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Case No.: EA-2022-0244
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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. EA-2022-0244

DIRECT TESTIMONY

OF

SCOTT WIBBENMEYER

ON

BEHALF OF

UNION ELECTRIC COMPANY

d/b/a Ameren Missouri

*****DENOTES HIGHLY CONFIDENTIAL INFORMATION*****

St. Louis, Missouri
July, 2022

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I. INTRODUCTION

1

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

3 A. My name is Scott Wibbenmeyer and my business address is 1901
4 Chouteau Avenue, St. Louis, Missouri 63103.

5 **Q. By whom are you employed and what is your position?**

6 A. I am employed by Union Electric Company d/b/a Ameren Missouri
7 ("Ameren Missouri" or "Company") as Director, Renewable and Technology Business
8 Development.

9 **Q. Please describe your educational background and employment**
10 **experience.**

11 A. I hold a Bachelor of Science in Mechanical Engineering from the
12 University of Missouri – Columbia. I also hold a Master of Business Administration from
13 the University of Missouri – St. Louis. I joined Ameren Missouri in 1999. In my roles
14 since first joining Ameren Missouri, I have served as a design engineer at the Callaway
15 Energy Center managing projects to improve efficiency and reliability of plant
16 equipment. Following my time at Callaway, my roles included engineering management
17 responsibilities for maintenance, production, and turbine operations for Ameren
18 Missouri's fossil generation fleet. I was then promoted to General Executive of Coal

1 Operations where I managed coal rail supply contracts. In 2007, I transferred to the
2 renewable development organization, where I led development teams for biomass, wind,
3 and solar for Ameren Missouri. In 2015, I transitioned to Insurance Risk Management
4 where I was responsible for managing financial risk and insurance portfolios. In 2019, I
5 returned to lead the Ameren Missouri renewables organization as Director, Renewable
6 and Technology Business Development.

7 **Q. What are your responsibilities in your current position?**

8 A. I am currently responsible for leading the development of renewable
9 generation projects in support of three primary goals: (a) to comply with the Missouri
10 Renewable Energy Standard; (b) to accomplish a reliable, resilient, and affordable
11 transition of Ameren Missouri's generation portfolio to rely more on renewable power
12 production; and (c) to develop customer renewable energy solutions such as the
13 Company's Community Solar Program.

14 **Q. Please describe Ameren Missouri.**

15 A. Ameren Missouri is a public utility under the jurisdiction of the
16 Commission engaged in providing electric and natural gas utility services in portions of
17 Missouri. Ameren Missouri currently provides electric utility service to approximately
18 1.2 million customers in Missouri and natural gas utility service to approximately
19 100,000 customers. Ameren Missouri has approximately 10,800 megawatts of generation
20 capacity in operation, which includes wind, solar, hydro-electric, fossil and nuclear
21 technologies.

22 **Q. What is the purpose of your testimony?**

1 A. The purpose of my direct testimony is to support the Company's
2 Application for a Certificate of Convenience and Necessity ("CCN") for a solar
3 generation project, the Huck Finn Solar Project (the "Project"), that Ameren Missouri is
4 developing to comply with the renewable energy portfolio requirements contained in the
5 Missouri Renewable Energy Standard ("RES"). My direct testimony addresses the details
6 of the Project being undertaken by the Company to meet those requirements. My
7 testimony also describes the request for proposal ("RFP") process that was utilized to
8 obtain the needed resource and the specifics of the Project, the build transfer agreement
9 ("BTA") contractual structure used to construct and acquire the Project, and the Ameren
10 Missouri customer protections and value inherent in the Project structure. Ameren
11 Missouri witness Lindsey Forsberg is filing direct testimony outlining the applicable RES
12 requirements, Ameren Missouri's need for at least 200 megawatts ("MW") of Company-
13 owned solar generation to meet those requirements, and the economics of the Project.
14 Ameren Missouri witness Mitchell Lansford describes how Ameren Missouri intends to
15 finance the Project in part using tax equity financing.

16 **Q. Please summarize the key conclusions in your testimony.**

17 A. 1. The Project is a cost-effective means of meeting a part of Ameren
18 Missouri's RES requirements, selected from among more than fifty project
19 bids evaluated by the Company.
20 2. The BTA structure allows Ameren Missouri to leverage the developer's
21 expertise with solar generation construction and acquire a late-stage solar
22 project in Missouri.

1 3. The BTA arrangement, combined with tax equity financing, allows
2 Ameren Missouri to capture the entire value of the Investment Tax Credit
3 ("ITC") the Project will receive to the benefit of all Ameren Missouri
4 customers.

5 4. Through terms and conditions captured within the BTA, the Company can
6 effectively manage and mitigate key risks associated with the Project.

7 5. The Project will provide economic development benefits to the State of
8 Missouri.

9 **II. PROJECT OVERVIEW**

10 **Q. Please provide an overview of the Project.**

11 A. The Project is an approximately 200 MW-AC solar generation facility to
12 be constructed in northeast Missouri, in Audrain and Ralls Counties. Under the BTA
13 structure, the Project is being developed by EDF Renewables Development Inc. ("EDF
14 Renewables") through a special purpose entity known as Huck Finn Solar LLC. EDF
15 Renewables is a well-established renewable generation developer with nearly 16
16 gigawatts of U.S. wind and solar projects under operation, construction, or contract.

17 **Q. How was this Project selected by the Company for RES Compliance?**

18 A. As discussed in more detail in Ms. Forsberg's testimony, in Ameren
19 Missouri's 2021-2023 RES Compliance Plan, and again in its 2022-2024 RES
20 Compliance Plan, the Company identified a need for an additional renewable resource of
21 approximately 200 MW in size to meet Ameren Missouri's ongoing compliance
22 requirements. The Huck Finn Solar Project was selected by Ameren Missouri to meet this
23 need after an extensive RFP process and subsequent due diligence and negotiations with

1 numerous project developers. An overview of the RFP process conducted is included
2 below. I would also note that since the Project is in Missouri, the Company and its
3 customers will benefit from the 1.25 multiplier applied to Missouri solar for purposes of
4 determining the number of RECs obtained by the Company for RES compliance
5 purposes. Through the RFP process, both the location and size of the Project ultimately
6 led to its selection as the best available project for RES compliance.

7 **Q. Why is Ameren Missouri seeking a CCN for the Project if EDF**
8 **Renewables is constructing it?**

9 A. EDF Renewables will be completing all Project development activities,
10 including final design and engineering, obtaining permits, completing transmission
11 studies, balance of plant and engineering and procurement agreements. EDF Renewables
12 will construct the project once Ameren Missouri provides notice to proceed with
13 construction. While it is true that the developer will construct the Project, ultimately it
14 will be acquired by Ameren Missouri. So functionally, the Project is in many respects no
15 different than if Ameren Missouri had itself purchased the equipment from the vendors,
16 purchased or leased the land and easements needed to construct, own, and operate the
17 Project, and signed the contracts with the construction firms. Consequently, while I am
18 not an attorney, it is my understanding that it is the Company's view that the spirit of the
19 CCN statute's requirement that an electrical corporation obtain a CCN prior to
20 construction applies. It is also my understanding that under the Commission's CCN rules,
21 a CCN is required before Ameren Missouri could operate the Project once Ameren
22 Missouri acquires the Project assets, even if it is the case that Ameren Missouri is not

1 constructing the Project. Consequently, a CCN is being sought and obtained for the
2 Project.

3 **Q. Is there a name for a project of this type?**

4 A. Yes. As indicated, the Project is being constructed under a build transfer
5 agreement, or BTA. Under a BTA, a solar developer builds the project, but the ultimate
6 owner has contractual rights both before and during construction to ensure that the
7 project is built to the ultimate owner's specifications and will otherwise meet the ultimate
8 owner's needs. Some might call this a "turnkey" project in that the developer will build it
9 to the ultimate owner's requirements at a contractually agreed upon cost and completion
10 schedule, assume many of the risks during construction, and then hand the keys to the
11 ultimate owner with the project fully completed and in operable condition.

12 **Q. Are there advantages of the Company using the BTA structure for the**
13 **Project?**

14 A. Yes. The BTA approach currently carries with it certain important
15 advantages for Ameren Missouri customers.

16 **Q. What are some of those advantages?**

17 A. The first advantage is that Ameren Missouri, using a tax equity financing
18 structure as described by Ameren Missouri witness Mitch Lansford, will be able to utilize
19 the federal ITC and pass the significant cost savings of the ITC on to its customers.
20 Ameren Missouri will be able to capture and pass those ITC benefits through to
21 customers due to the stage in project development EDF Renewables has achieved at this
22 time.

1 To obtain the ITC at 26%, a project must meet several important and time-critical
2 milestones that a self-built project starting today would struggle to achieve. First, under
3 Internal Revenue Service ("IRS") requirements, the Project must be able to prove that
4 physical work of a significant nature began during 2020. To meet this requirement, EDF
5 Renewables will incorporate a transformer into the Project for which manufacturing
6 began in 2020. Second, to fully qualify for the 26% ITC, the Project must be constructed,
7 tested, and commissioned by the end of 2025. To achieve Project completion no later
8 than 2025, the land rights needed for the Project must be acquired and transmission
9 agreements must be executed. EDF Renewables already has all the land rights and
10 appropriate environmental studies needed for the expected solar generation for the
11 Project. Furthermore, EDF Renewables has secured a generator interconnection
12 agreement ("GIA"), securing the transmission rights within MISO that will allow the
13 project to meet the 2025 ITC deadline.

14 Developers such as EDF Renewables have accumulated extensive expertise in
15 executing the many steps needed to develop solar projects expeditiously and cost-
16 effectively. This includes obtaining needed property rights, completing required
17 environmental and transmission studies, and building, testing, and placing into operation
18 large-scale solar and wind projects.

19 **Q. What happens if the Project is not completed by the end of 2025?**

20 A. If the Project is not complete by the end of 2025, the value of the ITC
21 would drop from 26% to 10%, a loss of approximately *** _____ *** of net
22 present value ("NPV") benefit for Ameren Missouri customers. However, the Project is
23 currently targeting substantial completion by December 1, 2024, allowing for over a year

1 of additional construction time if necessary to ensure that the risk of ITC loss is minimal
2 for the Project.

3 **Q. What is the cost of the Project?**

4 A. The Project has an estimated capital cost of approximately *** ____
5 ____, including transmission interconnection costs, some minimal additional
6 project diligence, governance, quality assurance, and oversight costs to ensure the Project
7 is being built to Ameren Missouri's specifications for an asset life of 30 years or more.
8 This cost is subject to certain adjustments outlined in the BTA or additional project
9 related risks.

10 **Q. How does Ameren Missouri intend to finance the Project?**

11 A. As described in more detail by witness Lansford, Ameren Missouri
12 intends to finance the Project using a combination of its own debt and equity financing
13 and tax equity financing to facilitate capture of the ITC benefits.

14 **III. CONTRACT STRUCTURE**

15 **Q. Please outline the basic contractual arrangements between Ameren**
16 **Missouri and EDF Renewables under the BTA.**

17 A. Attached to my testimony as Highly Confidential Schedule SW-D1 is a
18 summary of the build transfer agreement. The entire agreement is also attached as Highly
19 Confidential Schedule SW-D2. Key terms are as follows:

- 20 • The BTA is between HFREC Holding Company ("Purchaser")¹ and EDF
21 Renewables Development Inc ("Seller"). Seller, through a special purpose
22 entity known as Huck Finn Solar, LLC (the "LLC") will develop, construct,
23 and sell the Project to Purchaser. The Purchaser is a special purpose entity

1 created to enable the tax equity partnership between Ameren Missouri,
2 through its subsidiary, Ameren Missouri Renewables Holdco, LLC, and a tax
3 equity investor. The Purchaser entity was created solely for the utilization of
4 tax equity financing for the project. The tax equity arrangements are
5 discussed further in the testimony of my colleague Mitch Lansford.

6 • Huck Finn Solar, LLC ("LLC") will ultimately acquire all of the property and
7 other rights needed for the Project, including equipment, land rights,
8 transmission agreements and permits needed for the construction and
9 operation of the Project. All land rights for the solar facility have been
10 acquired.

11 • *** _____
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¹ Purchaser is a subsidiary of Ameren Missouri.

Direct Testimony of
Scott Wibbenmeyer

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Direct Testimony of
Scott Wibbenmeyer

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8 **Q. What are the main drivers of the Project schedule?**

9 A. The two main drivers of the Project schedule are the expiration of the
10 Pioneer Prairie Wind power purchase agreement ("PPA") in late 2024, which increases
11 the already existing need for additional RES compliance resources, as described by Ms.
12 Forsberg, and the step down of the ITC from 26% to 10% at the end of 2025. The Project
13 schedule is designed to ensure that the Project can contribute to the Company's
14 compliance with the RES portfolio requirement, and can take maximum advantage of the
15 26% ITC, which results in lower RES compliance costs and therefore lower rates for the
16 Company's customers.

17 **IV. THE REQUEST FOR PROPOSALS PROCESS**

18 **Q. Please provide an overview of the RFP process that led to the selection**
19 **of the Project.**

20 A. In August 2020, Ameren Missouri issued an RFP for solar and wind
21 generation projects that could begin producing energy in the 2022-2024 timeframe to
22 support RES compliance, customer programs, and Ameren Missouri's overall fleet

1 transformation efforts. The RFP sought bids under which Ameren Missouri could acquire
2 the solar or wind project companies through a BTA.

3 **Q. What responses were received?**

4 A. In October 2020, the Company received responses from *** _ ***
5 bidders, including a bid from EDF Renewables for the Project that is the subject of this
6 case. The *** _ *** bidders proposed a total of *** _ *** different projects, with an
7 aggregate capacity of approximately 9,000 MW. Of the bids received, *** _ *** projects
8 were wind resources, and *** _ *** projects were solar resources. The projects were in
9 Missouri, Kansas, Illinois, and Iowa.

10 **Q. How did the RFP process proceed after the bids were received?**

11 A. From approximately October to December 2020, the Company, with
12 expertise from 1898 & Co. (a division of Burns and McDonnell) examined the bids for
13 the *** _ *** projects and engaged in a screening evaluation of each response using
14 certain selection criteria. 1898 & Co. is considered a leading industry expert and has
15 supported many other utilities in evaluating renewable projects. 1898 & Co., in
16 conjunction with the Company's subject matter experts, created a scorecard which was
17 utilized to evaluate and document the selection criteria.

18 **Q. What were the selection criteria Ameren Missouri used in this initial**
19 **screening evaluation of the bids?**

20 A. In general, with the support of 1898 and Co., we evaluated and screened
21 all *** _ *** projects on technical, commercial, and economic criteria, including the
22 following key project elements: project maturity, site control, resource assessment,
23 interconnection studies timeline, tax credit strategy, price, environmental assessment,

1 exceptions taken to our form agreements (BTA and Scope of Work), and developer
2 experience. Later in my testimony, I provide additional details related to the specific
3 criteria used. As a result of this process, we narrowed our consideration to a total of ***
4 _*** projects proposed by *** _*** different developers: *** _____
5 _____
6 _____
7 _____ ***.

8 **Q. How did the RFP process proceed after you had narrowed the**
9 **projects down from *** _____ ***?**

10 A. While evaluating the *** _*** projects and after narrowing the list to
11 *** _***, we met with the shortlisted developers in the spring of 2021, and each of them
12 made a detailed presentation of their project(s) and answered our questions.

13 In the spring of 2021, the Company began discussions and diligence efforts with
14 all *** _*** developers. *** _____
15 _____
16 _____

17 _____ ***. As diligence and contract negotiations continued, Ameren Missouri was
18 notified by the developers that, due to market volatility and uncertainty of new tariffs on
19 construction components like solar panels, they could no longer honor the original bids
20 and would need to resubmit new pricing for their projects based on the latest negotiations
21 and market conditions. At this time, *** _____
22 _____

23 _____ ***. In the fall and winter of 2021, *** _____

1 _____
2 _____ *** projects were no longer available. ***
3 _____
4 _____
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10 _____ ***.

11 This ongoing project and financial diligence, combined with the previously
12 mentioned evaluations of the Company's RES compliance needs, led us to conclude that
13 EDF Renewables' Huck Finn Solar Project, an appropriately sized in-state resource, was
14 the best available project to support Ameren Missouri RES Compliance needs.

15 **Q. Before the Company finalized its selection of EDF as the developer for**
16 **this Project, were the major developers of solar and wind projects in the United**
17 **States afforded the opportunity to provide bids for other projects in Missouri,**
18 **Illinois, and Iowa for Ameren Missouri's RES compliance?**

19 A. Yes. Between the 16 bidders who initially responded to the RFP, the major
20 solar and wind developers in the U.S. have had the opportunity to bid projects in
21 Missouri, Kansas, Illinois, and Iowa for RES compliance.

22 **Q. You mentioned earlier that you applied certain specific criteria when**
23 **evaluating the projects. What was the selection criteria that you used?**

1 A. The categories of the criteria we applied for the selection of projects to be
2 considered were: project size, location, ownership arrangements, project maturity,
3 developer experience, technology and project performance, transmission interconnection
4 criteria, locational market pricing, project pricing, ITC qualification, status of acquisition
5 of required land rights, status of environmental studies and response to the form BTA and
6 scope of work agreements. As earlier noted, we applied all, or nearly all, of these to the
7 *** _ *** projects that were initially bid, but regarding the subset of *** _*** projects
8 that were selected as part of the initial screening process discussed earlier, we applied
9 these criteria with more rigor.

10 I should also note that while we looked at numerous factors as listed above, no
11 one factor can be considered in isolation in the selection of a utility solar project, and the
12 overall economics, feasibility and risks of a project were considered holistically through
13 the evaluation process.

14 **V. PROJECT RISK MITIGATION**

15 **Q. Please outline the main risks associated with development and**
16 **construction of utility scale solar projects.**

17 A. All projects of this magnitude carry risks, and that is true of this Project as
18 well. The main risks associated with this Project are as follows:

- 19 1. Project cost due to supply chain volatility, change in law/tariff
20 uncertainty;
- 21 2. ITC value qualification;
- 22 3. Construction and schedule delays; and
- 23 4. Transmission system interconnection;

1 I explain these risks below and how Ameren Missouri customers are protected through
2 the BTA structure for the Project.

3 **Q. Please explain the first risk related to project cost.**

4 A. *** _____
5 _____
6 _____
7 _____
8 _____
9 _____
10 _____
11 _____
12 _____
13 _____.

14 **Q. Please elaborate on current supply chain volatility and tariff**
15 **uncertainty in the solar industry.**

16 A. The global solar supply chain is currently experiencing significant
17 volatility in the price of key materials (e.g., polysilicon, steel, copper, etc.). Based on
18 internal Ameren Missouri market research, the cost of polysilicon – the raw material for
19 solar panels – has increased 23% since July 2021. Steel has seen a 182% rise over the
20 last 24 months, however over the last quarter Ameren Missouri has seen steel prices
21 moderate but remain at or above July 2021 prices. Aluminum and copper prices continue
22 to rise, having increased since July 2021 by 59% and 36%, respectively. Moreover, the
23 last several months have seen marked accelerated increases in aluminum and copper at

1 30% of the 59% and 7% of the 36%, respectively. In addition, on March 28, 2022, the
2 U.S. Department of Commerce launched an anti-dumping circumvention investigation of
3 solar cells being imported from Cambodia, Malaysia, Vietnam, and Thailand. The
4 investigation alleges that those four countries are utilizing parts manufactured in China to
5 produce solar cells that would otherwise be subject to a tariff. The U.S. Department of
6 Commerce estimates the investigation will take approximately one year to complete,
7 introducing further uncertainty on potential tariff and importation restrictions.

8 **Q. How has the Company mitigated this risk?**

9 A. As mentioned previously, under the BTA, EDF Renewables' obligation to
10 complete the Project is conditioned upon meeting the *** _____

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8 **Q. Are there additional actions that may be available to reduce the**
9 **impacts of tariffs or market uncertainty related to the U.S. Department of**
10 **Commerce investigation?**

11 A. Yes. Completing the Project by the end of 2024, as targeted in the Project
12 schedule, could significantly reduce the risk of new tariffs associated with the recent U.S.
13 Department of Commerce investigation mentioned above. On June 6, 2022, President
14 Biden signed an executive order temporarily facilitating U.S. solar deployers' ability to
15 source solar modules and cells from Cambodia, Malaysia, Thailand, and Vietnam by
16 providing that those components can be imported free of certain duties for 24 months.
17 Though the ultimate effect this order may have on stabilizing the supply and pricing of
18 solar modules is unknown, it does provide additional certainty that projects completed
19 before the end of 2024 may have little to no risk of being subject to new tariffs. Due to
20 this executive order, the Project's risk can be greatly reduced by reaching completion
21 before the end of 2024.

22 **Q. Please address the risks associated with ITC value qualification.**

1 A. As mentioned earlier in my testimony, an important step to qualify for the
2 26% ITC value is to prove that physical work of a significant nature began in 2020. The
3 other main criteria to qualify for the 26% ITC is to ensure the Project is placed in service
4 by December 31, 2025.

5 **Q. How has the Company mitigated this risk?**

6 A. The Company has performed the necessary tax diligence and legal
7 analysis confirming that EDF Renewables has completed all steps for the Project to
8 qualify for the 26% ITC. With regard to the in-service criteria, the Project is targeting a
9 December 1, 2024, Substantial Completion date, which means the Project construction
10 schedule could experience a full year of delay without risking 26% ITC qualification.

11 **Q. Please address the risks associated with project construction and ITC**
12 **value retention.**

13 A. Utility scale solar generation is no longer a nascent industry in the United
14 States given that approximately 61 GW of projects have already been constructed. The
15 construction process is therefore well known. However, as with any large construction
16 project, there are sometimes issues that need to be resolved. In the case of solar
17 generation, these issues may include concerns from specific landowners, differences
18 regarding scope of work, unknown site conditions or environmental conditions (i.e.,
19 rocks, soft soils, unknown materials), force majeure, delay in transmission
20 interconnection, permitting, negotiating project procurement and construction
21 agreements, procurement of long lead time materials, etc. In order for the Project to
22 qualify for the 26% ITC, it must be placed in service by December 31, 2025.

23 **Q. How has the Company mitigated that risk?**

1 A. *** _____
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8 _____:*** In addition, the Project schedule has approximately 13 months of float to
9 manage the risk associated with Excusable Events and other Force Majeure events to help
10 assure the Project is completed in sufficient time to take full advantage of the ITC value.

11 **Q. Please explain the risk relating to transmission system**
12 **interconnection.**

13 A. Transmission system interconnection costs for the Project are presently
14 defined within the executed GIA between MISO, the transmission owner and the project
15 Company. However, the interconnection cost is based on a +/- 20% estimate and is
16 dependent on another nearby renewable project being completed and sharing the cost of
17 the transmission upgrades. Should this other project not proceed, the Project may be
18 required to absorb the full network upgrade cost and affected system costs².

19 **Q. How has the Company mitigated this risk?**

20 A. The transmission system interconnection risk was mitigated by securing a
21 Project with a signed GIA and completion of project diligence. *** _____

² The potential cost impact of this transmission interconnection cost risk is included in the risk-adjusted project cost case detailed in Company witness Forsberg's testimony.

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VI. ECONOMIC DEVELOPMENT

4

Q. Does the Project represent an economic development opportunity for the State of Missouri?

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A. Yes, the economic impact of the Project on the state will be positive. We anticipate that over 250 high-quality construction jobs will be created while the Project is being constructed. After construction is complete, approximately three permanent jobs will be required to operate the Project. In addition, landowners in Audrain and Ralls Counties will receive *** _____

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11

_____ *** in lease payments during the first two decades of the Project's operation. And finally, local governments will benefit from payments made in lieu of taxes, as described by Ameren Missouri witness Lindsey Forsberg. In addition to these direct economic benefits, indirect benefits will be realized by restaurants, gas stations, hotels, stores and other businesses in the vicinity of the Project.

15

16

VII. CONCLUSION

17

Q. What are your conclusions regarding the Project?

18

A. The Project is a cost-effective means of meeting a part of Ameren Missouri's RES requirements, and the BTA structure allows Ameren Missouri to leverage the developer's expertise with solar generation construction and acquire a late-stage solar project in Missouri. Further, the BTA arrangement, combined with tax equity financing, allows Ameren Missouri to capture the entire value of the Investment Tax Credit the Project will receive, to the benefit of all Ameren Missouri customers. Through terms and

23

1 conditions captured within the BTA, the Company can effectively manage and mitigate
2 key risks associated with the Project. Finally, the Project will provide economic
3 development benefits to the State of Missouri. Therefore, I recommend the Commission
4 grant Ameren Missouri the relief requested in its Application.

5 **Q. Does this conclude your testimony?**

6 A. Yes.