

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

In the Matter of an Investigation into the )  
Coordination of State and Federal Regulatory )  
Policies for Facilitating the Deployment of all ) File No. EW-2010-0265  
Electric Customers of All Classes Consistent )  
With the Public Interest )

**JUNE 16 COMMENTS OF MDNR, NRDC AND GRELC**

**References to Previous MDNR, NRDC and GRELC Filing**

MDNR, NRDC and GRELC filed a complete rule specifying, among other things, the content of a statewide Technical Reference Manual (TRM), triggers for a comprehensive portfolio filing and annual energy and demand savings targets that were included in the June 4 draft rule. We ask that this document be consulted in the creation of the final rule.

The following comments partially address comments and issues that were raised in the 6/11/10 workshop. Additional comments will be provided either collectively or by individual parties the week of June 21.

**Initial plan filing.**

4 CSR240-3.093(3) lacks an initial plan filing date. We suggest this change:

Applications for approval of electric utility demand-side programs. ~~Pursuant to the provisions of this rule, 4 CSR 240-2.060, and section 393.1075, RSMo, an electric utility may file an application with the commission for approval of demand side programs by filing information and documentation required by 4 CSR 240-3.164(2).~~ Electric utilities shall file their initial demand side plans, including both their energy efficiency and

demand response portfolios, on a staggered schedule to be set by the commission, with the first utility to make its filing within three months of the effective date of this rule.

### **Total Resource Cost test.**

There was some discussion of whether the calculation of the TRC should include the performance incentive on the cost side of the equation. Our view is that it should not, for the following reasons:

1. First, the performance incentive, because it comes out of the net savings resulting from the efficiency investment, does not impose any additional costs beyond the incremental measure costs to obtain the savings. In other words, the total costs to deliver the programs do not change as a result of making a decision to share a portion of the net benefits with utility shareholders, and the total benefits also do not change as a result of this decision. Therefore, since the goal of the TRC is to compare total costs with total benefits, the balance of costs and benefits should remain unchanged.
2. Secondly, including the performance incentive in the TRC undermines the purpose of the performance incentive, which is to encourage higher levels of savings. Effectively, doing so would turn a performance incentive into a performance disincentive.

None of the five cost-effectiveness tests includes performance incentive payments to shareholders. See NAPEE, “Understanding Cost-effectiveness of Energy Efficiency Programs,” p.3-2, Table 3-1, p. 3-3, Table 3-2 and more detailed discussions in chapter 6. Rather, “The cost-effectiveness test results are increasingly being used as a metric to measure the incentive payment to the utility, based on the performance of the energy efficiency program.” NAPEE, p. 4-11. Thus the incentives must await the outcome of the test, not be part of it.

We are unaware of any study, statute or rule that includes performance incentives in the TRC for the good reason that it makes no sense to put them there.

**Statewide potential studies, 240-3.164(2)(A).**

It is essential that DSM potential studies are conducted following the same methodologies and approaches in order to achieve uniform and unbiased results. This can be accomplished in a couple different ways: (1) the Commission can establish standards and methodologies that utilities must follow; or (2) the studies could be done on a statewide basis with specific data collection in each utility service territory.

**Review of rule.**

We recommend that the Commission review the rules after December 31, 2015, not 2014. More time is needed for programs to ramp up and start to yield quantifiable results.