

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

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| In the Matter of Ameren Missouri's 2014) | |
| Utility Resource Filing pursuant to 4 CSR) | Case No. EO-2015-0084 |
| 240 – Chapter 22) | |

PUBLIC COUNSEL’S COMMENTS

COMES NOW the Missouri Office of the Public Counsel and respectfully submits the attached comments pursuant 4 CSR 240-22.080(9) that address certain concerns and deficiencies regarding Ameren Missouri’s 2014 integrated resource plan.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 2nd day of March 2015.

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Public Counsel's List of Concerns & Deficiencies

1.) Concern: 4 CSR 240-22.050(2)

The utility shall conduct, describe, and document market research studies, customer surveys, pilot demand-side programs, pilot demand-side rates, test marketing programs, and other activities as necessary to estimate the maximum achievable potential, technical potential, and realistic achievable potential of potential demand-side resource options for the utility and to develop the information necessary to design and implement cost-effective demand-side programs and demand-side rates. These research activities shall be designed to provide a solid foundation of information to the utility about how and by whom energy-related decisions are made and about the most appropriate and cost-effective methods of influencing these decisions in favor of greater management impacts.

The utility may compile existing data or adopt data developed by other entities, including government agencies and other utilities, as long as the utility verifies the applicability of the adopted data to its service territory. The utility shall provide copies of completed market research studies, pilot programs, pilot rates, test marketing programs, and other studies as required by this rule and descriptions of those studies that are planned or in progress and the scheduled completion dates.

Summary:

Ameren Missouri's demand-side management (DSM) market potential study included primary market data on the likelihood of residential and business customer engagement in energy efficiency projects based on various pay-back scenarios (1, 3, and 5-years) under a 1-10 likelihood scale.

Ameren Missouri then took this primary data and placed a downward adjustment on all of the results based on secondary data from a 2010 market research exercise by the polling firm YouGov. The inclusion of the YouGov adjustment created an artificial cap on the potential energy efficiency estimates which included:

Residential cap

- 62% for regular purchases
(only lighting measures)
- 56% for irregular purchases
(non-lighting measures)

Business cap

- 83% for irregular purchases
(only lighting measures)
- 72% for regular purchases

These numbers reflect the best-case response scenario on energy efficiency adoption. Embedded within that best-case scenario assumption, a respondent would have to reply a “10” on a 1-to-10 scale rating that they would purchase the measure. Ameren Missouri then takes the YouGov adjustments and places an additional downward adjustment based on responses to psychographic segmentation questions such as:

- Overall satisfaction with Ameren Missouri (scale)
- The threat from global warming is real, and significant (agree/disagree)

Again, under these adjustments, a respondent would have to mark a “10” on the likelihood of purchase, have a very favorable view of Ameren Missouri as a trusted source, and perceive that global warming is a very real and serious threat amongst other potential calculated variables. Even under these imposed constraints, Ameren Missouri would only give the respondent a 56% likely chance that the customer would follow through with an energy efficient irregular purchase (i.e., anything other than an efficient light bulb).

As mentioned above, the source of the artificial caps on residential and business energy efficiency potential is based on “proprietary research” conducted in 2010 by the polling firm YouGov. Public Counsel reviewed the short, five-page study titled “Predicting purchase behavior from Purchase Intent” in response to a DR request from a related case (EO-2012-0142). The paper claims to be a longitudinal study of more than 5,000 consumers in the United States wherein the study examined follow-up purchasing behavior based on responses given in surveys. YouGov researchers followed up at 1 month, 6 months, and 12 month intervals and scored accordingly. The products they asked about included a wide array of equipment or services, including, but not limited to, some energy efficiency related products or services.

Among the many missing items needed to form any reasonable conclusion about the results of the YouGov paper, or the methodology employed were:

- The demographics of the consumers that were surveyed
- The manner and form in which the surveys were conducted
- The products they were asked about
- The energy efficiency products that were asked about
- The energy efficiency services that were asked about
- Whether or not they surveyed commercial and industrial customers.

In addition to the problems raised above, Public Counsel does not believe it is appropriate to substitute or alter primary data collected from Ameren Missouri customers with an opaque, non-peer reviewed, unsubstantiated 5-page write-up from 2010, on customers without demographic information, and without knowing the products or services that are being examined.

The market potential study results are important; as they ultimately contribute to setting the energy savings targets for future MEEIA cycles and have to reflect an equal valuation with available supply-side resources for purposes of the integrated resource planning. The incremental and cumulative annual energy savings expected from Ameren Missouri's RAP portfolio for purposes of the triennial IRP (and Ameren Missouri's MEEIA Cycle II application) are approximately one-half the incremental and cumulative annual energy savings of the IRP portfolios of Kansas City Power & Light and KCP&L Greater Missouri Operations Company. The above mentioned adjustments distort the potential and produce a clear deficiency for long-term planning purposes.

Suggested Remedy:

To remedy this concern, Ameren Missouri should recalibrate the expected technical, economic and realistic achievable DSM potentials without the 2010 YouGov adjustment and work with parties to its 2014 IRP case and with parties to its MEEIA Cycle 2 case (EO-2014-0055) to determine if a more appropriate adjustment is necessary based on accepted best practices by June 1st, 2015.

2.) Deficiency: 4 CSR 240-22.060(2)

The utility shall specify, describe, and document a set of quantitative measures for assessing the performance of alternative resource plans with respect to resource planning objectives. (A) These performance measures shall include at least the following:

1. Present worth of utility revenue requirement, **with and without any rate of return or financial performance incentives for demand-side resources the utility is planning to request.**

Summary:

Ameren Missouri has not calculated the impact of their DSM potentials with and without their requested financial performance incentive. The financial performance incentive represents potentially millions of dollars and is a real cost borne to ratepayers and needs to be included in the valuation of expected demand-side management resources for planning purposes and is a clear deficiency.

Suggested Remedy:

File the present worth of utility revenue requirement with and without the financial performance incentives for demand-side resources the utility is planning to request by June 1, 2015. Public Counsel may have additional concerns once it reviews the missing information provided by Ameren Missouri.

3.) Deficiency: 4 CSR 240-22.060(2)

The utility shall specify, describe, and document a set of quantitative measures for assessing the performance of alternative resource plans with respect to resource planning objectives. (A) These performance measures shall include at least the following:

...

3. **Present worth of out-of-pocket costs to participants in demand-side programs and demand-side rates.**

Summary:

Ameren Missouri has estimated their demand-side estimates based on the utility-cost test which omits the present worth of out-of-pocket costs to participants in demand-side programs and demand-side rates and is a clear deficiency. A proper valuation of the total net benefits to be used for planning purposes should utilize the total resource cost test which includes all of the cost and benefit components of the utility cost test as well as the incremental out-of-pocket expenses for participants.

Suggested Remedy:

File the present worth of out-of-pocket costs to participants in each demand-side program and each demand-side rates studied. Additionally, Ameren Missouri should file any adjustment in DSM outcomes of the integrated resource plan(s) with the calculated total resource cost results by June 1, 2015. Public Counsel may have additional concerns once it reviews the missing information provided by Ameren Missouri.

4.) Deficiency: 4 CSR 240-22.010(3)(F)

Evaluate, describe, and document the feasibility, cost-reduction potential and potential benefits of statewide marketing and outreach programs, joint programs with natural gas utilities, upstream market transformation programs, and other activities. In the event that statewide marketing and outreach programs are preferred, the utilities shall develop joint programs in consultation with the stakeholder group.

Summary:

Ameren Missouri has not included any suggestions or analysis on the feasibility of delivering statewide marketing and outreach programs, joint programs with natural gas utilities, upstream market transformation programs, and other activities in their filing.

Suggested Remedy:

Ameren Missouri should investigate and produce options for the inclusion of jointly-delivered and/or statewide programs and marketing that could produce economies of scale across utilities and share said information with stakeholders as part of the next scheduled statewide energy efficiency collaborative. The results of this investigation should be filed in this case by June 1, 2015. Public Counsel may have additional concerns once it reviews the missing information provided by Ameren Missouri.

5.) Deficiency: 4 CSR 240-22.060(4)(B)9 & 4 CSR 240-22.080(2)(D)

Analysis of Alternative Resource Plans. . . . For each alternative resource plan, a plot of each of the following over the planning horizon: **[sub-points 1-9]**

. . .

The forecast of capacity balance spreadsheet completed in the specified form, included herein, for the preferred resource plan and each candidate resource plan considered by the utility.

Summary:

Ameren Missouri did not provide the information in the format required by the aforementioned rules. What Ameren Missouri did provide in Chapter 4—Appendix B is only the capacity portion of the form. It does not include the forecasted purchased power, sales, demand forecast, demand-side impact to the forecast or the capacity reserves for each year of the plan as required by the rule.

Suggested Remedy:

File the additional sections outlined in 4 CSR 240-22.060(4)(B)1-9 and in the format specified in 4 CSR 240-22.080(2)(D) by March 31, 2015. Public Counsel may have additional concerns once it reviews the missing information provided by Ameren Missouri.