

Exhibit No.:  
Issue(s): Solar Rebate Payments  
Witness: Richard Wright  
Sponsoring Party: Union Electric Company  
Type of Exhibit: Direct Testimony  
Case No.: ET-2014-0085  
Date Testimony Prepared: October 11, 2013

**MISSOURI PUBLIC SERVICE COMMISSION**

**Case No. ET-2014-0085**

**DIRECT TESTIMONY**

**OF**

**RICHARD WRIGHT**

**ON**

**BEHALF OF**

**UNION ELECTRIC COMPANY  
d/b/a Ameren Missouri**

**St. Louis, Missouri  
October 11, 2013**

1 **DIRECT TESTIMONY**

2 **OF**

3 **RICHARD WRIGHT**

4 **CASE NO. ET-2014-0085**

5 **Q. Please state your name and business address.**

6 A. Richard Wright, One Ameren Plaza, 1901 Chouteau Avenue, St. Louis,  
7 Missouri 63103.

8 **Q. By whom and in what capacity are you employed?**

9 A. I am employed by Union Electric Company d/b/a Ameren Missouri (“Ameren  
10 Missouri” or “Company”) as Managing Supervisor, Renewable Energy.

11 **Q. Please describe Ameren Missouri.**

12 A. Ameren Missouri is a public utility subject to the Missouri Public Service  
13 Commission’s (Commission) jurisdiction that serves approximately 1.2 million electric  
14 customers primarily in the St. Louis Metropolitan area and Eastern Missouri. Ameren  
15 Missouri also operates a natural gas utility serving approximately 126,000 customers.

16 **Q. Please describe your employment history with Ameren Missouri.**

17 A. I started working for Union Electric Company on August 11, 1997. I have  
18 been in the following positions while with Ameren Corporation: Product Development  
19 (Ameren Missouri), Key Account Management (Ameren Missouri), Retail Energy Sales  
20 (Ameren Energy Marketing Company), and Renewables Strategy and Development (Ameren  
21 Fuels & Services Company). My current position is Customer Owned Renewable Energy  
22 (Ameren Missouri).

1           **Q.     What is the purpose of your direct testimony?**

2           A.     The purpose of my direct testimony is to provide the Commission with an  
3 understanding of the amount of solar rebates the Company has paid and what it is on pace to  
4 pay during the remainder of this year under the Renewable Energy Standard ("RES").

5           **Q.     How much has Ameren Missouri paid out in solar rebates in 2013?**

6           A.     As of September 30, 2013, Ameren Missouri has paid approximately \$13.5  
7 million in solar rebates.

8           **Q.     Have you received net metering/solar rebate applications for which the  
9 rebate amounts have not yet been paid?**

10          A.     Yes, we have. As of that same date, Ameren Missouri had received  
11 applications that would result in rebate payments in the amount in excess of an additional  
12 \$27.7 million (if they are all installed). Of course, the Company receives new applications  
13 on a continual basis, so that number is increasing, almost daily.

14          **Q.     Do you anticipate that all of these applications will ultimately qualify for  
15 solar rebates?**

16          A.     I do not. Our experience has shown that only about 84 percent of all  
17 applications result in installed solar systems.

18          **Q.     What is the basis for that statement?**

19          A.     After Ameren Missouri approves a net metering application/design, the  
20 customer has 12 months to install the system. I simply looked at the kilowatt ("kW")  
21 capacity of solar net metering applications the Company approved from September 2011  
22 through August 2012 and what percentage of the kW capacity was actually installed.

1           **Q. Do you believe that percentage will hold true for 2013 and going**  
2 **forward?**

3           A. At this point, it is difficult to tell. Ameren Missouri is experiencing a record  
4 level of applications and that is likely to continue through the end of 2013, as customers get  
5 in their applications to qualify for the \$2 per watt rebate before it is reduced. Whether that  
6 will result in a higher or lower percentage of completed installations is unknown. But  
7 Ameren Missouri is basing its estimates upon history, recognizing that actual installations in  
8 the future may deviate a bit from that experience.

9           **Q. How does the number of solar net metering/solar rebate applications**  
10 **received in 2013 compare to 2012?**

11          A. Through September of 2012, we had received 532 net metering applications  
12 with an associated solar rebate value of \$12.1 million. For the same time period in 2013, we  
13 have received 1249 applications with an associated solar rebate value of \$35.5 million.  
14 Recently, the Company has experienced an even more marked increase in applications. For  
15 example, from June to July of this year, applications increased more than 50%. Of the \$27.7  
16 million in pending rebate applications that I referenced earlier, \$8.9 million of them are from  
17 applications received in September of this year.

18           **If there were no limit to the amount that could be expended on solar rebates,**  
19 **what amount do you anticipate Ameren Missouri would pay in 2013?**

20          A. At the current pace, I anticipate the Company would pay out approximately  
21 \$31 million in solar rebates in 2013 alone.

1           **Q.     How did you reach that number?**

2           A.     I added the amount of rebates already paid this year to the amount we estimate  
3 will be paid through the end of the year. To estimate remaining 2013 solar rebate payments,  
4 I first applied the 84 percent (discussed above) to the kW associated with valid rebate  
5 applications through June 2013 for which the Company has not yet paid a solar rebate. To  
6 forecast what percentage of the remaining solar rebate payments will be paid out this year, I  
7 reviewed the prior five months ending in August and calculated a percent of kW installed per  
8 month. This calculation was based on a comparison of when the application was received  
9 and when the system became operational. The results of those calculations are below:

	% Installed in Following Months
% Installed 5 Months from Application Date	70%
% Installed 4 Months from Application Date	37%
% Installed 3 Months from Application Date	32%
% Installed 2 Months from Application Date	11%
% Installed 1 Months from Application Date	4%

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11 I applied the corresponding percentages to applications received in July and August and the  
12 estimated kW associated with new applications through November 2013. My projections for  
13 the remaining 2013 solar rebate payments and total for calendar year 2013, assuming  
14 payments are not otherwise limited, is shown below in the column “Total Rebates Paid.”

Direct Testimony of  
Richard Wright

Month	Application Rebates (\$000)	Rebates in Pipeline (\$000) 1/	Completion Adjustment	Expected Rebates for 2013 Applications in Pipeline (\$000) 2/	Total Rebates Paid (\$000)	Cumulative Rebates Paid Since Aug 31, 2013 (\$000)	Expected Remaining Rebates for Applications in Pipeline (\$000)
Jan	1,588	8,645			1,944		
Feb	1,216	8,254			1,395		
Mar	1,844	8,300			1,742		
Apr	2,356	8,760			1,811		
May	3,576	10,544			1,727		
Jun	3,934	13,340			905		
Jul	5,300	17,560			1,071		
Aug	6,634	21,158			2,332		
Sep	8,293	27,651	0.84	23,226	589	589	22,638
Oct	10,366	38,016	0.84	31,934	5,858	6,447	25,487
Nov	12,957	50,973	0.84	42,818	5,420	11,867	30,950
Dec	16,196	67,170	0.84	56,422	6,357	18,225	38,198
TOTAL	74,259				31,152		
Total Rebates Paid in 2013				31,152			
Expected Rebates in Pipeline @ 12/31/13				38,198			
TOTAL				69,350			
1/ Rebates in pipeline through September 30, 2013 are net of payments or application rejections/expirations to date.							
2/ Payments to be made either in 2013 or 2014.							

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**Q. Your table shows that rebate payments dropped significantly in the month of September. Why do you expect payments to exceed \$5 million per month in October through December?**

A. Rebate payments dipped in September due largely to changes in the processes used for paying rebates as a result of changes in the law. The new law requires customers who receive a solar rebate to transfer the solar renewable energy credits (SREC) to Ameren Missouri. Ameren Missouri modified its tariff to comply with the new requirements in the law. Also, systems that are 10 kW or greater now require a notarized affidavit associated with the transfer of the solar renewable energy credits. These changes imposed additional requirements that customers had to fulfill in order to qualify for the solar rebate. This change in process slowed down the rate at which we were paying rebates, but we do not expect that

1 delay to continue. Now that the processes are in place, this delay is unlikely to continue. We  
2 expect rebate payments to continue to grow simply because the number of applications has  
3 been growing and continues to grow. Rebates paid in August totaled \$2.3 million. Based on  
4 the trends, we would have expected a total of approximately \$6 million in rebate payments in  
5 September and October. The expectation for October reflects a “catch up” for payments not  
6 made in September. We expect this upward trend to continue in November and December.

7 **Q. Your table contains the phrase "in pipeline." Does that represent the**  
8 **number of applications received each month?**

9 A. No. It means the number of net metering applications which are still valid and  
10 eligible for a solar rebate, but have not yet been paid a solar rebate. This includes net  
11 metering applications that went through our review and were approved. The table above  
12 shows the applications in the pipeline for each month and reflects new applications expected  
13 for October through December.

14 **Q. How did you estimate the number of rebate applications Ameren**  
15 **Missouri would receive each month for the rest of 2013?**

16 A. As mentioned above, it is expected that the net metering/solar rebate  
17 applications will continue to increase through the end of this year before the solar rebate  
18 amount goes down to \$1.50. Since we do not have any historical data related to a solar  
19 rebate reduction, it is difficult to estimate future application increases through the remainder  
20 of the year. To use the most recent data, we used the average of monthly application increase  
21 over the 3 months of June, July and August<sup>1</sup> (24.4%), rounded that result up to 25% and  
22 applied that result to the remaining months of 2013.

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<sup>1</sup> This was done prior to having September numbers, so September was not included.

1           **Q. Did Ameren Missouri expect the rapid growth in the level of solar rebate**  
2 **payments you have seen recently?**

3           A. Although we had anticipated that the level of solar rebates would continue to  
4 increase, it was not expected to increase at this pace. At the beginning of this year, we  
5 estimated \$9 million in 2013 solar rebates payments. In March, we adjusted this to  
6 \$18 million and confirmed with trend line analysis.<sup>2</sup> The current level of solar rebate  
7 payments for 2013 has already exceeded the amount that the Company paid for the entirety  
8 of 2010, 2011 and 2012.<sup>3</sup> The Company could not have anticipated the level of growth that  
9 it has experienced in these rebates. This experience is consistent with the experience of other  
10 Missouri investor-owned utilities.

11           **Q. Is there anything else about the rapid growth in solar rebate applications**  
12 **that concerns you beyond the implications for rebate payments in 2013?**

13           A. Yes. The rapid growth in applications has caused the “pipeline” of potential  
14 solar rebates to reach approximately \$27.7 million as of the end of September. If  
15 applications continue at the current pace, this would mean an additional \$25 million in the  
16 pipeline by the end of this year. If applications continue to grow at a rate higher than the  
17 current pace, which we expect is what will happen, this would mean Ameren Missouri will  
18 have an additional \$38 million in the pipeline by year end.

19           **Q. If the applications continue to come in at the same pace for the remainder**  
20 **of 2013, what does that mean in terms of total actual and potential rebate payments?**

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<sup>2</sup> The RES Compliance Plan is due April 15<sup>th</sup> of each year. When the plan was originally drafted, the \$9 million number was used. Although the plan was not filed until the end of May, this number was never updated.

<sup>3</sup> Between 2010 and the end of 2012, Ameren Missouri paid \$12,397,088 for solar rebates. File No. EO-2013-0503, Ameren Missouri Renewable Energy Standard Compliance Plan 2013-2015, May 28, 2013, p. 14.



Direct Testimony of  
Richard Wright

1           A.     Potential rebate payments from applications received in 2013 alone could  
2 ultimately result in payments between \$69 and \$80 million<sup>4</sup> in 2013 and 2014.

3           **Q.     Does this conclude your direct testimony?**

4           A.     Yes, it does.

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<sup>4</sup> \$13.5 + \$28 + \$25/\$38.

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

In the Matter of Union Electric )  
Company d/b/a Ameren Missouri's ) Case No. ET-2014-0085  
Solar Rebate Payment Tariff. )

**AFFIDAVIT OF RICHARD WRIGHT**

STATE OF MISSOURI     )  
   ) ss  
CITY OF ST. LOUIS        )

Richard Wright, being first duly sworn on his oath, states:

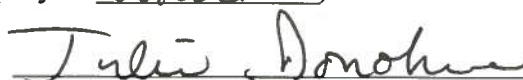
1. My name is Richard Wright. I am employed by Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") as Managing Supervisor, Renewable Energy.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Union Electric Company, d/b/a Ameren Missouri, consisting of   8   pages (and Schedules   N/A   through   N/A   if any), all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

  
Richard Wright

Subscribed and sworn to before me this   11<sup>th</sup>   day of   October  , 2013.

  
Notary Public

My commission expires:   1/15/2017  

