

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

In the Matter of a Working Case to Explore)
Emerging Issues in Utility Regulation)
)

Case No. EW-2017-0245

**OPC’S RESPONSE TO STAFF AND
MISSOURI DIVISION OF ENERGY RESPONSES**

COMES NOW the Office of the Public Counsel (“OPC”) and for its *Response To Staff And Missouri Division Of Energy Responses* as follows:

1. On March 24, 2017, Staff filed an *Agenda and Request for Workshop Docket* to explore, “... five emerging areas of interest, for which it believes a workshop of interested parties would be beneficial to better understand these advancements and methods.”

2. On March 31, 2017, the Missouri Division of Energy (“DE”) filed a *Response to Staff’s Agenda and Request for Workshop Docket* requesting that the scope of the five hour workshop include two additional topics, sixteen additional sub-topics, a request for a professional facilitator, extended invitations to nationally recognized groups, four additional filing opportunities for comments and ultimately a final report.

3. On April 5th, 2017 Staff responded to DE’s requests stating, in part, that “it would be impossible to cover this breadth of information in a single workshop.”

4. OPC is in general support of Staff’s sentiment in its response to DE and believes that an “informal gathering of ideas” is a preferable outcome if the goal is to elicit a healthy dialogue and provide educational material for the Commission and interested parties. In such a setting, it is unclear why a series of stakeholder comments and Staff report(s) would even be necessary.

5. The Office of Public Counsel requests that the Commission either grant Staff's initial filing request or select one DE topic for consideration so parties can maximize the limited time available.

6. In the alternative, should DE's request be granted and the scope of the workshop exceed more than one topic (e.g., electric vehicle deployment and value of solar methodology), OPC requests that such a workshop be handled in an informal manner that does not strain interested stakeholders limited resources. Many, if not all, of the topics already offered are complex issues with uneven policy and economic trade-off considerations which necessitate careful consideration to ensure captive ratepayers are held harmless.

7. Electric utilities and their regulators must prioritize and achieve a careful balance among numerous goals, including safety, reliability, resource adequacy, affordability, environmental sustainability, economic development, financial stability and more. Of course, not all stakeholders prioritize among the various goals for the electric system in the same way. With this in mind, OPC offers an additional topic to the Staff's initial filing for the Commission and stakeholder's sole educational consideration for the proposed five-hour workshop: *The future of centrally-organized wholesale electricity markets*.¹ With the exception of the Clean Power Plan, system operators from MISO and SPP have largely been absent from Commission workshops. However, it is has become increasingly apparent that uncertainty and volatility are a likely outcome for ratepayers if each state in an ISO region has its own set of policy goals (adequacy, low cost, environmental sustainability, economic development, etc.) but prioritizes differently among those goals. Admittedly, neither MISO (limited capacity market) nor SPP (no capacity market) are currently operating at the level of uncertainty as PJM or ISO New England. However, the process of resource design is challenging because each utility must make its investment decisions in the context of a broader integrated market and legislated mandates. Moreover, each utility must pay attention not only to what other utilities *have* done, but what they *might* do. The recent passage of SB 2814 in Illinois in

¹ Glazer, C. et al, (2017) The future of centrally-organized wholesale electricity markets. Lawrence Berkeley National Laboratory. <https://eetd.lbl.gov/publications/the-future-of-centrally-organized-who>

which two nuclear power plants were “bailed out” in a “competitive” market provides one illustrative example.

8. With that in mind, OPC has reproduced four questions from a recent Lawrence Berkeley National Laboratory report² that could be submitted to SPP and MISO for feedback:

- a) Are today's centrally-organized market designs adequate to accommodate state public policy goals, and what potential design changes would further enable deployment of resources that achieve the goals of reliability, affordability and resource mix?
- b) What are the market impacts of environmental regulations that further constrain the deployment of fossil fuel resources?
- c) What are the market impacts of integrating increasingly higher levels of renewable resources with zero marginal cost?³
- d) Are today's market designs adequate to acquire the flexible resources needed to better integrate increasing levels of variable energy resources at least cost?

9. Furthermore, invitations could be extended to both MISO and SPP to participate and/or present in the upcoming workshop. It is OPC’s opinion that it is imperative that more discussion and analysis be undertaken before unrealistic or costly policy decisions are set without regard to their impact on system reliability or customer costs.

WHEREFORE, OPC respectfully requests the Commission issue an order commensurate with Staff’s initial request or select one DE topic be considered in an

² Ibid.

³ Renewable resources are often the most expensive energy sources for Missouri investor-owned utilities since the energy is obtained through purchased power contracts that require the utility to pay for the energy when it is generated at a set price regardless of the market price at that time.

informal matter. Further, OPC seeks the invitation and inclusion of MISO and SPP and the addition of the issue and questions identified in Paragraphs 7 and 8 to the meeting.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 5th day of April, 2017.

/s/ Hampton Williams