BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a Ameren Missouri's 4th Filing to Implement Regulatory Changes in Furtherance of Energy Efficiency as Allowed by MEEIA	)))))	File No. EO-2023-0136

<u>NRDC'S STATEMENT OF POSITION</u>

COMES NOW the Natural Resources Defense Council ("NRDC)", and provides this Statement of Position, with issues numbered according to the List of Issues, List and Order of Witnesses, Order of Opening Statements and Order of Cross-Examination filed by attorneys for the Staff of the Missouri Public Service Commission on July 10, 2024. NRDC takes a position on Issue 7. NRDC reserves the right to modify its positions or to take additional positions as the case proceeds.

7. **Programs**: Should the Commission approve, approve with modifications, or reject Ameren's proposed tariff programs?
   A. In regards to programs, specifically:
      i. Residential:
         a. HVAC
         b. PAYS
         c. New Construction
         d. Demand Response
            o Specifically, should Ameren be allowed to incentivize new thermostats?
         e. Education/Energy Efficiency ("EE") Kits
      ii. Business:
         a. Business Lighting
         b. Demand Response
         c. Midstream
         d. Custom/Standard
      iii. Income-Eligible:
         a. Multi-family
         b. Single Family
      iv. Pilots/Research and Development

B. If the Commission approves the demand-side program plan, should the Commission adopt or modify the form of Ameren Missouri's DSM programs' exemplar tariff sheets which were attached as Appendix J?

C. Do the DSM programs' exemplar tariff sheets comply with the Commission's Promotional Practices requirements found in 20 CSR 4240-3.150 and 20 CSR 4240-14.030? If not, how do they not comply, and should the Commission grant a variance(s) to the extent they are determined not to comply?

NRDC respectfully asserts that the Commission should approve Ameren Missouri's proposed electric MEEIA 2025-2027 DSM Plan (the "Plan"), with modifications. The Plan has good attributes, putting forward a wide-ranging portfolio of programs and measures across different ratepaying classes. The projected demand savings of the Program drops off after 2025, and as a result, leaves room for improvement. NRDC suggests the Commission approve the Plan with the following recommended expansions: the Plan should be expanded to reach a minimum of one percent energy savings; residential lighting programs should be limited to direct installation in income eligible properties and should have a measure life assumption of one year to reflect that LEDs are the baseline; and the residential demand response program should be expanded to offer winter demand response opportunities and to include small business customers.

First, NRDC recommends that the Plan be expanded to reach a minimum of one percent annual energy savings. The projected level of annual energy savings for the Plan is currently 0.8 percent. This figure is lower than savings achieved by the Company in 2021 and declines from prior years on an annual basis. Additional cost-effective annual energy savings may be available that could bring the Program closer to the level of savings projected by the Commission's MEEIA demand-side savings goals of 1.9 percent of annual energy savings and 1 percent of annual peak demand savings, as outlined in 20 C.S.R. 4240-20.094(2)(A)(9). Other similarly situated large electric utilities are achieving percentages of energy savings beyond one percent as compared to retail sales, some reaching up to 3 percent. Several of these utilities achieved such higher energy savings while spending similar amounts of money and revenue as Ameren, or even less. Ameren itself reached 0.99 percent energy savings in 2021 at a lower level of spending than will be utilized in 2023. To bring Ameren in line with its past achievement and other utilities, the Plan should be expanded to reach at least 1 percent annual net energy savings compared to retail sales. This can be achieved by scaling the current Plan to attain higher levels of participation.

Second, NRDC recommends that the Plan be modified to limit residential lighting programs to direct installation in income eligible properties. Such programs should also be modified to utilize a measure life assumption of one-year. Currently, Ameren plans to offer an Efficient Products program that discounts high efficiency lighting. However, the Energy Independence and Security Act of 2007 ("EISA") established that all general service lamps must meet LED standards. With high efficiency LEDs now serving as the baseline, Ameren should not be rebating or discounting lighting. Offers to direct-install lighting should also be limited to hard-to-reach markets, such as income eligible programs. Further, since LEDs are the baseline product and considering their ease of replacement, the measure life of direct-install lighting should be revised from nineteen years to one year.

Third, NRDC recommends that the residential demand response program be expanded to offer winter demand response opportunities and to include small business customers. The current program reduces demand during events occurring from May through September and could be expanded to include winter events using the same thermostat that residential customers have already enrolled. Expanding the demand response program to include winter months would provide more system flexibility. Additionally, Ameren should consider expanding the residential demand response program to include small businesses. It is unclear how small business customers can participate in the Company's current business demand response program. Many small businesses could participate in a program similar to the residential demand response program by enrolling thermostats or installing direct load control switches. As neither recommended expansion would involve new program designs, Ameren would be able to rely on past models and could potentially implement these additional programs within the first year of the Plan.

Although there are other opportunities available to reduce energy consumption, such as the state's Weatherization Assistance Program ("WAP") and grant and loan programs, the level of need and demand for energy efficiency programs likely outweighs the available funding, financing, and resources. Resources that promote the common goal of reducing energy consumption and demand should be braided or leveraged with MEEIA programs rather than supplanting the MEEIA effort. Especially as cost is one of the greatest barriers to the implementation of energy efficiency measures for both households and businesses.

Ultimately, the Plan should be approved and MEEIA programs should be used with other resources rather than supplanted by them. MEEIA programs provide cost-effective reductions in demand and energy usage, while also offering benefits to customers in all rate classes in which programs are provided. These benefits include reduced demand and overall energy usage, increased system reliability, lower utility bills, job creation, and decreases in greenhouse gas emissions, pollution, and overall natural resource use. These are all benefits the Commission has previously recognized. The Company's most recent IRP demonstrated that the Ameren MEEIA programs have to date offset the Company's load growth over the past three years. In addition, the IRP demonstrated that the highest revenue requirements resulted when demand-side management was excluded from alternative planning scenarios. If there are concerns about how the Company's MEEIA programs are addressing capacity needs in the service territory, instead of limiting or removing such programs, the Commission should examine the sufficiency of the Company's investment in energy efficiency, in much the same way as traditional investments such as power plants and delivery infrastructure are evaluated.

The Commission should approve Ameren's proposed electric MEEIA 2025-2027 DSM Plan, with the aforementioned modifications.

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Dated: July 17, 2024

Respectfully submitted,

/s/ Sarah Rubenstein

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CERTIFICATE OF SERVICE

I hereby certify that on this date, July 17, 2024, a true and correct copy of the foregoing was served on all parties on the official service list for this matter by filing with the Commission's EFIS system, and by email to all counsel of record.

/s/ Sarah Rubenstein