

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

In the Matter of the Application of Union)
Electric Company d/b/a/ Ameren Missouri) File No. EA-2022-0245
For Approval of a Subscription-based)
Renewable Energy Program)

INITIAL BRIEF OF WALMART INC.

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Table 1. Summary of Renewable Solutions Program Offering

Item	Renewable Solutions
Billing Implementation	Rider
Resource Type	Solar or Wind
Program Size	Phase 1: 150 MW-AC Solar
Eligible Customers	Large commercial, industrial, and governmental customers (3M, 4M, 11M, and their affiliated accounts; Governmental entities)
Enrollment Levels	1-100% of previous year usage
Charge	\$ per kW (<i>Renewable Resource Rate</i>) Reflects estimated cost to build and maintain program resources over the 15-year program term at the time of pricing.
Credit	\$ per kWh (<i>Renewable Benefits Rate</i>) A "credit back" on normally billed charges to reflect that customers are subscribed to the renewable resource and therefore are less reliant on the Company's non-renewable generation.
Contract Length	Dependent on resource output. Fluctuates monthly. 15 years
RECs	Retired on behalf of participants

Walmart Inc. (“Walmart”) has long had aggressive and significant company-wide renewable energy goals, and on September 21, 2020, Walmart announced new targets, including: (1) to be supplied 100 percent by renewable energy by 2035 and (2) zero carbon emissions in its operations, including its transportation fleet vehicles, without the use of offsets by 2040. Walmart has also set a goal to transition to low-impact refrigerants for cooling and electric equipment for heating by 2040.⁵ Walmart pursues various pathways to meet its renewable energy goals depending on cost, risk, and operational factors for a particular location.⁶ Here, Walmart is among the customers that have already made a commitment to capacity under the RSP as a step toward

⁵ Ex. 400, Teague Rebuttal, p. 3.

⁶ *Id.*

meeting its goals. This project meets a known energy need identified by Ameren to serve its customers in a way that allows subscribers to meet renewable energy goals and off-set the price of the facility to benefit *all* customers. The Commission should approve the requested CCN and allow the RSP to move forward.

II. Issues

Does the evidence establish that the 150 megawatt solar generation facility to be constructed in White County, Illinois for which Ameren Missouri is seeking a CCN necessary or convenient for the public service?

To move forward with this project, Ameren must receive permission from the Commission.⁷ Section 393.170.3 RSMo. provides the standard to be applied when evaluating an application: “...whenever it shall after due hearing determine that such construction or such exercise of the right, privilege or franchise is necessary or convenient for the public service.” The Missouri Court of Appeals has explained that when applying that standard “[t]he term ‘necessity’ does not mean ‘essential’ or ‘absolutely indispensable’, but that an additional service would be an improvement justifying its cost.”⁸ Furthermore, “whether the evidence indicates the public interest would be served in the award of the certificate is within the discretion of the Commission.”⁹ In its discretion, the Commission has traditionally applied the following five criteria, known as the *Tartan* factors:

- 1) there must be a need for the service;
- 2) the applicant must be qualified to provide the proposed service;
- 3) the applicant must have the financial ability to provide the service;
- 4) the applicant’s proposal must be economically feasible; and

⁷ Section 393.170.1 RSMo.

⁸ *State ex rel. Intercon Gas, Inc. v Pub. Serv. Comm’n*, 848 S.W.2d 593, 597 (Mo. App. W.D. 1993).

⁹ *In re KCP&L Greater Mo. Operations Co. for Permission*, 515 S.W.3d 754, 759 (Mo. App. W.D. 2016)(internal citations omitted).

5) the service must promote the public interest.¹⁰

Need

There is a need for the service. Ameren Witness Ajay Arora testified that Ameren has “a clear, present, and ongoing need to add energy resources to its generation portfolio to address the dramatic shift in the Company’s energy position that will occur over the next several years.”¹¹ Ameren’s coal facilities are reaching end of service life, and three of the it's four coal facilities are slated to retire no later than 2030: the Meramec Energy Center in 2022, the Rush Island Energy Center by 2025 and the Sioux Energy Center by 2030.¹² Ameren’s Matt Michels and Mr. Arora project this generation fleet transition means Ameren will experience an energy shortage as early as 2028.¹³ The Boomtown solar project is a component of Ameren’s Resource Plans to address the energy and reliability needs of its customers.

Figure 1

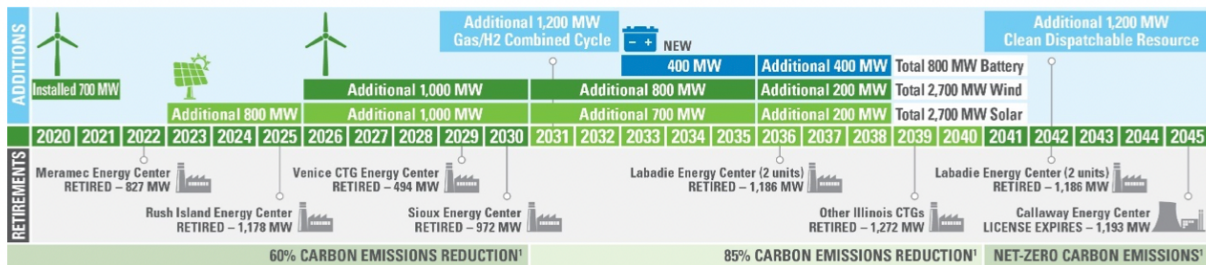


Figure 1 in the testimony of Matt Michels illustrates the timeline of the planned plant retirements layered over the new renewable generation Ameren plans to add to its fleet.¹⁴ Within this resource plan, adding the Boomtown solar now will help mitigate risks associated with an aging coal fleet,

¹⁰ *In re Tartan Energy*, Report and Report and Order, 3 Mo.P.S.C. 3d 173, Case No. GA-94-127, 1994 WL 762882 (September 16, 1994).

¹¹ Ex. 2, Arora Surrebuttal, pp. 1-2.

¹² Ex. 2, Arora Surrebuttal, p. 6.

¹³ Ex. 2, Arora Surrebuttal, p. 6; Ex. 3, Michels Direct.

¹⁴ Ex. 3, Michels Direct, p. 4.

increasing environmental regulations, and the risk of losing out on cost-effective and geographically diverse opportunities for viable projects. At the same time, this project will provide customers with low cost, emission-free energy and enhanced reliability.¹⁵

It is also important to highlight that the Boomtown solar facility is tied to the company's Renewable Solution program. Customers have committed to participate in the subscription program in a way that off-sets the cost of the project for all customers with a defined cost framework.¹⁶ This program and the customer agreements are all contingent on the Commission approving the RSP and the CCN in this case. For these reasons, the Commission should find that the Ameren's application for the Boomtown solar facility satisfies the first Tartan factor.

Qualified

Ameren is qualified to own and operate this solar facility. The Commission's Staff investigated whether Boomtown Solar, LLC is qualified to construct and install; and whether Ameren is qualified to own, operate, maintain, and otherwise control and manage the project.¹⁷

Staff Witness Jordan Hull testified:

The project will be maintained in the same manner and fashion as all of Ameren Missouri's existing generation is operated, including its existing renewable generation. More specifically, the project will be operated and maintained by Ameren Missouri's Energy Management & Trading group, similar to the Company's other large-scale renewable generators such as the Atchison County and High Prairie wind farms, and the O'Fallon and Montgomery solar facilities.¹⁸

¹⁵ Ex. 3, p. 3.

¹⁶ Ex. 11, p. 5.

¹⁷ Ex. 103, Hull Rebuttal, p. 1.

¹⁸ Ex. 103, Hull Rebuttal, p. 2.

Staff's conclusion is that Ameren is qualified to own, operate, and maintain this project.¹⁹ The Commission should find that Ameren's application for the Boomtown solar facility satisfies the second Tartan factor.

Financial Ability

Ameren has the financial ability to provide the proposed service. After investigation, the Commission Staff's Seoung Joun Won found:

With consideration of Ameren Missouri's financial capacity, the Applicant has the financial ability to provide the service. Ameren Missouri plans to spend \$9 billion through 2025 on grid modernization, transmission system build-out, and renewable generation capacity, and the Standard & Poor's ("S&P") expects over \$5.5 billion in capital spending through 2023. Ameren Missouri is a wholly owned subsidiary of Ameren Corporation ("Ameren Corp"). Over the next three years, the S&P expects Ameren Corp.'s elevated capital spending to reflect roughly \$10 billion in capital spending through 2024 across its electric transmission and electric and gas distribution businesses. S&P and Moody's rated both Ameren Missouri and Ameren Corp. as investment grade. S&P rated both Ameren Missouri and Ameren Corp. as "BBB+", while Moody's rated them as "Baa1". Considering the fact that the proposed cost for the Project is less than 5% of Ameren Missouri's capital expenditures through 2023, it is reasonable to conclude that Ameren Missouri has the financial ability to construct, operate, and maintain the Project.²⁰

Given the overwhelming evidence that Ameren has the financial ability to construct, own, and maintain this project there is no dispute that the Commission should find that Ameren's application for the Boomtown solar facility satisfies the third Tartan factor.

¹⁹ *Id.*

²⁰ Ex. 107, Won Rebuttal, pp. 3-4.

Economically feasible

Ameren has demonstrated the Boomtown project is economically feasible. This plant addition fits within the context of Ameren's Preferred Integrated Resource Plan ("IRP"). As Ameren's witness Matt Michels testified, the preferred IRP models produce the lowest net present value of revenue requirement compared with other alternative plans.²¹ In addition, prior to selecting this project, Ameren conducted a competitive request for proposal process to ensure a cost competitive project from the market.²² No party appears to dispute that if the Project is needed, it is economically feasible. Because Ameren has demonstrated that the Boomtown solar project meets an energy need while improving reliability and satisfying customer demand for renewable energy the commission should find that this Tartan factor is met.

Public Interest

The Boomtown solar project and the attendant RSP promote the public interest. In a recent case evaluating another Missouri utility's "Customer Savings Plan" and granting certain accounting authority, the Commission explained:

It is the public policy of this state to diversify the energy supply through the support of renewable and alternative energy sources. In past decisions, the Commission has stated its support in general for renewable energy generation, which provides benefits to the public.²³

Here, in addition to diversifying Ameren's resource portfolio through the support of the Boomtown solar facility, the RSP meets the desires of customers wishing to satisfy sustainability metrics. The fact that this program is already fully subscribed makes it clear that eligible customers not only

²¹ Ex. 3, p. 8.

²² Ex. 12, Wills Surrebuttal, p. 32.

²³ Report and Order, Case No. EO-2018-0092, Doc. No. 228, p. 20.

want to participate in the RSP but are also interested in utility-offered renewable programs as an important pathway to meeting their renewable energy needs.²⁴ Collectively, these subscribing customers are voluntarily contributing millions of dollars towards the facility which reduces the cost of the solar facility to benefit all customers.²⁵

As noted above, Walmart has long had aggressive and significant company-wide renewable energy goals, including: (1) to be supplied 100 percent by renewable energy by 2035 and (2) zero carbon emissions in its operations, including its transportation fleet vehicles, without the use of offsets by 2040.²⁶ At the hearing, Walmart’s witness Andrew Teague testified that when Walmart procures renewable energy for its stores that process is generally location specific.²⁷ He also agreed that a direct Purchase Power Agreement is not an option for Walmart to acquire renewable energy for its stores in Missouri.²⁸ Lastly, Mr. Teague testified that Walmart chose to subscribe to the RSP to make progress towards its energy goals.²⁹

In addition to Walmart, other large customers desire approval of the CCN and RSP. During the hearing Maurice Brubaker testified on behalf of the Missouri Industrial Energy Consumers that customers participating in the RSP 1) receive value from participating and 2) that it is helpful to have the local utility – such as Ameren – offer the program:

“The value that customers see in the program is that it gives them access to renewable attributes that are associated with the generation of renewable energy and that's an intangible. It's an attribute that's been created in the marketplace. But it allows those customers to use those attributes to satisfy their renewable energy

²⁴ Ex. 401, Teague Surrebuttal, p. 3.

²⁵ Ex. 12, Wills Surrebuttal, p. 47.

²⁶ Ex. 400, Teague Rebuttal, p. 3.

²⁷ Tr. Vol. 2, pp. 310-11.

²⁸ Tr. Vol. 2, p. 310.

²⁹ Tr. Vol. 2, p. 311.

goals in terms of reduction of greenhouse gas emissions, so it's very valuable to them. And it's very helpful to have it offered by the local utility just because the local utility is better able to – to construct and manage those facilities than are most customers.”³⁰

Mr. Brubaker also testified that this program also provides real value to non-subscribing customers:

“There's an economic benefit because the revenues from this program are a credit to the costs to be paid by the non-subscribers so that's a major benefit. It's -- the -- the renewable attributes, as I said, are a -- an attribute. They are produced at zero cost.

So what really happens is the subscribers pay a cost that they're willing to pay in order to have the attributes, and then the revenue from the --that acquisition goes to offset the rates that everybody else pays.”³¹

Ameren’s proposed Boomtown solar project combined with the fully subscribed RSP advances the public interest by diversifying Ameren’s resource portfolio, providing benefits to subscribing customers and delivering value to all customers. Ameren has demonstrated that the Boomtown solar project advances the public interest, and so, the Commission should find that this final Tartan factor is satisfied.

Conclusion

Because the proposed Solar CCN satisfies each of the Tartan criteria, the Commission should find that adding this generation is an improvement justifying its cost, and that this CCNs is necessary and convenient for the public service. In addition, the Commission should approve the

³⁰ Tr. Vol. 2, p. 295.

³¹ Tr. Vol. 2, pp. 295-296

proposed Renewable Solutions Program to offset the project cost for all customers while providing an avenue for Walmart and other commercial and industrial customers to make progress towards meeting sustainability goals.

Respectfully,

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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 3rd day of March 2023:

/s/ Tim Opitz
