

**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 for Approval of)
Efficient Electrification Program) File No. ET-2018-0132

RENEW MISSOURI'S REPLY BRIEF

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TABLE OF CONTENTS

| | |
|---|---|
| <u>Introduction</u> | 1 |
| <u>Charge Ahead – Electric Vehicles Program</u> | 2 |
| <u>Charge Ahead – Business Solutions Program</u> | 3 |
| <u>Conclusion</u> | 5 |

Charge Ahead – Electric Vehicles Program

2. Ameren Missouri could build EV charging stations and infrastructure itself, record its investment, and seek recovery in its next rate case. We know this because the Western District Court of Appeals found that EV charging stations constitute “electric plant” within the meaning of Section 386.020 (14) RSMo.² Perhaps this is the path Staff and OPC prefer. Another way, as proposed here by Ameren Missouri, offers a “soft-touch” model where free market competitors own and operate the charging stations.³ This incentive model has been proposed and adopted in several states and leads to the “fastest deployments of charging stations, greatest competitive choice for customers, and least administrative burden to utilities and customers.”⁴

3. Missouri currently has low numbers of EVs on the roads. However, as that number increases, Ameren Missouri will play a role in developing charging infrastructure to serve its customers’ needs.⁵ Rather than company-ownership of the charging stations, this Charge Ahead program will help the Ameren Missouri develop charging infrastructure to benefit customers while leveraging outside-capital to reduce the cost and allowing industry leaders, like Charge Point, to be responsible for owning, operating, and maintaining the charging stations. Thus, the incentive model alleviates responsibility from the utility while still facilitating the infrastructure development needed by customers.

4. OPC proposes the Commission approve an EV program modified to incorporate its novel performance-based cost recovery mechanism.⁶ Staff prefers a workshop, but ultimately supports OPC’s mechanism.⁷ This mechanism is unnecessary. Ameren Missouri has developed a proposal

² *Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service*, 557 S.W.3d 460 (Mo. App. W.D. 2018)

³ Ex. 1, p. 8.

⁴ Ex. 650, p. 14, 16.

⁵ Tr. Vol. 2, p. 111.

⁶ OPC Br. p. 15.

⁷ Staff Br. p 3.

that reasonably balances the benefits to the Company and the benefits to its customers. A feature of this proposal is that it will develop necessary infrastructure while taking advantage of third-party expertise and financing. Requiring the performance-based cost recovery mechanism may tilt Ameren Missouri's preference towards a heavy-handed ownership model – requiring customers to bear all the costs rather than just the incentives – or, worse, against developing EV infrastructure at all. The Commission should approve the EV program as proposed.

Charge Ahead – Business Solutions Program

5. As for the Business Solutions Program, Ameren Missouri's proposal will help set customers on a path towards a future fueled by low-cost, renewable, and environmentally friendly resources. Staff and OPC oppose this program based on the view that it is not a good use of ratepayer money because of their opinions that the market is relatively saturated and due to uncertain levels of “free riders.”⁸ This position is incorrect and does not factor in significant considerations.

6. The Business Solutions Program encourages the kind of efficient electrification necessary to compliment and facilitate the addition of cost-effective, renewable resources to Ameren Missouri's portfolio. Failing to place value on this aspect of Ameren Missouri's plan to modernize the grid to integrate renewable resources is short-sighted. As the levelized cost of renewable generation continues to improve – the mean Levelized Cost of Energy (“LCOE”) for solar has decreased by thirteen percent in 2018 and wind has decreased by seven percent in 2018 – more of it will be added to the grid.⁹ Efficient electrification, especially of the kind targeted in this program, facilitates the type of end-use loads that can be flexible in terms of when charging is performed.¹⁰ As a result, the electrified equipment could be used or charged during the off-peak periods when

⁸ Staff Br. p. 11; OPC Br. p. 37.

⁹ Ex. 400, p. 5.

¹⁰ Ex. 7, p. 10.

wind generation is generally expected to be strong.¹¹ This complimentary relationship between efficient electrification and renewable generation would be fostered by the Business Solutions Program and the Commission should view this application as an opportunity to enable Ameren Missouri to transition to a low-cost, emission-free, future.

7. Furthermore, the ratepayer impact measure (“RIM”) test shows a benefit cost ratio of 1.81 for this program.¹² This means that for each dollar spent on the business solutions program, customers are expected to see a benefit of 1.81 dollars due to increased sales.¹³ This is a long-term financial benefit to all customers for a minimal up-front investment. Importantly, Renew Missouri believes energy sold will be from wind and solar generation evidenced by Ameren Missouri’s recent CCN applications for wind farms in Case Nos. EA-2018-0202, EA-2019-0021, and its “green tariff” program in Case No. ET-2018-0063 assuaging our concerns about using more power.

8. The objections to the Business Solutions Program based on “free-ridership” are misguided. Current market share alone does not mean that incentives will not have an impact. Ameren Missouri’s witness, Mr. Pickles, testified that the “market share of forklifts that are eligible for this program since 1994 ... it's been pretty constant between 40 and 50 percent.”¹⁴ From the constant market share, Mr. Pickles concluded “that's why I believe that there is a significant opportunity to provide services to that remaining 50 percent and do it in a way that doesn't engage too many of the people who would be doing it otherwise.”¹⁵ The market share for this kind of electric equipment has stagnated for over a decade. The natural adoption that should have occurred under the “diffusion of innovation” theory has not happened. This program, and the incentives offered under

¹¹ *Id.*

¹² *Id.*

¹³ Ex. 4, p. 6.

¹⁴ Tr. Vol. 2, p. 198.

¹⁵ *Id.*

its terms, will motivate the market to choose electric equipment which will benefit all customers. The Commission should encourage policies that accelerate those benefits and approve the Business Solutions program.

Conclusion

9. The Commission has jurisdiction to review and authorize the Charge Ahead programs.¹⁶ These programs promote efficient use of Ameren Missouri’s system and will serve the public interest because they further encourage renewable development, benefit customers, and reduce net emissions.¹⁷ These outcomes are good for Missouri and the Commission should encourage policies that accelerate those benefits. Therefore, the Commission should issue an order approving Ameren Missouri’s Charge Ahead - Electric Vehicle and Charge Ahead – Business Solutions Programs, grant the requested variance, and grant the accounting authority to defer the program costs.

WHEREFORE, Renew Missouri submits its *Reply Brief*.

Respectfully Submitted,

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I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 17th day of January 2019:

/s/ Tim Opitz

¹⁶ Doc. No. 43, *Order Denying Motion to Dismiss and Denying Motion to Reject*, p. 3.

¹⁷ Owen Rebuttal, pp. 4-6.