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	)))))	**Case No. EO-2023-0136**

AMEREN MISSOURI'S POSITION STATEMENT

COMES NOW Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company"), and hereby submits its Position Statement for the issues contained in the List of Issues[1] filed on July10, 2024:

I. Introduction

Ameren Missouri filed its amended and supplemented application seeking approval of a Demand-Side Investment Mechanism ("DSIM")[2] and a Demand-Side Management Portfolio and Plan to be effective during the period January 1, 2025, through December 31, 2027[3] (the "MEEIA Cycle 4 Plan" or "Plan"). The proposed DSIM is designed to align the interests of the utility with helping customers use energy more efficiently, which is consistent with the Missouri Energy Efficiency Investment Act ("MEEIA"). The MEEIA Cycle 4 Plan contains programs similar to the successful programs in the previous MEEIA Plans. The MEEIA Cycle 4 Plan, however, differs

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[1] In preparing this list of issues, the parties attempted to list all contested issues, and attempted to obtain consensus on the descriptions of the issues. Ameren Missouri, however, does not agree that the issues below are issues to be decided in this case. Ameren Missouri agreed to include all issues in this list to avoid the need to file multiple lists of issues.
[2] The basic structure of the DSIM proposed for the Plan is similar in most respects to the DSIM that is currently in place for the MEEIA Cycle 3 programs. The proposed DSIM addresses three components: 1) program cost recovery; 2) throughput disincentive recovery; and 3) an earnings opportunity. Ameren Missouri updated its analysis to reflect new portfolio characteristics, new avoided costs (*see* EO-2024-0020), and new margin rates to produce updated throughput disincentive and earnings opportunity components of the DSIM. (*See* MEEIA 2025-27 Plan (Revised), pp. 62-63.
[3] The Company requested an extension for its demand response programs through February 29, 2028, to account for full coverage of the winter season in MISO's capacity Planning Resource Auction ("PRA").

from previous MEEIA plans in that (i) the budget is larger than MEEIA Cycle 3; (ii) the Plan increases the market reach for Income-Eligible customers, building on the success of the Community Savers programs; (iii) the Plan increases the annual energy savings and annual peak demand savings, and (iv) the Plan is consistent with the preferred resource plan filed in the Company's 2023 Integrated Resource Plan ("IRP").[4] The MEEIA Cyle 4 Amended Plan includes five new programs and one new suite of educational program,[5] and these new programs along with programs similar to the previous plans provide customers with a variety of measures and channels in which to participate in the programs. The Company designed the programs for customer continuity and the Company considered feedback from stakeholders in over 15 collaborative discussions. Specifically, the Company considered the stakeholder feedback along with the experience gained from the previous three MEEIA cycles which allowed the Company to analyze what worked well and what needed modification in its new Plan.

Ameren Missouri's Plan portfolio produces $303 million in net benefits to all customers and shows a cost-effective ratio of 1.64 under the Total Resource Cost Test ("TRC").[6] *See* Revised Appendix A – Portfolio and Program Summary, p. 11, MEEIA 2025-27 Plan (Revised), pp. 81-84. The TRC demonstrates the benefits of the Plan exceed the costs. Under the Commission rules, the Commission "shall consider the TRC test a preferred cost-effective test" and "[f]or demand-side programs and program plans that have a TRC test greater than one (1), the [C]omission shall approve demand-side programs or program plans, budgets, and demand and energy savings targets for each demand-side program it approves, provided it finds that the utility has met the filing and

[4] *See* MEEIA 2025-2027 Plan (Revised) page 6 and page 6, Schedule AML-D1 to the Direct Testimony of Antonio Lozano, and EO-2024-0020.
[5] These new programs include: Residential Whole Home New Construction, the Business Midstream, and Community Based Organization Engagement.
[6] The "Portfolio Total" includes the Earnings Opportunity, p. 11 of Appendix A.

submission requirements of this rule and demand-side programs - 1. Are consistent with a goal of achieving all cost-effective demand-side savings; 2. Have reliable evaluation, measurement, and verification plans; and 3. Are included in the electric utility's preferred plan or have been analyzed through the integration process required by 4 CSR 240-22.060 to determine the impact of the demand-side programs and program plans on the net present value of revenue requirements of the electric utility." 20 CSR 4240-20.094(4)(I).

Ameren Missouri's MEEIA Cycle 4 Plan has a TRC ratio over one (1), the TRC ratio is 1.64, and the Plan is consistent with the goal of achieving all cost-effective demand-side savings,[7] includes a reliable EM&V Plan consistent with the improvements made over the past EM&V plans, and the Plan is consistent with the realistic achievable potential ("RAP") in the Company's most recent IRP in the preferred Plan C.

As part of the Company's 2023 IRP, Ameren Missouri set forth its preferred resource plan, Plan C. The Company's Plan C includes the DSM savings intended to be produced under the MEEIA Cycle 4 Plan. In its IRP, Ameren Missouri also developed and analyzed an alternative plan without continued implementation of MEEIA programs, Plan I. Table 1 below shows the basic composition of Plan I and Plan C, which includes implementation of energy efficiency and demand response programs at the Realistic Achievable Potential ("RAP") level and was selected as the Company's preferred Resource Plan ("PRP").[8] Note that Plan I includes two additional generation resources not included in Plan C – 1,150 MW of simple cycle ("SC") gas-fired generation in 2037 and 1,200 MW of combined cycle ("CC") gas-fired generation in 2043. It also reflects the acceleration of 1,200 MW of CC generation

[7] Appendix A, Direct, Rebuttal and Surrebuttal Testimony of Antonio Lozano, Direct, Rebuttal and Surrebuttal Testimony of Timothy Via, Rebuttal and Surrebuttal Testimony of Steven Wills.
[8] Rebuttal Testimony of Matt Michels at p. 6.

from 2033 to 2028.[9] These generation additions are avoided or deferred with the inclusion of continued MEEIA programs at the RAP level throughout the 20-year planning horizon.[10]

Table 1 – Resources in alternative plans with and without demand-side programs[11]

	Plan Name	DSM EE-DR	Renewables	New Supply-Side	Coal Retirements/ Modifications
C	RAP - Renewable Expansion	RAP-RAP	Renewable Expansion	SC 2028, CC 2033 CC 2040 and 2043	Base
I	No Additional DSM	-	Renewable Expansion	SC 2028, **SC 2037** **CC 2028**, 2040, 2043 and **2043**	Base

The Commission must decide whether to approve Ameren Missouri's MEEIA Cycle 4 Plan, which contains benefits that exceed the cost and will avoid the need to construct generation in 2037 and 2043. The Commission may also modify or reject the Plan. Ameren Missouri witness Matt Michels testified that "[s]uspending MEEIA programs altogether would require a major shift in the Company's resource planning to ensure sufficient alternative resources are available to meet customer needs and ensure reliability in both the near term and the long term and would expose customers to approximately $4 billion in additional costs over the next twenty years (on a net present value of revenue requirements["NPVRR"] basis), a situation that is untenable on both counts."[12]

In contrast, Staff and OPC recommend the Commission reject the Plan and expose customers to approximately $4 billion of higher cost, which is unreasonable and undermines the policy and purpose

[9] *Id.*
[10] On April 2, 2024, Ameren Missouri filed updated 2023 IRP documents to reflect a correction to Plan I. Plan I previously showed a CC addition in 2033 instead of an SC addition in 2037. The Company's risk analysis was re-run, and the correction did not affect the Company's selection of its PRP.
[11] Rebuttal Testimony of Matt Michels, page 6, l. 9.
[12] Rebuttal Testimony of Matt Michels at 11.

of MEEIA. For the reasons set forth in this Statement, the Commission should approve the MEEIA Cyle 4 Plan.

II. List of Issues

In approving, approving with modifications, or rejecting Ameren Missouri's MEEIA Cycle 4 Amended Application (consisting of (1) the Report, (2) the portfolio and programs summary, (3) the program templates, (4) the avoided costs, (5) the incentive ranges, (6) the sample evaluation plans, (7) the deemed savings tables, (8) the Technical Resource Manual ("TRM") (Appendices G, H, and I), (9) the exemplar tariff sheets, (10) the customer Demand Side Investment Mechanism ("DSIM") explanation, (11) the customer bill examples, (12) the MEEIA 2025-2027 accounting, (13) the earnings opportunity calculator, and (14) the Urban Heat Island)[13] the Commission must address issues 1, 5, and 7 under MEEIA, and if the Commission finds the Plan benefits all customers, then the Commission is not required to modify any of the programs under issue 8, the sub-issues and issues 2, 3, 4, and 6 are issues raised by Staff and OPC for the Commission to consider.

1. **Benefits:** Is Ameren Missouri's demand-side plan, as proposed, expected to provide benefits to all customers in the customer class in which the programs are proposed, regardless of whether the programs are utilized by all customers as required by § 393.1075.4 RSMo.?

Company Position: Yes. Ameren Missouri's MEEIA Cycle 4 Plan portfolio's TRC ratio is 1.64,[14] and the Plan is consistent with the goal of achieving all cost-effective demand-side savings.[15] The Plan includes a reliable EM&V Plan consistent with the improvements made over

[13] These documents are all filed as docket item 32. References to Ameren's MEEIA Cycle 4 Amended Application should be interpreted as references to all these items.
[14] Appendix A, page. 11.
[15] *See* the Direct, Rebuttal, and Surrebuttal Testimony of Antonio Lozano, Direct Testimony of Timothy Via, the Rebuttal and Surrebuttal Testimony of Steven Wills and Rebuttal and Surrebuttal Testimony of Matt Michels.

the past EM&V plans, and the Plan is consistent with the realistic achievable potential ("RAP") in the Company's most recent IRP in the preferred Plan C.

A. Are the avoided cost assumptions in Ameren's MEEIA Cycle 4 Amended Application reasonable estimations of ratepayer benefits of avoided energy and demand?
    i. If not, how should avoided costs be determined?

Company Position: Yes. Consistent with the avoided costs developed in the most recent IRP, the avoided capacity costs used for screening demand-side resources are a stand-in for the *cost* of the supply-side resources with which they are competing, and the market prices of capacity are used to determine the revenue for resources and the cost of load in the IRP integration and risk analysis.[16] *See* 20 CSR 4240-20.92(C) and 20 CSR 4240-22.050(5)(A)1.[17] Additionally, consistent with the IRP and the definition of avoided costs in the Commission's rules,[18] Ameren Missouri included system wide avoided transmission and distribution costs in its avoided cost calculation. Mr. Michels explained how the costs were derived and noted the approach is similar to the approach taken since the Company's 2011 IRP and explained how the costs were calculated.[19] The Commission should accept Ameren Missouri's avoided costs as reasonable.

B. Does Ameren's Fuel Adjustment Clause ("FAC") affect the distribution of potential benefits projected from its MEEIA Cycle 4 Amended Application?

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[16] Rebuttal Testimony of Matt Michels at p. 20, ll. 13-16.

[17] Section 4240-20.092(C) provides: "Avoided costs or avoided utility costs means the cost savings obtained by substituting demand-side programs for existing and new supply-side resources. Avoided costs include avoided utility costs resulting from demand-side programs' energy savings and demand savings associated with generation, transmission, and distribution facilities including avoided probable environmental compliance costs. The utility shall use the integrated resource plan and risk analysis used in its most recently adopted preferred resource plan to calculate its avoided costs;" and Section 4240-22.050 states: "The utility avoided demand costs shall include the capacity cost of generation, transmission, and distribution facilities. . . or the corresponding market-based equivalent of those costs."

[18] 20 CSR 4240-20.092(1)(C), which states in part: "[a]voided costs include avoided utility costs resulting from demand side programs' energy savings and demand savings associated with generation, transmission, and distribution facilities including avoided probable environmental compliance costs."

[19] Rebuttal Testimony of Matt Michels at p.23, ll 12-19 and pp. 24-25.

Company Position: Yes, but only as a transient mechanism to roll the benefits into the Company's base rates. However, the Company disagrees that this is an issue for resolution in this case and the Commission's rules do not require the FAC to be analyzed to determine energy efficiency benefits. The goal of MEEIA is to value demand-side investments equal to traditional investments in supply and delivery infrastructure and allow recovery of all reasonable and prudent costs associated with delivering cost-effective demand side programs.[20]

The FAC issue is only related to avoided wholesale energy and capacity costs arising from MEEIA load reductions. Although some benefits arise from MEEIA load reductions in the FAC, many very real and very significant benefits from MEEIA do not flow through the FAC.[21] Ameren Missouri witnesses Mr. Michels and Antonio Lozano testify that there are expected to be significant avoided generation investments attributable to the Company's MEEIA Cycle 4 portfolio. *See* Table 1 above.

Ameren Witness Steven Wills testifies that savings from the proposed MEEIA Cyle 4 programs associated with all proposed measures are expected to result in market savings at average price levels that significantly exceed the level of the FAC Base Factor, meaning that MEEIA Cyle 4 programs will result in increased credits or reduced charges through the FAC that provide benefits to all customers.[22]

It's important to recognize that MEEIA impacts in the FAC are only a transient means of delivering benefits to customers since savings will become embedded in base rates, eliminating any role for the FAC to deliver and apportion those benefits relatively early in the long average lives of MEEIA measures.[23]

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[20] Section 393.1075 3. RSMo.
[21] Rebuttal Testimony of Steven Wills, p. 34, ll. 5-6.
[22] *Id.* at 33, ll.15-19.
[23] *Id.,* ll.21-22, 34, ll.1-2.

The Company demonstrated that some benefits will flow through the FAC and that all customers receive the benefits from lower FAC costs.

C. Does Ameren Missouri's demand side plan value demand-side investments equal to traditional investments in supply and delivery infrastructure?

Company Position: Yes. The Company's IRP process analyzed the MEEIA Cyle 4 plan together with the supply-side resources as shown in Table 1 above.

D. Do the programs in the demand-side plan, and associated incremental energy and demand savings, demonstrate progress toward the goal of achieving all cost-effective demand-side savings?

Company Position: Yes. The Company demonstrated the MEEIA Cycle 4 Plan makes progress toward the goal of achieving all cost-effective demand-side savings. The Company's Plan is consistent with the RAP portfolio identified in the IRP. *See* Table 1 above and MEEIA 2025-2027 Plan (Revised), Schedule AML-D1 to the Direct Testimony of Antonio Lozano, and EO-2024-0020.

<u>Witnesses</u>

Matt Michels (Ameren Missouri)
Steve Wills (Ameren Missouri)
Antonio Lozano (Ameren Missouri)
Justin Tevie (Staff)
Sarah Lange (Staff)
Brad Forston (Staff)
J Luebbert (Staff)
Lena Mantle (OPC)
Jordan Seaver (OPC)
Geoff Marke (OPC)

2. **Inflation Reduction Act ("IRA")/Market Dynamics:** Does Ameren's MEEIA Cycle 4 Amended Application sufficiently address the interaction of the IRA and other market dynamics with MEEIA?

Company Position: Yes. However, the Company disagrees that this is an issue for resolution in this case. While the MEEIA Cyle 4 Amended Application considered the interaction between the IRA and other market dynamics, under MEEIA the Commission does not need to decide this issue to approve the proposed MEEIA Cycle 4 Amended Application.

Witnesses

Antonio Lozano (Ameren Missouri)
Tim Via (Ameren Missouri)
Neil Graser (Ameren Missouri)
Mark Kiesling (Staff)
Geoff Marke (OPC)

3. **Administrative Overhead:** What should be included as administrative costs?

   A. Should there be a cap on administrative costs?
   Ameren Alternative Issue: Should the Commission modify the proposed programs to place a cap on administrative costs if the portfolio is determined cost effective?
      i. If yes, what should the cap be?

Company Position: The MEEIA 4 Cycle Plan includes reasonable Contractor Administrative Costs in the program budgets. *See* Revised Appendix A. The MEEIA Cycle 4 portfolio is shown to be cost-effective under the TRC. *Id.* The fact that the portfolio, including the Income Eligible program, is cost-effective means that it is providing total net benefits to all customers.

OPC witness Dr. Geoff Marke recommends an arbitrary cap for the Single-Family Income Eligible program based on the administrative cost cap placed on some agencies. This recommendation is arbitrary and does not evaluate what specific administrative costs comprise the Company's Single Family Income Eligible Program. The Commission should not place a cap on the administrative costs on the Income Eligible programs since they are shown to be cost effective. Moreover, an arbitrary cap ignores some of the administrative costs that are incurred by co-delivering the Income Eligible programs with natural gas utilities.

Witnesses

Tim Via (Ameren Missouri)
Geoff Marke (OPC)

4. **Earnings Opportunity ("EO"):** If the Commission determines that Ameren may implement a MEEIA Cycle 4, should the Commission authorize an Earning Opportunity?

Company Position: Yes. Under MEEIA, the Commission shall provide timely earnings opportunities associated with cost-effective measurable and verifiable efficiency savings. Section 393.1075(3) RSMO.

A. In valuing demand side investments equal to supply side investment as required by § 393.1075.3 RSMo.:
   i. Who bears the risk of Ameren not achieving its projected energy targets?

Company Position: The Company disagrees that this is an issue the Commission must consider under MEEIA. The value of demand side investments should not be conflated with the EM&V process. Section 393.1075(3) RSMo. provides:

> 3. It shall be the policy of the state to value demand-side investments equal to traditional investments in supply and delivery infrastructure and allow recovery of all reasonable and prudent costs of delivering cost-effective demand-side programs. In support of this policy, the commission shall:
>
> (1) Provide timely cost recovery for utilities;
>
> (2) Ensure that utility financial incentives are aligned with helping customers use energy more efficiently and in a manner that sustains or enhances utility customers' incentives to use energy more efficiently; and
>
> (3) Provide timely earnings opportunities associated with cost-effective measurable and verifiable efficiency savings.

The MEEIA 4 Cycle Plan includes an EM&V Plan and the Commission's EM&V rules provide the oversight needed to ensure the Company's Plan produces verifiable efficiency savings.[24] If the Company does not spend the MEEIA investments prudently, Commission oversight through the prudency review places the risk on the Company for any imprudent spending. The Commission also retains oversight of the EM&V process and the oversight ensures that the EM&V process is consistent with the rules. During the Company's implementation of the Plan, the Commission will retain its authority and ensure the Company's financial incentives are aligned with the customers using energy more efficiently. This process ensures Ameren Missouri bears the risk for implementing the MEEIA Cycle 4 Plan.

Specifically, Mr. Graser clarified that Ameren Missouri is not proposing that the entire burden of non-performance be shifted to customers.[25] As noted within the Amended Application, Ameren Missouri's EM&V plan will continue to evaluate and apply results retrospectively. The calculation of realization rates, which is the difference between claimed (or "ex ante") savings and evaluated (or "ex post") using data collected from program tracking systems and/or site visits, would still be applied retrospectively.[26] For instance, if the implementers claimed savings from installing 20 measures, but an on-site verification only confirmed 18, then the reduction in savings for those two measures would be applied retrospectively. Implementers would be "on the hook" for the performance of the programs that are under their control. Residential programs often use deemed savings from the TRM for ex ante calculations, whereas the evaluation would use actual program tracking data when available for ex post, resulting in a realization rate change that currently is, and would continue to be, applied retrospectively.[27]

[24] *See* Revised Appendix E and MEEIA 2025-2027 Plan (Revised) at pp. 21, 53-60.
[25] Surrebuttal Testimony of Neil Graser at 15.
[26] Amended Application, page 55.
[27] Surrebuttal Testimony of Neil Graser at 15.

Additionally, changes to allow prospective elements for deemed savings to the EM&V process places the risk on the program implementor and customers benefit through lower administrative fees. For example. program targets, marketing outreach, and budgets were designed and allocated based on the level of deemed savings in effect based on the current TRM (simple example: X savings times Y incentive plus administrative costs equals program budget).[28] The current process does not allow Implementers to know that the savings assumptions had changed until after the plan year is over, removing any opportunities to adjust and improve until it's too late in the process.[29] Therefore, the component of the EM&V that is being proposed is that the changes to deemed savings assumptions and net-to-gross as identified through evaluation will be applied beginning in the next applicable plan year. Similar to how the current process allows for stakeholders to weigh-in and provide their feedback on these topics, Ameren Missouri expects to continue to provide ample opportunities to solicit that feedback.[30] However, by changing the process timeline to shift those discussions to the beginning of each plan year, all parties would understand and be able to make decisions based on the deemed savings and NTG assumptions from prior evaluation data. Using actual results from historical program evaluations, along with objective data points from other jurisdictions, is the most reasonable approach to best inform these discussions so that rational conclusions can be reached and supported by all stakeholders.

ii. Is Ameren's proposed EO (reward) commiserate with the risk it bears?

Company Position: Yes. Similar to the earning opportunity for the first three years of MEEIA Cycle 3, the Company is proposing the earning opportunity be based on four performance metrics, which must be verified through the EM&V process EM&V process for measurable and

[28] *Id.* at 16.
[29] *Id.*
[30] *Id.*

verifiable energy savings. *See* MEEIA 2025-2027 Plan (Revised) pp. 72-80 and Appendix N (Revised).

B. Are any of the proposals regarding the Earnings Opportunity ((1) Ameren's proposal, (2) Dr. Marke's proposal in Surrebuttal Testimony, or (3) Ms. Lange's proposal in Surrebuttal Testimony) consistent with § 393.1075.3(3) RSMo.'s requirement that any earnings opportunity be "associated with cost-effective measurable and verifiable efficiency savings"?

Company Position: Ameren Missouri's proposed Earnings Opportunity is consistent with Section 393.1075.3(3) RSMo. The proposed Earnings Opportunity is structured similar to MEEIA 3, and includes performance metrics. Consistent with the Commission's rules, the MEEEIA 4 Cycle includes an EM&V process for measurable and verifiable energy savings to trigger the Earnings Opportunity. Additionally, the Company conducted benchmarking as well as foregone earnings analysis to support the reasonableness of its proposed Earnings Opportunity. *See* MEEIA 2025-2027 Plan (Revised) pp. 79-80 and Appendix N (Revised). The Company's proposal is the only proposal that aligns the Company's incentives with the interest of Ameren Missouri's customers in using energy more efficiently.

i. If so, and if the Commission determines that Ameren may implement a MEEIA Cycle 4, which, if any, proposal should be used to calculate any earnings opportunity?

Company Position: The Commission should adopt the Company's earnings opportunity for the reasons stated above. *See* MEEIA 2025-2027 Plan (Revised) pp. 72-80 and Appendix N (Revised).

<u>Witnesses</u>

Steve Wills (Ameren Missouri)
Matt Michels (Ameren Missouri)
Antonio Lozano (Ameren Missouri)
Brad Fortson (Staff)

J Luebbert (Staff)
Sarah Lange (Staff)
Geoff Marke (OPC)

5. **Evaluation, Measurement, and Verification ("EM&V"): If the Commission approves Ameren Missouri's MEEIA Cycle 4 Amended Plan, should the Commission approve Ameren Missouri's EM&V plans?**

Company Position: Yes. The Evaluation, Measurement and Verification ("EM&V") plan retains the EM&V structure and processes (including TRM and Net-to-Gross governance) from the previous MEEIA plan and introduces the prospective evaluation approach on certain elements of the evaluation to reduce administrative costs.[31] The proposed EM&V process[32] for the MEEIA Cycle 4 Plan will the same as MEEIA Cycle 3, with stakeholders reviewing both the evaluation plans and surveys prior to implementing. The EM&V process continues to provide opportunities for questions or make revisions to proposed questions and scoring before the surveys are sent to participants.

Additionally, the Commission should allow certain portions of the EM&V Plan to be applied retrospectively and allow updates to deemed savings inputs and net to gross ratios to be applied prospectively for the reasons stated in issue 4.A. above.

A. In addressing this question, should the results of the EM&V of Ameren Missouri's MEEIA Cycle 4 be applied on a prospective or retrospective basis?

Company Position: Yes, the Commission should allow certain portions of the EM&V Plan to be applied retrospectively and allow updates to deemed savings inputs and net to gross ratios to be applied prospectively. It is important to distinguish between the prospective aspects of the Company's EM&V Plan and the retrospective aspect as a component of the EM&V Plan. Please see issue 4.A. above.

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[31] MEEIA 2025-2027 Plan (Revised) at pp. 21, 53-60.
[32] *See* Revised Appendix E.

B. Should EM&V consider:
   i. the rebound effect;
   ii. interactive effects;
   iii. the principal/agent issue;
   iv. the IRA;
   v. operational inefficiencies;
   vi. free ridership;
   vii. spillover;
   viii. time-based rates; and
   ix. any other issues.

Company Position: The Company's EM&V Plan addresses free ridership and spillover as noted in the Amended Application,[33] with the Plan and surveys being reviewed by stakeholders prior to deployment. Regarding the other potential study items, the Company is willing to participate in workshops to explore these items further, although there must be a balance with the expected costs to develop and implement any additional EM&V analysis. The MEEIA Cycle 4 EM&V costs represent three percent of the overall portfolio costs, and under the Commission rules must remain below five percent.[34] EM&V is only effective when there is reasonable method to measure potential savings impacts. For example, while there might be some impacts on the rebound effect, the Office of Public Counsel did not present evidence regarding a reasonable method to measure the impact and whether measuring the impact would increase the EM&V budget. The Commission should reject the inclusion of additional issues until such time it is determined that there is a reasonable methodology to measure these impacts without increasing the EM&V budget.

C. Should the EM&V be completed by a single independent, Commission-approved consultant with no utility oversight?

[33] *Id.*
[34] *Id.* at 54; 20 CSR 4240-20.093(8)(A).

Company Position: The Commission does not need to consider this issue to approve the proposed MEEIA Cycle 4 Plan and the issue assumes the Commission's rules will allow an independent contractor with no utility oversight. The issue conflicts with 20 CSR 4240-20.093(8) which provides in part: "[e]ach electric utility shall hire an independent contractor to perform and report EM&V of each commission approved demand-side program in accordance with 4 CSR 240-20.094 Demand-Side Programs."

The Company, however, is willing to participate in workshops to explore this proposed change and any additional changes that would need to be made to the Commission's rules to implement this change.[35] This is not an issue the Commission must determine to approve the Plan. Moreover, there is not enough evidence in this docket to determine whether such a change is reasonable, and the proposal violates the Commission's rules. Accordingly, the Commission should reject this proposal.

D. Should the TRM and deemed savings tables included in Ameren's MEEIA Cycle 4 Amended Application be approved, approved with modifications, or rejected?

Company Position: Yes, the Commission should approve the Company's TRM and deemed savings table and allow the deemed savings table to be included as part of Ameren Missouri's approved MEEIA Cyle 4 Amended Application.[36] The Company's TRM documents originated with the Missouri statewide TRM initiative, which begun back in 2017, and while not officially adopted by the Commission, the statewide TRM served as the basis for the Company's TRM initially filed with the MEEIA 3 cycle.[37] These documents have grown and evolved over the past several years, with significant input and oversight provided by an independent, third-party evaluation

[35] *See* 20 CSR 4240- 20.093(8) requiring "each electric utility to hire an independent contractor to perform and report EM&V of each Commission approved demand-side program. . ."
[36] *See* Appendix F.
[37] Surrebuttal Testimony of Neil Graser at p. 2, ll. 14-17.

contractor, who updates the files with the results of the prior year's evaluations and feedback from the other parties involved in the annual evaluation process (such as the independent auditor and other stakeholders).[38] Additionally, the annual TRM process includes updates for other recent developments, such as changing building codes or federal standards. Specifically, as it relates to Appendix F, the Deemed Savings Tables, the additional detail included was intended to provide more transparency by showing all the inputs in a formula-based file that feeds into the savings calculations for any prescriptive measures.[39] These files are reviewed by Staff at least annually as part of the update process, and at no point have any broad and overarching concerns of transparency, sourcing, and inappropriateness been raised to the Company or in the Company's TRM update filing.

i. Prior to approval, should the Commission require Ameren to submit a TRM and deemed savings table with serviceable links and page-specific citations of the assumptions underlying the TRM and deemed savings table themselves?

Company Position: No. The record in this docket is insufficient to determine that the citation detail Staff is requesting will benefit or improve the TRM. The costs associated with going back to recreate information Staff previously reviewed will not benefit customers nor improve the EM&V Plan.

a. If not prior to approval, when must Ameren submit these items?

Company Position: Updating the TRM in the annual update filing is more appropriate than in this docket because the updates made in 2024 will be reflected in the TRM effective January 1, 2025, and supersede the TRM filed in this case.[40] To the extent the annual update can be improved to be more user friendly, including providing Staff access to "raw data, statistical analyses, and samples used by

[38] *Id.* at 2, ll. 17-20, and p. 3, ll. 1-2.
[39] https://efis.psc.mo.gov/Document/Display/169432 at page 42.
[40] *See* Surrebuttal Testimony of J. Neil Graser at p. 3.

third-parties while assessing the effectiveness of MEEIA programs,"[41] then Ameren Missouri does not object to scheduling a stakeholder meeting to address improvements to the process.

<u>Witnesses</u>

Neil Graser (Ameren Missouri)
Mark Kiesling (Staff)
Justin Tevie (Staff)
Francisco Del Pozo (Staff)
Hari Poudel (Staff)
Brad Fortson (Staff)
J Luebbert (Staff)
Geoff Marke (OPC)

6. **Throughput Disincentive Mechanism:** If Ameren's MEEIA Cycle 4 Amended Application is approved, should it include a Net Throughput Disincentive Mechanism as requested by Ameren Missouri, or a Net Variable Revenue Mechanism as proposed by Staff?

Company Position: The Commission should approve the Company's proposed Net Throughput Disincentive Mechanism since it is reasonable and consistent with the throughput disincentive established in the MEEIA 3 Cycle. The Company's proposal is the only proposal in this case that appropriately aligns the Company's incentives with the interest of its customers in using energy more efficiently. Moreover, the Commission promulgated rules to implement MEEIA. The Commission's rules provide default parameters that govern the operation of the mechanism and includes provisions that allow both lost revenue and incentive recovery.[42] The Missouri Court of Appeals found that utility lost revenues are a cost within the context of MEEIA.[43]

[41] File No. EO-2023-0136, Hari Poudel Rebuttal Testimony, p. 7 ll. 3-4.
[42] *See* the Report and Order, EO-2015-0055 at 6, Issued October 22, 2015; *see also State ex. Rel. Public Counsel v. PSC,* 397 S.W. 441, 450-452 (Mo.App. W.D. 2015) *upholding the Commission's rules, finding that MEEIA allows for adjustments between rate cases, and also finding that utility lost revenues are a cost within the context of MEEIA.*
[43] *State ex. Rel. Public Counsel v. PSC,* 397 S.W. 441, 450-452 (Mo.App. W.D. 2015).

A. If a Net Throughput Disincentive Mechanism is authorized, what, if any, modifications are necessary to address the changes in circumstances associated with the proliferation of time-based rates and the passage of the federal Inflation Reduction Act ("IRA")?

Company Position: No modifications are necessary to the Company's proposed Net Throughput Disincentive Mechanism.

Mr. Wills testifies that the Company currently has 4,660 residential customers out of a total of more than 1,080,000 are taking service on advanced TOU rates – those with significant differentials between on- and off-peak rates.[44] Any perceived inaccuracy in the application of the current TD methodology that could potentially arise because of this small percentage of customers on these rates is imperceptible in the TD calculation.

The Company notes for the several hundred thousand customers on the Company's default "Evening/Morning Savers" TOU rate, first, it is true that the Company explicitly considered the Evening/Morning Saver customer bills in its net margin rate calculations.[45] It is also true, however, that the time of use differentials are so small for that rate option that it is rare for customers to have a bill impact from application of that rate versus the legacy flat rate that significantly exceeds one percent, suggesting that any impact of the small differential in the Evening/Morning Savers rate on the applicability of the net margin rate would have a similarly imperceptible impact on the TD mechanism.[46] The Company's proposal appropriately aligns Ameren Missouri's incentives with the interest of its customers in using energy more efficiently.

B. If a Net Throughput Disincentive Mechanism is authorized, is the proposed Technical Resource Manual and planned Evaluation, Measurement, and Verification reasonable for its administration?

Company Position: Yes, the Company's proposed TRM and EM&V is reasonable.

[44] Rebuttal Testimony of Steven Wills at p. 50, ll. 6-11.
[45] *Id.* at ll. 11-19.
[46] *Id.*

C. Does § 386.266.3 RSMo., which authorizes Plant in Service Accounting ("PISA"), prohibit the Commission from authorizing a Net Throughput Disincentive Mechanism under § 393.1075, RSMo?

Company Position: No. The Company disagrees the Commission should consider this issue. Section 386.266.3 RSMo. is not applicable to the MEEIA statute and Section 386.266.3 RSMo. does not preclude the Commission from authorizing a Net Throughput Disincentive Mechanism. The Commission is not required to make a determination on this issue to approve the MEEIA Cycle 4 Plan and should reject Staff's recommendation to discontinue the Net Throughput Disincentive Mechanism. Staff recommendation is inconsistent with the law and the Commission's rules. The Missouri Court of Appeals found that utility lost revenues are a cost within the context of MEEIA.[47] Accordingly, the Commission should reject Staff's argument.

Witnesses

Steve Wills (Ameren Missouri)
Antonio Lozano (Ameren Missouri)
Neil Graser (Ameren Missouri)
Hari Poudel (Staff)
J Luebbert (Staff)
Sarah Lange (Staff)
Geoff Marke (OPC)

7. **Programs:** Should the Commission approve, approve with modifications, or reject Ameren's proposed tariff programs?

Company Position: The Commission should approve the proposed tariff programs. The proposed tariff programs are cost-effective and provide multiple program offerings allowing residential and business customers to participate. *See* Appendix A.

A. In regards to programs, specifically:
   i. Residential:

[47] *State ex. Rel. Public Counsel v. PSC,* 397 S.W. 441, 450-452 (Mo.App. W.D. 2015).

a. HVAC
b. PAYS
c. New Construction
d. Demand Response
    - 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

Company Position: The Commission should approve programs as proposed. Ameren Missouri's Plan portfolio produces $303 million in net benefits to all customers and shows a cost-effective ratio of 1.64 under the Total Resource Cost Test ("TRC").[48] *See* Revised Appendix A – Portfolio and Program Summary, p. 11, MEEIA 2025-27 Plan (Revised), pp. 81-84. The TRC demonstrates the benefits of the Plan exceed the costs. Under the Commission rules, the Commission "shall consider the TRC test a preferred cost-effective test" and "[f]or demand-side programs and program plans that have a TRC test greater than one (1), the [C]omission shall approve demand-side programs or program plans, budgets, and demand and energy savings targets for each demand-side program it approves, provided it finds that the utility has met the filing and submission requirements of this rule and demand-side programs - 1. Are consistent with a goal of achieving all cost-effective demand-side savings; 2. Have reliable evaluation, measurement, and verification plans; and 3. Are included in the electric utility's preferred plan or have been analyzed through the integration process required by 4 CSR 240-22.060 to determine the impact of the

[48] The "Portfolio Total" includes the Earnings Opportunity, p. 11 of Appendix A.

demand-side programs and program plans on the net present value of revenue requirements of the electric utility." 20 CSR 4240-20.094(4)(I). Accordingly, the Commission should approve the programs since the MEEIA Cycle 4 Plan portfolio meets the requirements under the Commission's rules.

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?

Company Position: The Commission should approve the Company's exemplar tariff sheets attached as Appendix J to the Amended Application. The tariffs are consistent with the tariffs currently in place for the MEEIA Cycle 3 Plan.

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?

Company Position: Yes, the Commission should grant the variances to the extent the tariffs are determined not to comply with the rules. Rule 20 CSR 4240-14.030(3) states, in relevant part, an electric utility is prohibited from implementing any new promotional practice until after a tariff related to that practice has been filed with the Commission. The MEEIA 4 Plan anticipates the Company will be required to change certain elements of its promotional practices – most notably incentive payments – to reflect marketplace changes. Requiring Ameren Missouri to file tariffs before such changes can be implemented would be unduly burdensome and would prevent the Company from quickly addressing conditions the promotional practice changes were designed to address. A waiver of this rule is necessary to give Ameren Missouri the administrative flexibility necessary to timely address marketplace changes so its MEEIA 4 Plan can achieve its objective of reducing energy use and demand as cost-effectively as possible.

Additionally, the Commission should grant a waiver of Rule 20 CSR 4240-20.094(2) which prescribes guidelines to review progress toward the expectation an electric utility's demand-side programs can achieve a goal of overall cost-effective demand-side savings. The rule expressly states that the prescribed guidelines are not mandatory, and no penalty or other adverse consequence will result if a utility is unable to achieve annual savings goals specified in those guidelines. To eliminate any confusion regarding whether Ameren Missouri's MEEIA 4 Plan programs are required to meet those "soft" goals related to kWh and kW load reductions, the Company seeks a waiver of this rule. Alternatively, the Commission could include a statement in its final order approving the MEEIA 4 Plan that Ameren Missouri will not be penalized in any way if it fails to meet goals expressed in the rule's guidelines.

Witnesses

Tim Via (Ameren Missouri)
Antonio Lozano (Ameren Missouri)
Steven Wills (Ameren Missouri)
Jeff Brueggeman (Ameren Missouri)
Jeffrey Huber (Ameren Missouri)
Jordan Hull (Staff)
Marina Stever (Staff)
Amy Eicholz (Staff)
Mark Kiesling (Staff)
J Luebbert (Staff)
Geoff Marke (OPC)

WHEREFORE, Ameren Missouri respectfully requests the Missouri Public Service Commission give due consideration of the Company's Statement of Position on the Issues.

Respectfully Submitted,

/s/ Jennifer S. Moore

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing was served on the service list via electronic mail (e-mail) on this 17th of July 2024.

/s/ Jennifer S. Moore
Jennifer S. Moore