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

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| **In the Matter of Union Electric Company d/b/a** | **)** | |
| **Ameren Missouri's 2nd Filing to Implement** | **)** | **File No. EO-2015-0055** |
| **Regulatory Changes in Furtherance of Energy** | **)** | |
| **Efficiency as Allowed by MEEIA** | **)** | |

**SIERRA CLUB'S RESPONSE TO COMMISSION ORDER**
**DIRECTING FILING AND RELATED FILINGS**

Sierra Club, by and through undersigned counsel, hereby submits the following response to the Missouri Public Service Commission's ("Commission") September 17, 2015 Order Directing Filing ("Order") and related filings.

1. At the Commission's September 9, 2015 Agenda meeting, Commissioners raised two objections to the non-unanimous stipulation and agreement that Ameren and other parties filed in this case on June 30, 2015. The two objections concerned the demand-side investment mechanism ("DSIM"): (i) the absence of retrospective Evaluation, Measurement, and Verification ("EM&V") in calculating the throughput disincentive; and (ii) the absence of a component of supply-side investment reduction in calculating the Performance Incentive ("PI"). In an order issued that same day, the Commission directed parties to report, by September 16, whether further negotiations that address the objections could be productive in reaching agreement on a Cycle 2 MEEIA Plan.

2. Based on preliminary discussions between Ameren, Staff and Office of Public Counsel, Sierra Club supported Staff's recommendation for an extension of time for parties to file responsive pleadings until September 22, 2015. Sierra Club's Sept. 16 Response at 1.

3. The Commission granted the extension request, directing parties to file a pleading stating whether they believe they can negotiate a MEEIA plan that would address the

Commission’s objections, i.e. a MEEIA plan that would include retrospective EM&V and a supply-side investment reduction component as part of the PI.

4. As other parties have represented in recent filings, the parties were unable to reach a negotiated compromise addressing the Commission’s objections.

5. On September 25, 2015, Ameren proposed further modifications to its plan (as modified by the June 30th Utility Stipulation) in response to the Commission’s objections. Specifically, Ameren proposed the following: (i) use of retrospective measure-level EM&V to analyze Throughput Disincentive-Net Shared Benefits (“TD-NSB”) recoveries, with a crediting option against the PI if EM&V would have lowered the TD-NSB and if the PI remains zero or greater, while net-to-gross values are deemed at 0.9; (ii) annual updates to the Technical Resource Manual (“TRM”) to reflect retrospective EM&V results; (iii) a 25% demand-based component of the PI calculation, based on a 123 MW target; and (iv) an industry-wide DSIM alternatives workshop.

6. In an affidavit executed by Ameren’s Director of Energy Efficiency and Demand Response and filed by Renew Missouri on October 2, 2015, Ameren agreed to additional modifications, including: (i) filing a status report by June 1, 2016 to inform the Commission of additional energy savings strategies discussed by the parties, including specific strategies Ameren will employ, as part of the stakeholder process to identify additional cost-effective energy savings strategies; (ii) expanding eligibility for the Multifamily Low Income (“MFLI”) program and the 25% bonus incentive to buildings with service under the 1(M) classification; and (iii) providing MFLI audit participants with certain information, including energy savings and information to estimate costs.

7. Sierra Club appreciates the parties' efforts to explore further negotiations to find a consensus resolution of the issues raised in this case and at the Commission's September 9, 2015 Agenda meeting. The subsequent modifications Ameren has proposed, especially the MFLI enhancements (which are similar to those in the Non-Utility Stipulation), generally represent a step in the right direction, though Sierra Club remains concerned about the projected savings levels over the three-year term of the plan.

8. Sierra Club is concerned about the low level of savings presented in this case, which stem from the Company's extremely low starting point of roughly 0.4% energy savings per year. Energy efficiency is the lowest cost, lowest risk, and cleanest energy resource; and a failure to invest in it at sufficient levels does not reflect prudent resource planning and acquisition, and simultaneously denies substantial benefits to customers and the utility system. Sierra Club has sought to find a path forward towards higher levels of cost-effective savings—including a process by which to reassess underlying assumptions that have constrained efficiency and overall savings levels in Ameren's plan—in furtherance of MEEIA's objectives. The expert-driven and collaborative processes outlined in the Non-Utility Stipulation provide one such pathway that would help increase savings.

9. As stated previously, Sierra Club strongly supports continued investment in energy efficiency, even if the Commission modifies Ameren's plan in a way that differs from what was presented in the Non-Utility Stipulation. *See* Sierra Club's Reply Br. at 2.

10. Based on what has been presented during the past two weeks, Sierra Club supports the proposed MFLI program additions, which are generally consistent with Sierra Club's recommendations in its reply brief,[1] and does not oppose the other modifications Ameren

[1] Sierra Club Reply Br. at 7.

presents.[2] However, Sierra Club notes that, even with these modifications, savings levels remain too low and Ameren must work to increase efficiency savings during the life of the plan, including correcting flaws in its underlying efficiency analysis going forward. *See* Sierra Club's Br. at 9-11.

**WHEREFORE**, Sierra Club respectfully offers its Response to the Commission Order Directing Filing and Related Filings.

Dated this 6th day of October, 2015.

Respectfully submitted,

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[2] However, any DSIM workshop should not detract from the pending revenue decoupling investigation in Case No. AW-2015-0282. Sierra Club supports the investigation and continues to believe that it could result in a simple, consensus approach to addressing and overcoming the throughput disincentive for utilities in a manner that protects consumers.

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct PDF version of the foregoing was filed on EFIS and electronically mailed to all counsel of record on this 6th day of October, 2015.

/s/ Jill Tauber
Jill Tauber