

**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 a Subscription-Based)
Renewable Energy Program.) **File No. EA-2022-0245**

STAFF’S POSITION STATEMENT

COMES NOW, the Staff of the Missouri Public Service Commission and submits its Statement of Position with respect to the List of Issues.

A. Does the evidence establish that the 150 megawatt (“MW”) solar generation facility to be constructed in White County, Illinois (the "Boomtown Solar Project" or "Project") for which Ameren Missouri is seeking a certificate of convenience and necessity (“CCN”) is necessary or convenient for the public service?

No.

1. Should the Commission find that the Project satisfies the first *Tartan* Factor of need?

No. Ameren has not sustained its burden to show that the proposed project is needed as an Ameren Missouri resource.

Generally speaking, it is imperative that any new project that is going to be paid for by captive customers be undertaken only if there is an actual need of the asset in providing electric service to those customers.¹ Ameren Missouri should be able to clearly articulate and demonstrate the physical needs of the ratepayers to be fulfilled through the purchase of the Boomtown solar project (or any project) prior to being granted approval of the CCN.²

Allowing a monopoly utility to add generating assets to rate base untethered to ratepayer needs could result in substantial increases in rates and unnecessary risk for ratepayers, and unwarranted profits for utility shareholders. Demonstration of need can act as an upper limit to the amount of rate base additions of generating resources and the associated costs that ratepayers are expected to bear. This upper limit is necessary since Ameren Missouri’s shareholders do not carry the risk that the Boomtown Solar project is ultimately uneconomic. Again, that risk is borne by ratepayers.³

¹ Luebbert rebuttal page 8.
² Luebbert rebuttal page 8.
³ Luebbert rebuttal testimony page 12.

Locking ratepayers into paying for assets that do not fulfill a clearly identified need or doing so well in advance of the need identified is an unnecessary risk to ratepayers and a benefit to Ameren Missouri's shareholders. System needs, both at the utility level and the RTO level, will undoubtedly change over time. MISO requirements and the MISO market dynamics are reasonably expected to change. The costs and capabilities of various supply-side technologies, including battery storage, will change. Tax benefits of various supply-side technologies are likely to change. The ultimate results of all of these variables almost certainly differs from the assumptions relied upon in Ameren Missouri's IRP. Actual results may very well make the decision to acquire the Boomtown Solar project a poor economic choice for ratepayers, but Ameren Missouri's shareholders are all but guaranteed to benefit from the costs being included in rate base.⁴

IRPs are based on generalizations and typically do not account for locational specifics and systematic condition changes that would be expected from the addition of a specific generating asset. The analyses are based upon projections, estimates, and assumptions, most of which are unlikely to be accurate during the course of the useful lives of assets.⁵

It is also important to note that the build or acquisition of any renewable resource has a real cost to ratepayers, with only a perceived, or yet to be determined, benefit that may never be realized. Conversely, that same renewable build or acquisition provides shareholders with a real benefit: a return of and on the investment.⁶

While corporate renewable goals may be laudable, they should not be misconstrued as a need to be paid for by all ratepayers.⁷

Ameren Missouri has performed no analysis of the impact of the proposed project on the aspect of the capacity auction price.⁸

While there is a need for winter capacity in 2026, this project is not a reasonable means of addressing the 2026 winter capacity need.⁹ The Boomtown Solar project is likely a poor choice to resolve the identified system needs for a variety of reasons, including location, resource type, and timing of expected generation.¹⁰

MISO Regional Resource Adequacy Report, Attachment SEL-2, discussion is provided concerning the complexities that are associated with increased renewable penetration, and the necessity to ensure coordination among utilities, States, and MISO to achieve higher levels of renewable penetration. In particular, "Key Insight 3," is that:

⁴ Luebbert rebuttal testimony pages 13 and 14.

⁵ Fortson rebuttal testimony page 11.

⁶ Fortson rebuttal testimony page 7

⁷ Luebbert rebuttal testimony page 19.

⁸ Shawn E. Lange Rebuttal Pg. 3 line 20 through Pg. 7 line 10.

⁹ Shawn E. Lange Rebuttal Pg. 8 lines 13-15.

¹⁰ Luebbert rebuttal page 6, Rebuttal Testimony of Michael L. Stahlman, p. 6.

Wind and solar generation are projected to serve 60% of MISO's annual load by 2041, which would reduce emissions by nearly 80% relative to 2005 levels but also sharply increase the complexity of reliably operating and planning the system. A major driver for increasing penetration of renewables is company and state decarbonization goals. According to this year's analysis, MISO-wide emissions are projected to decrease from 2005 levels by 65% in 2030 and achieve a nearly 80% reduction by 2041. MISO's system could approach 30% of annual energy from wind and solar generation within five years, and renewable penetration levels may increase by approximately 10% every five years after. This level of renewable penetration is significant because of a key finding of another MISO study called the Renewable Integration Impact Assessment (RIIA), which assesses the impacts of integrating increasingly higher levels of renewables into the MISO system. The RIIA identified an inflection point between renewable penetrations of 30% and 40%, where planning and operating the grid will become significantly more complex and challenging. The RRA indicates that the MISO region's renewable penetration could reach that inflection point later this decade (Figure 3). **The RIIA found that renewable penetrations of 50% or higher could be reliably achieved if MISO, members, and states coordinate closely on advanced actions that will be needed. [Emphasis added.]**¹¹

The recent MISO materials emphasize that closer coordination of resource planning enables more renewable resource integration. Staff is concerned that Ameren Missouri's approach lacks the level of coordination referenced by MISO, and thus limits the level of renewable penetration that can be integrated into the regional grid without negative impacts to reliability.

The retirement of Rush Island will result in voltage and transmission issues in the Metro St. Louis area that could be addressed in whole or in part by citing generation resources near load. However, the result of the decision to site this project in Illinois near Indiana is that, "[the] Boomtown project does not address the largely Metro St. Louis area voltage and other transmission system issues identified in the Y2 study."¹²

Ameren Missouri does not need additional solar RECs. If the Huck Finn project is granted a Certificate of Convenience and Necessity and that project would address Ameren Missouri's RES compliance position after the expiration of the Pioneer Prairie wind PPA, it is difficult to conclude this project is needed for Missouri RES compliance.¹³

The chance that the project may be economic over the next 30 years should not be relied upon as justification of the need of the project and the assumption of risk on behalf of ratepayers.¹⁴ Given the monopoly status of the utility, so long as the company can expect to recover costs in rate base, Ameren Missouri has a perverse incentive to make additions that will increase rate base but do not address ratepayers' needs, or do so inefficiently.

¹¹ Shawn E. Lange Rebuttal Pg. 10 lines 1-20.

¹² Shawn E. Lange Rebuttal Pg. 13 line 11 through Pg. 14 line 3.

¹³ Shawn E. Lange Rebuttal Pg. 14 line 22 through Pg. 15 line 10.

¹⁴ Luebbert rebuttal page 18.

In Ameren Missouri witness Mr. Arora's direct testimony¹⁵ in this CCN proceeding, Boomtown is needed as part of Ameren Missouri's renewable transition plan. Boomtown alone does not meet a real capacity need for Ameren Missouri.¹⁶

A given project must be evaluated in light of an identified need. The kind of need being fulfilled necessarily dictates the kinds of comparisons to other resources and resource types when determining if the project is an economically efficient solution. In short, in order to find the appropriate solution to a need, the first step is to identify the problem or need with precision. The criteria and review of the economic efficiency from the ratepayers' perspective will necessarily vary based upon the attributes sought and the needs that must be fulfilled by the resource.¹⁷

2. Should the Commission find that the Project satisfies the second *Tartan* Factor of economic feasibility?

From the narrow perspective of Ameren Missouri, the Project is economically feasible.

3. Should the Commission find that the Project satisfies the third *Tartan* Factor of ability to finance?

Yes. Ameren Missouri has the financial ability to construct, operate, and maintain the Project.¹⁸

4. Should the Commission find that the Project satisfies the fourth *Tartan* Factor of qualified to construct?

Yes.

5. Should the Commission find that the Project is in the public interest and satisfies the fifth *Tartan* Factor?

No. The potential ratepayer benefits of the Boomtown solar project are largely uncertain and based upon variables beyond the control of Ameren Missouri or its ratepayers. It is a risky proposition to approve a project when the perceived "improvement" is reliant on potential benefits that are uncertain and premised on sales to users of electricity beyond the service territory of the incumbent utility. The revenues from the project are unknown,

¹⁵ Ajay K. Arora direct testimony page 7.

¹⁶ Fortson rebuttal testimony pages 7 – 8.

¹⁷ Luebbert rebuttal page 15.

¹⁸ Won Rebuttal Testimony, at p.4, lines 6-7.

uncertain, and largely depend on the MISO market results over the life of the asset. MISO market revenues are volatile and variable based on time, location, dispatchability of a resource, transmission losses, and congestion.¹⁹

The costs of the project and recovery of those costs from ratepayers, including a return on the investment, on the other hand, will be relatively certain once the asset is included in rates. The project does not address several identified system needs and is not particularly well suited to meet the relatively near-term winter capacity need.²⁰

The project is not reasonably calculated to benefit both the utility and its customers.²¹ It does not help eliminate the future need of fossil fuel generation.²² Combined with the Renewable Solutions Program, this project is designed to offset solar generation installation in Missouri.²³ This project also continues to keep generation used to serve Missouri load under the authority of the Illinois legislature rather than the Missouri legislature and would increase costs to exit MISO, a subject in Case No. EO-2011-0128.²⁴ When an asset is not necessary, ratepayers carry the unnecessary risk that the asset is uneconomic without the guarantee of physical benefits. When the asset is not an economically efficient solution to the identified need, ratepayers carry the risk of paying for multiple assets to meet the same identified need. In these instances, the IOU still stands to benefit from the additional rate base. This potential outcome is one-sided and should be avoided if possible.²⁵

B. If the Commission grants the CCN for the Boomtown Solar Project, what conditions, if any, should the Commission impose on the CCN?

1. Ameren Missouri should specifically delineate within each FERC account all revenues, investments and expenses associated with the Boomtown Solar Project. The specific delineation of the Project should also include a reasonable allocation of the items related to the Project in which the amount is indirectly attributable to the Project. The unique recording for these items is to be available for Staff's review during future Ameren Missouri general rate cases.²⁶
2. Ameren Missouri shall use sound engineering judgement and commercially reasonable efforts to meet the IEEE standard P2800 for the Boomtown project and future transmission interconnected solar projects.²⁷

¹⁹ Luebbert rebuttal page 17.

²⁰ Luebbert rebuttal page 17.

²¹ Rebuttal Testimony of Michael L. Stahlman, p. 8.

²² Rebuttal Testimony of Michael L. Stahlman, p. 9-10.

²³ Rebuttal Testimony of Michael L. Stahlman, p. 11.

²⁴ Rebuttal Testimony of Michael L. Stahlman, p. 11.

²⁵ Luebbert rebuttal page 16.

²⁶ Jane C. Dhority Rebuttal Testimony, at p. 8, ll. 4-7, ll. 14-16, & ll. 17-19.

²⁷ Shawn E. Lange Rebuttal Testimony at Pg 19 line 5 through Pg. 20 line 16.

3. Ameren Missouri shall accept that the in-service criteria contained in confidential attachment SEL-3 and confidential attachment SEL-4 are appropriate for use in a future case to determine whether the Boom Town solar project is in-service.²⁸
4. Ameren Missouri shall notify the Commission and provide an updated economic analysis if the upgrade cost exceeds those outlined in the GIA more than 15%.²⁹
5. Ameren Missouri shall file with the Commission all as-built drawings for the project no later than 60 days after the site is commercially operational.³⁰
6. Ameren Missouri shall file with the Commission the final version of the plans for restoration of safe and adequate service no later than 60 days after the site is commercially operational.³¹
7. Progress Reports: Ameren Missouri shall file with the Commission quarterly progress reports on the plans and specifications for the Project, and the first report shall be due on the first day of the first calendar quarter beginning after the CCN is issued.³²
8. Ratepayers that do not participate in the Renewable Solutions Program shall be held-harmless during any rate review period if the costs of the Boomtown Solar facility exceeds the revenues from the facility.³³

C. Is this an appropriate proceeding for the Commission to review Ameren Missouri's Renewable Solutions Program?

Yes.

1. If so, should the Commission approve the Renewable Solutions Program proposed by Ameren Missouri in accordance with its authority to approve utility programs and tariffs?

²⁸ Shawn E. Lange Rebuttal Testimony at Pg 17 line 16 through Pg. 19 line 2.

²⁹ Shawn E. Lange Rebuttal Testimony at Pg 15 line 16 through Pg. 17 line 14.

³⁰ Cedric E. Cunigan, PE Rebuttal Testimony, at p. 4, lines 5-6.

³¹ Cedric E. Cunigan, PE Rebuttal Testimony, at p. 5, lines 1-3.

³² Cedric E. Cunigan, PE Rebuttal Testimony, at p. 5, lines 4-7.

³³ Luebbert rebuttal page 5.

This is the appropriate proceeding. Staff recommends that the Commission reject the Renewable Solutions Program and the associated tariff sheets.³⁴ The Renewable Solutions Program does little to offset the capital investment expenditures of the solar facility.³⁵ The customers targeted by this program have other avenues to receive renewable generation or RECs without pushing risk onto general rate payers.³⁶ In addition, the Company would retire RECs on behalf of subscribers for 15 years, and those RECs would not be useable for RES compliance if needed during that timeframe.³⁷

D. If the Commission approves the Renewable Solutions Program proposed by Ameren Missouri, what, if any, conditions should the Commission impose on such approval?

1. Ameren Missouri should specifically delineate within each FERC account all revenues, investments and expenses associated with the Renewable Solutions Program. The specific delineation of the Project should also include a reasonable allocation of the items related to the Program in which the amount is indirectly attributable to the Program. The unique recording for these items is to be available for Staff's review during future Ameren Missouri general rate cases.³⁸
2. All costs of the renewable generation facilities in the program shall be borne by the subscribers and/or shareholders while the RSP phase is in effect.
3. In addition to an in-service evaluation at the time the facility is initially placed into rates, Ameren Missouri shall demonstrate the facility is fully operational at the time the RSP program ends.
4. The costs of the generation facilities to be placed on ratepayers will be determined at the time the RSP program ends. The valuation of the facility will take into account the current book cost, the state of the facilities, depreciation, degradation over time, and current market prices for similar sized assets. The least cost option will be chosen.³⁹
5. Tariff language of the RSP will be changed to outline how the Company will retire RECs on the subscribing customer's behalf.⁴⁰

³⁴ Cedric E. Cunigan, PE Rebuttal Testimony, at p. 6, lines 7-8.

³⁵ Rebuttal Testimony of Michael L. Stahlman, p. 9.

³⁶ Cedric E. Cunigan, PE Rebuttal Testimony p. 5, lines 16-21.

³⁷ Cedric E. Cunigan, PE Rebuttal Testimony p. 5 line 22 through p. 6 line 2.

³⁸ Jane C. Dhority Rebuttal Testimony, at p. 8, ll. 4-7, ll. 14-16, & ll. 17-19.

³⁹ Cedric E. Cunigan, PE Rebuttal Testimony, at p. 6, lines 11-21.

⁴⁰ Cedric E. Cunigan, PE Surrebuttal testimony, at p. 2, line 19 through p. 3 line 2.

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CERTIFICATE OF SERVICE

The undersigned certifies by his signature below that on January 27, 2023, he filed the above document in the EFIS file of the Missouri Public Service Commission.

/s/ Paul T. Graham