's 2014 annual update.

Additional Issues Suggested by Staff:

- d. Describe and document generally plans and timing to replace the Ventyx Midas® model currently used to perform its integrated resource plan and risk analysis required in 4 CSR 240-22.060
- e. Describe and document generally Empire's willingness to work collaboratively with Staff, the Office of the Public Counsel and other parties to consider the possible transition - over time - to a common software platform to perform the analyses required by 4 CSR 240-22.060.

f. Analyze and document the impacts of opportunities for Empire to implement distributed generation, DSM programs, combined heat and power (CHP), and micro-grid projects in collaboration with municipal, agricultural and/or industrial processes with on-site electrical and thermal load requirements, especially in targeted areas where there may be transmission or distribution line constraints.

Empire's Response to Staff Issues d, e, and f:

Staff Issues (d) and (e) are not proper topics for a special contemporary issues list. At this time, Empire has no plans to replace the Midas model currently being used to develop its periodic IRP filings, and Empire is not aware of any stakeholder concerns with regard to this topic. Empire, however, is always willing to work collaboratively with stakeholders and discuss any concerns that may arise.

Staff Issue (f) is a repeat of a special contemporary issue which was analyzed by Empire and documented in its 2013 IRP. It would not be an efficient use of Empire's resources to repeat the analysis and documentation for Empire's 2014 update report.

Issues Suggested by the Division of Energy and Empire's Responses:

Division of Energy Issue 1. Analyze and document the impacts of opportunities to implement distributed generation, DSM programs and CHP projects in collaboration with municipal water treatment plants and other local waste or agricultural/industrial processes with on-site electrical and thermal load requirements, and large institutional customers, especially in targeted areas where there may be transmission or distribution line constraints.

Empire's Response to Division of Energy Issue 1. This is a repeat of a special contemporary issue which was analyzed by Empire and documented in its 2013 IRP. It would not be an efficient use of Empire's resources to repeat the analysis and documentation for Empire's 2014 update report.

Division of Energy Issue 2. In its annual update, Empire should recalibrate its forecast of the number of households to reflect the existing economic situation. The analysis should describe and document any changes in the components of the load forecast made to account for changes in the economic situation and demographic conditions.

Empire's Response to Division of Energy Issue 2. The IRP rule requires the utility to update its stakeholders with regard to changing conditions, specifically changes in the status of identified critical uncertain factors. The load forecast was a critical uncertain factor in the 2013 IRP, so changes to the load forecast will be provided in the 2014 annual update. Since this is already covered by the IRP rule, Empire will provide this information in the annual update

process through the normal course of preparing the IRP annual update. This issue should not, however, be considered a “special contemporary issue” for the 2014 annual update.

Division of Energy Issue 3. Analyze and document alternative methods of customer information/behavior modification and education programs to increase customer awareness and encourage more efficient use of energy.

Division of Energy Issue 4. Analyze and document the impact of opportunities to implement demand rate mechanisms and effects on the DSM portfolio in response to changing wholesale electricity prices. Analysis should consider implementation of such mechanisms compared to traditional real-time load forecasting and operational procedures.

Empire’s Response to Division of Energy Issues 3 and 4. Similar to Staff issues (a), (b), and (c), these issues suggested by the Division of Energy are related to demand-side analyses. Empire recently filed its 2013 IRP, and the time for stakeholder comment on this 2013 IRP has yet to even occur. As noted, Empire met with stakeholders, including the Division of Energy (formerly MDNR), through the IRP stakeholder Advisory Group process in preparation for the filing of Empire’s 2013 IRP.

Demand-side issues were on the agenda in nearly all of the meetings, and Empire’s demand-side consultants were made available for questions during multiple Advisory Group meetings. Empire delivered all of the detailed demand-side information requested by the parties. One entire 2013 IRP volume (Volume 5: Demand-Side Resource Analysis) is dedicated to the IRP’s demand-side analyses, and workpapers related to the demand-side analyses were provided. In follow up, Empire met with stakeholders on July 30, 2013. The proposed demand-side portfolio in the 2013 IRP preferred plan was discussed and generally thought to be aggressive, and it was agreed that the plan was adequate to be utilized in Empire’s new MEEIA filing to be made within 90 days of that meeting date. As required by rule, the 2013 IRP considered Customer Information/Behavior Modification DSM Programs and demand rate mechanisms.

Empire should focus its Missouri demand-side resources on the portfolio of programs from the 2013 IRP and the upcoming MEEIA filing. Re-consideration of other demand-side programs, such as those suggested in Division of Energy Issues 3 and 4, before the new portfolio has even been implemented and discussed in the MEEIA process is inappropriate and not an efficient use of resources. Additionally, these items are not appropriate for an annual update, as opposed to a triennial filing. These issues suggested by the Division of Energy have already been addressed in the 2013 IRP process and should not be considered special contemporary issues for Empire’s 2014 annual update.