

MEMORANDUM

To: Missouri Public Service Commission  
Official Case File:Case No. AW-2023-XXXX

From: Jordan Seaver, Policy Analyst  
Missouri Office of the Public Counsel

Subject: Rationale and Request to Open a Docket for a Repository of Utility Actions  
Related to Securing Funding from the Infrastructure Investment and Jobs  
Act of 2021 and the Inflation Reduction Act of 2022

Date: 11/9/2022

Background

On November 15, 2021, the President of the United States signed into law the omnibus Infrastructure Investment and Jobs Act, H.R. 3684, 117<sup>th</sup> Cong. (2021). H.R. 3684 provides \$550 billion in new spending on various programs related to customer health and safety, broadband access, electric grid renewal, access to clean water, and improved cybersecurity.

On August 16, 2022, the President of the United States signed into law the Inflation Reduction Act, H.R. 5376, 117<sup>th</sup> Cong. (2021-2022). H.R. 5376 provides roughly \$370 billion in new spending for categories including solar and wind generation, energy storage systems, electric vehicle charging stations, and transmission and infrastructure buildout.

For example, H.R. 3684 authorizes federal funds for various issues that may fall under the Commission's jurisdiction, including:

- (a) Grants for charging and fueling infrastructure;
- (b) Grid infrastructure resilience and reliability provisions;
- (c) Cybersecurity provisions;
- (d) Renewable energy technology supply chain provisions;
- (e) Fuels and technology infrastructure investment provisions, including those related to carbon capture, utilization, storage, and transportation infrastructure; hydrogen research and development; nuclear energy infrastructure; and hydropower;
- (f) Enabling energy infrastructure investment and data collection, with customer engagement and interaction programs and capabilities;

- (g) Energy efficiency and building infrastructure provisions;
- (h) Broadband infrastructure;
- (i) Water lead line replacement.

H.R. 5376 provides tax credits and grants for many of the same issues as H.R. 3684 and in addition, solar and wind generation, nuclear generation, electric vehicle charging infrastructure, and residential and commercial electrification. Some of the customer engagement grant options mentioned in (f) above can be paired by IOUs with tax incentives in H.R. 5376 to increase customer home efficiency and HVAC upgrades. Other combinations of tax credits and grant options in both H.R. 3684 and H.R. 5376 are possible.

Investor-owned utilities (“IOUs”) in Missouri have publicly pledged to build more solar and wind generation as well as invest in energy storage systems, all while retiring coal-fired plants that make up baseload power and ensure system reliability. Ameren Missouri’s 2019 Integrated Resource Plan (“IRP”)<sup>1</sup> shows the company retiring nameplate capacity of 8,308 MW of coal generation plant by 2045. Ameren has only committed to adding 1,200 MW of combined cycle combustion turbine plant. This is not enough to replace the baseload capacity being retired. Ameren has also committed to adding 5,400 MW of intermittent renewable generation and 800 MW of dispatchable energy storage systems. Ameren Missouri’s IRP is not unique, and all other Missouri electric IOUs are on the same trajectory regarding capacity and system reliability.

Because of increased pressure to retire coal generation plants early, the timeline of retirements could be altered in the near-term, leading to increased cost born by ratepayers and increased volatility in grid stability and reliability.<sup>2</sup> Warnings of system reliability issues for both MISO and SPP continue to be made.<sup>3</sup> Reliability

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<sup>1</sup> Report made available publicly available at <https://www.ameren.com/missouri/company/environment-and-sustainability/integrated-resource-plan>

<sup>2</sup> Ethan Howland, “ISO-NE, ERCOT, MISO face possible capacity shortfalls in extreme winter weather: FERC”, *Utility Dive*, October 21, 2022, <https://www.utilitydive.com/news/FERC-iso-ne-ercot-miso-extreme-winter-weather-report/634682/>. “One of the factors driving up gas demand is the premature retirement of coal-fired power plants, especially in MISO and the PJM Interconnection, FERC Commissioner Mark Christie said during the meeting. The shuttered coal-fired power plants are largely being replaced by natural gas-fired generators, Christie said. **‘the loss of coal units, it’s really starting to bite now in reliability and in consumer cost,’** he said.”

<sup>3</sup> Ethan Howland, “Ameren Missouri to delay retiring 1,195-MW Rush Island coal plant under MISO reliability contract”, August 22, 2022, *Utility Dive*, <https://www.utilitydive.com/news/ameren-missouri-coal-rush-island-miso-ferc/630226/>. “Shuttering the plant near Festus, Missouri, could cause severe voltage stability problems, leading to cascading power outages, the Midcontinent Independent System Operator said in an application for a 12-month system support resource agreement that can be renewed annually. The contract will be paid for by load-serving entities that benefit from keeping the plant running.”

issues affecting the Regional Transmission Organizations (“RTOs”) will in turn affect the operation of IOUs in Missouri, and reducing system reliability will cause future increases in costs to customers. These costs can be offset by the federal spending in H.R. 3684 and H.R. 5376, thus reducing any costs customers must incur through future rate increases. H.R. 3684 and H.R. 5376 both offer many opportunities to benefit Missouri ratepayers in this regard.

Many state public service commissions have already opened working dockets or similar to facilitate acquisition of federal funds from these two bills. Following is a list compiled by the Edison Electric Institute of state public service commissions, as well as the Public Service Commission of the District of Columbia, that have opened such dockets:

Alabama Public Service Commission, Docket No. 33276;  
Arizona Corporation Commission, Docket No. AU-00000A-21-0371;  
Illinois Commerce Commission, Docket No. 22-NOI-01;  
Iowa Utilities Board, Docket No. NOI-2022-0001;  
Maryland Public Service Commission; Docket No. PC56;  
Michigan Public Service Commission, Docket No. U-21227;  
Kansas Corporation Commission, Kansas Infrastructure Hub;  
Montana Public Service Commission, Docket No. 2022.09.084;  
Nevada Public Utilities Commission, Docket No. 22-04022;  
North Carolina Utilities Commission, Docket No. M-100, Sub 164;  
North Dakota Public Service Commission, Docket No. PU-22-143;  
Oklahoma Corporation Commission, Public Meeting and Filing;  
Pennsylvania Public Utility Commission, Docket No. P-2022-3032929;  
Public Utilities Commission of Ohio, Docket No. 22-0755-AU-COI;  
Public Service Commission of South Carolina, Docket No. 2022-168-A;  
Public Service Commission of District of Columbia, Docket No. FC1172;  
Vermont Department of Public Services, Online Public Hearing.

Illinois, Kansas, and Oklahoma all have IOUs operating in common with those in Missouri. Specifically, Ameren Illinois, Evergy, Inc., and Liberty Utilities. These utilities have participated in or submitted documents detailing actions taken in

Illinois, Kansas, and Oklahoma. Participating in a working docket for the purpose of learning how Missouri IOUs are going to access federal funds from H.R. 3684 and H.R. 5376 should not be a problem for any of these IOUs.

The Office of Public Counsel encourages the Commission to order that the above-captioned IOUs file comments detailing how they are reviewing and planning to take advantage of the various grants, loan programs, funds, tax credits, and any other assistance options available under H.R. 3684 and H.R. 5376. OPC asks the Commission to make the following orders and request comments regarding the following topics:

- (A) Identification of all federal programs, private-public partnerships, grants, loans, contract opportunities, and funding available to IOUs pursuant to H.R. 3684 and H.R. 5376, as well as an explanation of the actions or processes IOUs must complete to access those opportunities (or explain why not). Comments may also identify additional funding and assistance opportunities available under other new or existing federal programs.
- (B) Identification of any entity or federal or state agency with which coordination may be necessary to access the funding and assistance opportunities available in H.R. 3684 or H.R. 5376.
- (C) A description of the actions taken or anticipated to be taken by IOUs to access the grants, loans, funds, tax credits, or any other assistance options and benefits identified as a result of (A) above.
- (D) An explanation of any actions or considerations the Commission should take or make to facilitate Missouri's IOUs in taking advantage of the funding and assistance opportunities available under H.R. 3684 and H.R. 5376.
- (E) Identification of any actions required of the Commission by H.R. 3684 or H.R. 5376, as well as any impact on the Commission's regulatory authority.
- (F) Require all Missouri IOUs to file quarterly updates on the status of all projects and efforts related to funds from H.R. 3684 and H.R. 5376.
- (G) Hold an in-person workshop at which IOUs can provide presentations explaining in greater detail the aforementioned items and allow stakeholder questions and engagement.

The Office of Public Counsel asks the Commission to order that all electric, gas and large water IOUs provide the Commission's Staff and the Office of Public Counsel with a report on the status of securing benefits of H.R. 3684 or H.R. 5376.