FILED
02/17/2023
Missouri Public
Serivce Commission

Exhibit No. 12P

Ameren – Exhibit 12P
Steven M. Wills
Surrebuttal Testimony
File No. EA-2022-0245

Exhibit No.:	012P
Issue(s):	Tartan Factors; Renewable Solutions Program
Witness:	Steven. M. Wills
Type of Exhibit:	Surrebuttal Testimony
Sponsoring Party:	Union Electric Company
File No.:	EA-2022-0245
Date Testimony Prepared:	January 18, 2023

MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. EA-2022-0245

SURREBUTTAL TESTIMONY

OF

STEVEN M. WILLS

ON

BEHALF OF

UNION ELECTRIC COMPANY

d/b/a Ameren Missouri

St. Louis, Missouri
January, 2023

P

TABLE OF CONTENTS

SURREBUTTAL TESTIMONY

OF

STEVEN M. WILLS

FILE NO. EA-2022-0245

Q. Please state your name and business address.

A. Steven M. Wills, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company"), One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.

Q. Are you the same Steven M. Wills that filed Direct Testimony in this proceeding?

A. Yes, I am.

I. Purpose of Testimony

Q. What is the purpose of your Surrebuttal Testimony in this proceeding?

A. My testimony responds to several positions put forward by a variety of parties to this case. I will begin by providing an overall reaction to Staff's recommendation in this case. In that regard, I respond to testimony of Staff witnesses Michael Stahlman, Brad Fortson, J Luebbert, and Shawn Lange, P.E.. I will next discuss the factors that should guide the Commission's consideration of determining whether the Boomtown Project ("Boomtown" or "Project") is needed and in the public interest in response to Staff witness Luebbert, and explain how the Project clearly meets the criteria of the Tartan Factors. I will then discuss in detail the benefits that the Renewable Solutions Program ("Program") brings to the Project, why the Program should be approved as proposed, and why any shareholder risk sharing proposals are unnecessary and inappropriate in this case. On this issue, I will be responding to issues raised by Office of Public Counsel ("OPC") witness Dr. Geoff Marke, as well as Staff witnesses Luebbert, Stahlman, and Cedric Cunigan. I

will next address additional miscellaneous points raised by Staff witnesses Jane Dhority and Stahlman. Also related to the Program, I will respond to testimony from Missouri Industrial Energy Consumers ("MIEC") witness Maurice Brubaker, and Walmart witness Andrew Teague related to a couple of points they raise. Lastly, I will address developments since the case was filed, and since Supplemental Direct Testimony was filed, which may mean that the Company should ultimately utilize the Investment Tax Credit for the Boomtown project, because doing so is likely in customers' best interests, but also why the Commission need not address the ultimate tax strategy at this time.

Q. Do you have any schedules supporting your Surrebuttal Testimony?

A. Yes. See Confidential Schedule SMW-S1.

II. Staff's Opposition to the Boomtown Project is Short-Sighted.

Q. What is your overall reaction to Staff's recommendation to reject the Company's application for a Certificate of Convenience and Necessity ("CCN") for the Boomtown Project?

A. The perspective reflected in Staff's rebuttal testimony, and its recommendation to reject the Boomtown Project CCN, is short-sighted and completely ignores the realities and risks described in Ameren Missouri's witnesses' direct testimony, which are amplified by Company witness Ajay Arora's Surrebuttal Testimony. Staff takes an extreme and unreasonably narrow view of "need" and the public interest in its evaluation of the Boomtown resource that ignores the obvious reality facing Ameren Missouri and the state of Missouri specifically, as well as the region and the industry as a whole. As discussed further by witness Arora in his direct and surrebuttal testimonies, that reality is that risks arising from the retirement of significant Ameren Missouri coal-fired generation that has already happened and that will happen in just the next couple of

years, which are reflective of and amplified by the very significant scope and scale of industry-wide changes in the mix of generation resources serving the grid, demand immediate attention, planning, and action.

The need, of course, is to make an orderly transition from an aging generation fleet that is anchored by coal facilities that have served customers well with reliable energy for decades, but whose useful life is approaching an end and whose environmental impacts are creating ever-increasing pressure to retire the plants even sooner, to a new generating fleet – one that is cleaner and more sustainable – anchored by new renewable resources, backed with flexible, dispatchable capacity resources to ensure reliability. This transition from the "old fleet" to the "new fleet" in a relatively short period of time comes with myriad risks, a compelling need for diligent and careful planning, and requires a sustained and careful staging of many renewable resource projects to be built or acquired starting now and continuing over time so that they can be integrated into the fleet thoughtfully in order to ensure continued reliability of service to customers. Ameren Missouri has taken a prudent approach to how it transitions its fleet by first focusing on adding renewables specifically in compliance with the state's Renewable Energy Standard, while maintaining the existing fleet to provide reliable and affordable service to its customers. However, the pressure on the existing coal plants continues to build as they age and as illustrated by the significant acceleration of retirement of the Rush Island Energy Center, and the Company's longstanding position of maintaining a comfortable cushion of generation to handle extreme or unexpected events is rapidly changing. The remaining coal fleet (and natural gas generation for that matter – specifically the peaking units located in Illinois) are also approaching end of life, and the risk factors that could further accelerate their retirements are obvious, as discussed further in Company witnesses Arora's and Matt Michels' surrebuttal testimonies. Given that reality, inaction – taking a

wait and see approach to renewable additions – during such a dynamic period of transition with much less margin for error is, as Company witness Arora explains, far riskier and less responsible than taking thoughtful and proactive steps to add "no regrets" resources that will serve customers well with clean energy for decades to come.

Q. Is the fact that generating portfolios are transitioning and must transition to much heavier reliance on renewable sources of generation a concept that should be familiar to the Commission at this point in time?

A. Yes. The Commission, and quite literally everyone paying the slightest amount of attention to the energy industry, knows exactly what I just described – that the transition from the old coal-based fleet to the new fleet which is much more reliant on renewable resources is happening across the industry with increasing urgency, driven by myriad factors, including federal energy and environmental policy and regulation, maturation of very cost-competitive renewable technologies, customer and investor demands, and societal expectations. That the industry must transition and is in the process of doing so has been discussed – often as the primary focus – at virtually every energy-related conference in the last several years. There are countless articles written about this need in the trade press every single day. I recently googled the phrase "energy transition," and Google returned results including 696 million entries in a half second. Every one of the results I looked at – admittedly a small fraction of the full 696 million – talked about either renewables, decarbonization, electrification, energy efficiency, coal retirements, or some combination and/or extension of the above concepts. It is on virtually everyone's mind in the industry – everyone except, it would seem, Staff's – how to make this transition to a sustainable energy future in an orderly, responsible, and reliable fashion so that utilities, including Ameren Missouri, can continue to provide the reliable power our society depends on while recognizing and

achieving the environmental imperative to reduce carbon emissions. The time is clearly upon us where we need to be highly engaged – the utilities in the state and the Commission – in planning for and actually implementing the inevitable transition. As Company witness Mike Granowski testifies in his Surrebuttal Testimony, other state Commissions and utilities that are facing similar circumstances recognize that actual implementation now is needed. This Commission should too.

Q. Is it broadly recognized that resource planning is of heightened importance as the transition accelerates?

A. Absolutely. One need to look no further than the North American Electric Reliability Corporation ("NERC"), which sets mandatory reliability standards across the country.[1] NERC recognizes the ongoing transition – both the reality that is happening and the critical role that thoughtful long-term planning will play in managing it – in its recent 2022 Long-Term Reliability Assessment, which is also discussed by Company witnesses Arora and Michels. In the introduction of the Executive Summary of its report, NERC states:

> The findings in this 2022 LTRA are vitally important to understand the reliability risks to the North American BPS as it is currently planned and as it is being shaped by government policies, regulations, consumer preferences, and economic factors. ***Energy systems and the electricity grid are undergoing unprecedented change on a scope, scale, and speed that challenges the ability to foresee—and design for—their future states***. This report contains future energy sufficiency metrics that serve as guideposts for the reliability of the North American electric grid on its current trajectory. It also describes the relevant trends that are propelling the grid's transformation and have the potential to alter the ability of the BPS to service the energy needs of communities and industries in North America. (emphasis added)

[1] From the NERC website: https://www.nerc.com/AboutNERC/Pages/default.aspx. NERC is a not-for-profit international regulatory authority whose mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid. NERC develops and enforces Reliability Standards; annually assesses seasonal and long-term reliability; monitors the bulk power system through system awareness; and educates, trains, and certifies industry personnel. NERC's area of responsibility spans the continental United States, Canada, and the northern portion of Baja California, Mexico. NERC is the Electric Reliability Organization (ERO) for North America, subject to oversight by the Federal Energy Regulatory Commission (FERC) and governmental authorities in Canada. NERC's jurisdiction includes users, owners, and operators of the bulk power system, which serves nearly 400 million people.

Just a little bit later in the report, NERC states:

> Effective regional transmission and ***integrated resource planning processes are the key to managing the retirement of older nuclear, coal-fired, and natural gas generators in a manner that prevents energy risks*** or the loss of necessary sources of system inertia and frequency stabilization that are essential for a reliable grid.[2]

It should be noted that, as discussed further by witness Michels' surrebuttal testimony, and completely consistent with this NERC statement about the important role of resource planning in ensuring a reliable transition, that the Company's case in this proceeding is firmly grounded in its ongoing resource planning process, with its most recent triennial Integrated Resource Plan ("IRP") and its updated Preferred Resource Plan as its foundation.

Q. Does Staff's rebuttal acknowledge the importance of careful resource planning through the transition?

A. No. Notably, and quite stunningly, Staff essentially ignores the entire concept of the fleet transition, and casually dismisses the entire resource planning process as just "a modeling exercise" that cannot be the basis for establishing the need for new resources.[3] Company witness Michels discusses how the development of a comprehensive IRP specifically, and the overall resource planning process, is far more than just a modeling exercise. It is, rather, the foundation of planning and then implementing the fleet transition that must take place. It considers multiple planning objectives, and includes a thorough risk analysis, which Staff also seems to ignore entirely. Further, the Company's process of developing its IRP has been enhanced in recent years

[2] NERC Long Term Reliability Assessment, December 2022, at p. 7 (emphasis added).
[3] Fortson Rebuttal, p. 10, l. 9 – p. 11, l. 11.

to consider the very type of all-hours probabilistic reliability analysis that NERC identifies as a crucial part of the process of ensuring reliability through the transition.[4]

Staff instead focuses on a narrow conception of need – a standard that it never does fully articulate – but which it appears to premise on looking in isolation for the exact timing of a near-term projected capacity deficit in order to build a "just in time" resource to close the identified gap almost exactly when it emerges, as if there is enough certainty in these times of dynamic and rapid change that such an approach would be sufficient to ensure reliability. To the contrary, however, relying on such an approach would be irresponsible in a time marked by increasing risk to the reliability of the grid – risks the nature of which are discussed in detail by witnesses Arora and Michels, and are reflected throughout the NERC 2022 Long-Term Planning Assessment.

It is truly perplexing that Staff complains that the Company has not demonstrated need, and yet *completely ignores* the thorough and compelling testimony on the risks that exist to the old fleet – the age of and increasing environmental pressures on existing coal plants chief among them; and the risks to the new fleet – including the challenges of developing, financing, and executing a steady pipeline of utility-scale renewable energy construction projects all while competing for sites, materials, labor, capital, etc. with other utilities that are trying to accomplish the same objective. As the testimony of our witnesses demonstrates, Staff's suggestion that the Company has not articulated the need for the Boomtown resource is without merit.

[4] Page 8 of the NERC 2022 Long-Term Reliability Assessment, in the section titled "Reducing the Risk of Insufficient Energy" states in pertinent part: "Resource planners and policymakers must pay careful attention to the pace of change in the resource mix as well as update capacity and energy risk studies (including all-hours probabilistic analysis) with accurate resource projections."

Q. Has the Commission ever specifically articulated that supporting development of renewable energy resources is in the public interest?

A. Yes. The Commission has increasingly recognized the benefits of renewables and is encouraging the utilities it regulates to make progress on the renewable front. As long as almost a decade ago, the sentiment was already coming through in Commission orders. In File No. EO-2013-0307, where the Company sought to make some changes to its earliest voluntary program for customers to engage with renewables – the Pure Power program – the Commission rejected the Staff's criticisms of the program, stating in its findings of fact:

> Electricity generated from renewable resources such as solar, wind, geothermal, small and low-impact hydropower, and biomass has proved to be environmentally preferable to electricity generated from conventional sources such as coal, oil, natural gas, and nuclear, which can have detrimental effects on human health and the environment through air emissions and other problems.[5]

And later in its conclusions of law in the same order, the Commission said:

> The Commission also concludes that the Pure Power Program furthers the policy goal of encouraging renewable energy. Renewable energy generation provides a direct benefit to the public because it can reduce the problems associated with conventional sources of electricity, such as coal, oil, natural gas, and nuclear….While the Commission highly encourages renewable energy generation, it acknowledges that programs such as the Pure Power Program can also provide a benefit to the public by supporting renewable energy.[6]

While the Commission was not explicitly looking at "need" in the Tartan Factor sense, as discussed later, the need to obtain the kinds of benefits that renewable energy brings, which were clearly recognized by the Commission, is one aspect of need that the Staff ignores.

A couple of years later, in File No. EA-2015-0146, an application by Ameren Transmission Company for a CCN for the Mark Twain transmission line, which was being proposed in part to

[5] File No. EO-2013-0307, Report & Order, Eff. May 1, 2013, at p. 4, para. 9.
[6] Id. at pp. 14 – 15.

create greater transmission access for regional wind projects, the Commission's findings of fact and conclusions of law, respectively, included the following:

> In addition, ATXI's analysis reflects supplies of wind power that would be enabled by Mark Twain and that can support the achievement of state renewable energy targets. Finally, Mark Twain would also reduce emissions of carbon dioxide ("CO") generated throughout the MISO footprint, as well as reduce emissions of nitrogen oxides ("NOx"), sulfur dioxide ("SO2") and mercury from sources within Missouri. In total, these impacts would provide substantial benefits to Missouri.[7]

> ….and….

> In this case, ***the project is in the public interest because it is needed to***:
>
> • Promote grid reliability
> • Relieve congestion
> • ***Promote renewable energy***
> • Meet local load serving needs
> • Provide downward pressure on customer rates[8]

I do not believe any Missouri investor-owned utility was literally short capacity when those statements were made, but the Commission found a need because, among other things, the line promoted renewable energy.

Also in a 2015 docket, File No. EA-2015-0256 related to KCPL GMO's application to build a facility for a Community Solar program, the Commission's conclusions of law stated:

> GMO's customers and the general public have a strong interest in the development of economical renewable energy sources to provide safe, reliable, and affordable service while improving the environment and reducing the amount of carbon dioxide released into the atmosphere. It is clear, solar power will be an integral part of this development, building a bridge to our energy future. The Commission can either act to facilitate that process or temporarily hinder it.[9]

Over Staff's objections, including that the facility was not needed, the Commission chose to facilitate the process by approving the application.[10]

[7] File No. EA-2015-0146, Report & Order, Eff. May 27, 2016, at p. 14, para. 29.
[8] Id. at p. 38 (emphasis added).
[9] File No. EA-2015-0256, Report & Order, Eff. March 12, 2016, at p. 15.
[10] Id. at p. 18.

Next, in File No. EA-2016-0358, the Commission's order on remand in Grain Belt's CCN application for permission to construct a transmission facility designed to bring renewable energy into the state, the Commission stated:

> Consistent with these state policies, this Commission has in the past expressed strong support for the "development of economical renewable energy sources to provide safe, reliable, and affordable service while improving the environment and reducing the amount of carbon dioxide released into the atmosphere."[11]
>
> The Grain Belt Project will lower energy production costs in Missouri under future energy scenarios developed by MISO and will have a substantial and favorable effect on the reliability of electric service in Missouri, particularly through its effect on wind diversity in the region. Geographic diversity in wind resources inevitably helps to reduce system variability and uncertainty in regional energy systems. **In addition, the Project will provide positive environmental impacts, since displacement of fossil fuels for wind power will reduce emissions of carbon dioxide, sulfur dioxide, and nitrogen oxide, and reduce water usage in Missouri.**[12]
>
> ***There can be no debate that our energy future will require more diversity in energy resources, particularly renewable resources. We are witnessing a worldwide, long-term and comprehensive movement towards renewable energy*** in general and wind energy specifically**.** Wind energy provides great promise as a source for affordable, reliable, safe, and environmentally-friendly energy. The Grain Belt Project will facilitate this movement in Missouri, will thereby benefit Missouri citizens, and is, therefore, in the public interest.[13]

While not a case involving a request to build renewable generation, in File No. EO-2019-0067, et al., the Commission rejected allegations, including by the Staff, that Evergy was imprudent by applying renewable energy credits ("RECs") to its own load in order to provide more renewable energy to its customers rather than selling those RECs for economic gain on behalf of those customers, saying:

> The Commission finds that when made, KCPL's decision not to sell the 722,628 RECs was not imprudent in light of the circumstances then existing and considered, to wit: KCPL's consideration of its customers' wishes to retain their energy's environmental attributes; KCPL's consideration that selling the RECs would

[11] File No. EA-2016-0358, Report & Order on Remand, Eff. April 19, 2019, at p. 45.
[12] Id. at p. 46 (emphasis added).
[13] Id. at p. 47 (emphasis added).

> reduce from 25.15% to 19.39% the percentage of power customers were receiving from renewable energy sources; KCPL's consideration that the revenue opportunities in selling the RECs were very limited; KCPL's consideration that the credit to customers of approximately $0.02 per month per 1,000kWh was *de minimis* and outweighed by KCPL's customers' desires to receive energy bundled with their corresponding renewable energy credits and thereby reduce their carbon footprint.[14]

And in the latest expression of support for Missouri utilities' development of renewable generation, Empire's application for a CCN to acquire wind generation facilities to serve its Missouri retail customers in File No. EA-2019-0010, the Commission included in its findings of fact the following:

> Wind generation has benefits other than cost savings, including helping to diversify Missouri's energy generation mix, providing renewable energy, and providing local and state economic benefits such as property taxes, land lease payments, and jobs.
>
> Wind generation also helps corporations in Missouri to perform more competitively, as there is an emergence of corporate customer interest in renewable energy and corporations are seeking increased options for purchasing renewable power.
>
> An increased number of energy customers (individuals, businesses, and governments) are seeking renewable energy to meet their own sustainability goals.
>
> Production of renewable energy in the state of Missouri can lower the state's dependence on imported fuels.[15]

….and in its conclusions of law, stated:

> It is the public policy of this state to diversify the energy supply through the support of renewable and alternative energy sources. The Commission has also previously expressed its general support for renewable energy generation because it provides benefits to the public.[16]

...and…

> The Commission finds that the Wind Projects will promote the public interest. In addition to the low cost generation that the Wind Projects will provide, these projects meet the policy goals, as identified by the Commission in the *Grain Belt*

[14] File No. EO-2019-0067, et al., Report & Order, Eff. December 6, 2019, at p. 12, para. 17.
[15] File No. EA-2019-0010, Report & Order, Eff. June 29, 2019, at pp. 21 – 22, paras. 53 – 56.
[16] Id. at p. 32, para. G.

> *Express Clean Line LLC* case, to diversify energy resources and develop "economical renewable energy sources". Additionally, the Wind Projects are also important to satisfy the public interest in regard to the use of renewables, especially through the sale of RECs to non-residential customers as set out as a condition in the *Non-Unanimous Stipulation and Agreement* and adopted in this order as a condition of the certificates. Finally, the evidence showed that the Wind Projects will promote the public interest through the local and state economic benefits such as additional property taxes, land lease payments, and job creation.[17]

Q. What insights can be drawn from the foregoing Commission actions relating to renewables?

A. The Commission's consistently expressed view on renewables over a period of several years speaks for itself. The Commission has frequently recognized that promotion of renewable energy is in the public interest and importantly, that need is not as narrowly defined as Staff suggests. Indeed, the prior quotes show that the Commission views need and what is in the public interest more broadly than articulated by Staff witnesses Lange and Luebbert to include: reliability, promotion of renewable energy, positive environmental impacts, diversity of energy generation resources, customer desires for renewable energy, and local and state economic benefits (such as property taxes and job creation).

Q. Does Staff offer any acknowledgement that renewables are in the public interest?

A. Barely. Staff witnesses Luebbert and Stahlman pay lip service to the idea that Staff is not opposed to renewables, but there is clearly no commitment from Staff to work proactively to promote renewable development in furtherance of an orderly transition. Rather, any fair reading of Staff's rebuttal case demonstrates that Staff erects false barriers that can only serve to delay or obstruct the renewable transition. This is evident by the length Staff goes to in order to try to come up with reasons to reject the Company's CCN application. Staff does not merely make its case

[17] Id. at p. 42.

based on its perception that the resource is not yet needed, but instead proceeds to meander through a variety of half-baked and sometimes contradictory arguments in the search for justification of its overall recommendation to reject the CCN.

Q. In your opinion, are these points helpful to the Commission as it faces the incredibly important task of overseeing its electric utilities' transitioning their fleets to a generation mix with much heavier reliance on renewables, and doing so in a reliable and responsible manner?

A. Absolutely not. These points in fact do a disservice to the Commission in trying to assess the need for Boomtown, in that they muddy the waters and create confusion, while adding little of substance to the discussion.

Q. Please provide some examples of the Staff's arguments that effectively do little more than to create confusion or opposition around Boomtown, or renewables more generally.

A. There are several examples of such arguments throughout the testimonies of witnesses Stahlman, Fortson, and Luebbert that I will touch on.

I will start with a poorly conceived argument made by Staff witness Stahlman in which he argues that the addition of Boomtown will not necessarily result in Ameren Missouri customers being served by cleaner resources.[18] The point is both wrong and nonsensical. Company witness Michels discusses the dynamics of the dispatch of generating units in MISO to demonstrate that the resource mix of MISO – which as Mr. Stahlman observes is what ultimately serves Ameren Missouri customers – necessarily becomes cleaner with the addition of renewables that displace fossil fueled generation in MISO's dispatch stack. This really should be obvious: the only progress

[18] Michael Stahlman Rebuttal Testimony, at p. 2, ll. 8 – 10.

to a cleaner generation mix is to add cleaner generation and use it. The Commission itself has acknowledged as much, specifically, in the Grain Belt order in File No. EA-2016-0358 cited above (see the bolded text in the citation). But moreover, given that this case also involves a request to approve the Renewable Solutions Program witness Stahlman's point is even more inaccurate. Specifically, the argument that Ameren Missouri's customers will not be served by cleaner resources is fatally flawed in that it completely ignores the proposed Program, which will retire RECs on behalf of subscribing retail customers of the Company. As the Commission recognized in its findings of fact in its Report and Order in File No. EO-2013-0307, "[a] renewable energy credit ("REC") represents the property rights to the environmental, social and other non-power qualities of one megawatt hour of renewable energy generation."[19] Given that the Company is committed to retiring RECs from the Boomtown resource on behalf of its subscribing customers,[20] as the Commission itself recognizes, Ameren Missouri is clearly serving its customers – indeed those subscribing customers that desire renewable energy — with cleaner resources by developing Boomtown.

Q. Please move on to your next example.

A. Staff witness Stahlman makes another baffling point related to the Company's 2045 net zero carbon emissions goal, essentially stating that, if the resource is developed now, "Boomtown will not be a part of that goal."[21] Staff's concern about whether Boomtown will help achieve this goal is contradictory with another Staff articulated position – Staff witness Luebbert's opposition to giving any consideration to the Company's corporate goals, in support of approval of a CCN. I will set that latter point aside for now other than to just observe the internal

[19] File No. EO-2013-0307, Report & Order, Eff. May 1, 2013, at p. 4., para. 10.
[20] Proposed Rider RSP, Sheet No. 83.3, "Other Program Provisions and Terms," at para.2: "The RECs associated with the generation output of currently subscribed Program Resources will be retired on behalf of subscribed customers…."
[21] Michael Stahlman Rebuttal Testimony, at p. 10, l. 19.

inconsistency in Staff's arguments and will return to further discuss it later, but the Staff's implicit suggestion that waiting longer to develop renewable resources is a better way to achieve sustainability targets is obviously ridiculous and is just another example of Staff grasping at straws to find justification to reject the Boomtown CCN.

In order to make it, Staff witness Stahlman has to ignore the actual expected life of the Boomtown facility. Staff witness Stahlman says the facility's life will be approximately 20 to 30 years, and then latches on to the shorter 20-year value to support the statement. To be clear, Ameren Missouri's expectations are for Boomtown to have a 30-year life,[22] which is reflected ***_____ _____[23]*** and also in the analysis in our direct testimony, in the fact that the solar land leases that allow the facility to be built and operated have a term of 35 years,[24] and in the Company's proposed depreciation rates for solar facilities in its pending electric rate review, File No. ER-2022-0337. For Staff witness Stahlman to assume a 20-year life is already a stretch, and his statement that "Boomtown will not be a part of that [2045] goal" will be patently false if Boomtown achieves the life for which it is being designed. Under its expected life, Boomtown would contribute to that 2045 goal for approximately a decade.

But the even more obvious absurdity in Staff witness Stahlman's point is the implicit suggestion that emissions reductions prior to 2045 are valueless, when the opposite is obviously true. It is broadly accepted and understood that carbon emissions reductions that happen sooner

[22] As stated in the Boomtown Decommissioning Plan provided in response to Staff Data Request 0034, "If properly maintained, the expected lifetime of a utility-scale solar facility is approximately 25 to 35 years with an opportunity for a project lifetime of 50 years or more with equipment replacement and repowering."

[23] ***_____ _____***

[24] With an ability to extend the term for up to an additional 20 years.

P

rather than later have a much more favorable impact on the environment. To suggest that we should wait to put the resource into service closer to the time when the Company's carbon reduction goal reaches net zero looks like semantic gamesmanship by Staff, which if relied upon in reality would have obvious negative implications when looked at through a sustainability lens. But beyond that, Staff witness Stahlman ignores that the referenced goal of net zero carbon emissions by 2045 is not the Company's only carbon reduction goal. To the contrary, the Company also has interim goals for a 60% reduction in emissions by 2030, and an 85% reduction by 2040. If Staff witness Stahlman were right that Boomtown will not contribute to the 2045 goal, and that were viewed as a reason to not pursue Boomtown at this time, his recommendation would at the same time hinder the achievement of those interim goals, and obviously result in more *cumulative* carbon emissions that would negatively impact the achievement of the overall objective of environmental sustainability. This point raised by Staff witness Stahlman, when viewed at all realistically, clearly and obviously supports beginning the transition now, rather than waiting until the final stage of sustainability targets arrives to even begin adding more clean resources.

Q. Is Staff witness Stahlman's related claim that the Company is asking customers to fund its carbon reduction goals also not true?

A. It is also not true. We are asking the Commission to grant a CCN for a resource Ameren Missouri needs to serve its customers, which will be reflected in revenue requirements as all of its other utility plant is, and yes, its rates will be set based on those revenue requirements. But that no more amounts to "customers funding" carbon reduction goals than do the revenue requirements associated with the other Company non-emitting facilities, such as the Callaway, Osage, Keokuk and O'Fallon Energy Centers.

Q. Please briefly address the remaining issues that you wish to highlight from Staff witness Stahlman's Rebuttal Testimony.

A. Staff witness Stahlman closes with a couple of other criticisms of the Boomtown Project arising from its location in the state of Illinois, which further illustrate Staff's approach of offering barriers to renewables beyond just its analysis of the need for the resource. The Illinois risks highlighted by Staff, as I will discuss below, are very remote relative to the risk of inaction in the face of the industry fleet transition that is occurring and the myriad risks to reliability and excessive cost exposure that Company witness Arora discusses in his Surrebuttal Testimony if we do not act now. Allowing such issues to hinder progress toward fleet transition does not represent a posture of support for renewables. Witness Stahlman refers to the recent Illinois legislation that is putting some of Ameren Missouri's peaking combustion turbine generators ("CTGs") under usage limitations, and forcing their eventual retirement sooner than they would probably have otherwise retired, presumably suggesting that the Boomtown resource could similarly be at risk since it is being built in Illinois. However, this perspective ignores the reality that the Illinois law that threatens the CTGs' continued operation is a major legislative effort to reduce carbon emissions (the legislation is even known as the "Climate and Equitable Jobs Act"). Given the political reality that supports renewable development in the state, along with the need for capacity in Illinois (MISO's zone 4),[25] the state's obvious preference for emissions free sources for that capacity, and Illinois' retail customers' unique exposure to energy and capacity market prices given the restructured status and deregulated power supply function of the industry in that state, the idea that the Illinois legislature will go on the offensive against renewable generation like Boomtown is simply not credible.

[25] "2022 OMS-MISO Survey Results", June 10, 2022, Slide 10. See https://cdn.misoenergy.org/20220610%20OMS-MISO%20Survey%20Results%20Workshop%20Presentation625148.pdf

Staff witness Stahlman's last attempt to find a rationale to oppose the Company's CCN request is his observation that the cost for Ameren Missouri to potentially exit MISO would increase because of Boomtown's presence in Illinois. This is another weak argument presented in an attempt to bolster justification for Staff's recommendation. There is no expectation that Ameren Missouri ever will leave MISO. In fact, the Commission recently approved Ameren Missouri's membership in MISO on an indefinite basis.[26] While it is true that the Commission order approving that allows the Commission to reconsider if there is a material change in circumstances that changes the overall cost and benefit balance of the Company's participation in MISO,[27] there is no reason to believe that such a change is forthcoming. The barriers to leaving MISO are already significant. The benefits of having renewable generation in Illinois – by creating increasing geographic diversity of the Company's renewable fleet to capture the benefit of regional variations in weather –far outweigh any risks associated with an unlikely scenario where the Company sought to exit the MISO market.

Q. What points are raised by Staff witness Fortson to which you wish to respond?

A. Company witnesses Michels and Arora will respond in much more depth to Staff witness Fortson on the topic of the Company's IRP. But I would just start by highlighting that the primary concern witness Fortson articulates from a resource planning perspective - that the Company's resource plan may change over time - is not a reason at all to delay the renewable transition, but rather *it is a reason to pursue it now*. It is of course true that every resource plan does and will change over time - why else would the Commission's rules require triennial IRPs and annual updates? But it is no secret that the changes that have occurred to the Company's resource plan over the last several IRP cycles have generally been driven by increasing

[26] Fourth Order Modifying 2012 Report and Order, File No. EO-2011-0128.
[27] Id.

environmental pressures on coal plants. The retirement dates of the Company's coal-fired energy centers have consistently moved forward over time, most recently and obviously with the move of Rush Island's planned retirement date from 2039 to 2025 (at the very latest), and now we are experiencing challenges to our gas-fired fleet that are expected to result in accelerated retirement of a number of those generators. The need identified in the IRP for renewables has consistently grown and accelerated in recent years. There is absolutely no reason to expect that trend to reverse itself and result in longer coal plant lives than what are currently planned or reduced renewable builds. But even if it did, and there was more time to achieve the renewable transition than the Company has portrayed, there is also plenty of opportunity to make corresponding adjustments to the plan. Staff witness Fortson observes the Company's statement that it may require as many as thirty renewable projects by 2040 to achieve the renewable transition, and questions what will happen if some of those projects are ultimately determined not to be needed through a future IRP.[28] The obvious answer is that – if that happens – some of the projects will not be built. The Company is not asking for the approval of thirty projects in this case; it is asking for approval of one 150-megawatt facility to begin a significant transition that is needed, even though the exact composition of the fleet's end state remains subject to adjustment as conditions warrant. These early projects in the transition plan are truly "no regrets" projects because it is obvious that the Company's generating fleet will soon consist of significantly more renewable generation capacity, including solar generation. Because of the significant and obvious forward-looking need for replacement capacity for the coal fleet in the foreground of the very visible horizon, there is extremely little risk that a facility will be developed in the next several years that does not fill a key role in the overall resource mix going forward. And there is increasing risk to reliability if the thoughtful

[28] Brad Forston Rebuttal Testimony, at p. 8, ll. 2 – 10.

staggering of the resource additions is not pursued. All of that said, it is my expectation based on obvious trends in the energy landscape that when things change – as it is certain they will – they will change with a bias toward the need for more cleaner resources sooner rather than later, which further supports the need to start acquiring and/or building them now. But in any event, Boomtown can clearly be considered a "no regrets" start to the transition.

Q. Staff witness Fortson suggests that the Company's use of words like "expected," "likely," "may," and "potential" in its IRP and risk analysis indicates that there is too much uncertainty in the need for future resources to justify building Boomtown.[29] How do you respond?

A. Quite obviously, planning for the future needs of customers in an IRP involves trying to see into the future to ascertain the environment and energy landscape that will exist in that time. Uncertainty is *central to the entire resource planning process*, and the IRP is designed to systematically address uncertainty. The words used by the Company and highlighted by witness Fortson are words that reflect risk and uncertainty – the real risk and uncertainty that exists in the planning horizon. I suspect that if the Company specifically or utilities in general were to submit IRPs that claim that the plans reflected in them are certain to play out as stated in the IRP, Staff would (rightfully) criticize such statements. Staff witness Fortson , however, only identifies the risk posed by the existence of some level of uncertainty in any resource plan in a very one-sided manner – he only discusses the risk associated with building a resource that eventually may not be needed. This is an obvious theme, that Staff is risk averse, and therefore prefers to take a "wait and see" approach. Staff's position brings to mind the iconic line from an old Rush song, "if you choose not to decide, you still have made a choice".[30] As discussed in the Company's direct testimony and

[29] Id., at p. 6, l. 26 – p. 7, l. 2.
[30] *Freewill,* Lyrics: Neal Peart; Music: Geddy Lee and Alex Lifeson, *Permanent Waves Album – Rush* (1980).

further in the Surrebuttal Testimony of Company witness Arora, there is a very real and substantial risk associated with inaction. Doing nothing does not mitigate risk. To the contrary, in many circumstances it can exacerbate it, and at times, as I think is the case here, severely so. In a time period fraught with energy uncertainty[31] as the old fleet on which we have relied for so long retires and no longer provides a backstop for the reliability of the system, the risk of inaction is great – far greater than the risk of taking prudent, proactive steps to build out the new renewable fleet that we all know will be needed under any definition of the term "need." Boomtown is a first of many needed steps to reducing those forward-looking risks, rather than being a significant risk in and of itself.

Q. Staff witness Fortson argues that an IRP should not be the justification for an individual resource, and that the IRP process is not designed to adjudicate disputes related to subjective IRP assumptions made by the utility. What is your reaction to this point?

A. Company witness Michels will elaborate further, but this is a continuation of Staff's surprising trivialization of the IRP process, whereas reliability-focused entities like NERC emphasize it as the *key* to navigating the transition. When the need for new resources arises, as today, from a convergence of macro-level changes in the industry that are fundamentally reshaping both supply and demand in profound ways and in a relatively short period of time, there is no way to analyze need without it being grounded firmly in a comprehensive planning process like the IRP.

And regardless of claims Staff may make regarding the IRP process, which witness Michels' Surrebuttal Testimony demonstrates widely miss the mark, *this docket*, where the Company has put forward its IRP in support of its justification for a CCN, absolutely was an

[31] Note that in NERC's 2022 Long-Term Reliability Assessment, and as discussed further by Company witnesses Michels and Arora, MISO is identified as having a capacity deficit in the immediate term that further grows over time.

opportunity for Staff (or any other party) to challenge the assumptions that make up the Company's justification for the transition – and consequently, Boomtown. But Staff took a pass on that opportunity. Instead of challenging the underpinnings of the Company's IRP analysis, including the robust discussion of the risks of delaying the transition, Staff dismissed the IRP process as just a "modeling exercise."[32] All of the relevant IRP information is at issue in this case, and Staff has done nothing to challenge the reasonableness or validity of any of it; indeed, Staff has simply ignored it. Staff's suggestions that the IRP should not be able to be relied on for the justification of a resource are totally without merit – especially when the Company put its IRP at issue in its direct testimony, and especially when the need identified by the Company for the resource it brought forward in this case is based on the obvious environment of rapid and transformational change occurring in the industry as a whole, the response to which demands the robust and systematic analytical approach that can only be found in the IRP.

Q. Staff witnesses Fortson and Luebbert at various times directly state or imply that the Company's motivation for proposing the transition is simply to grow rate base at the expense of its customers, and that there is no commensurate benefit for customers. Is this a fair characterization?

A. Absolutely not. The Company is motivated by its perfectly rational incentive, and statutory obligation, to ensure that we have the resources necessary to reliably meet our customers' needs in a time of heightened uncertainty in energy markets – just as is happening with utilities and in states all across the country. Moreover, although Staff dismisses the desires of customers for renewable energy, the Company is motivated to try to meet customers' needs/desires and to retain and attract new customers to the benefit of all customers. Staff's hollow allegation is

[32] Brad Forston Rebuttal Testimony, p. 10, l. 9.

meritless and represents just another attempt to distract from the need for the resource and buttress its recommendation to reject the CCN application. Company witness Robert Dixon demonstrates quite clearly why it is not in the state's or our customers' interests to take Staff's point of view on this issue.

III. The Boomtown Facility is in the Public Interest and Meets the Criteria of the Tartan Factors

Q. Staff witness Luebbert extensively discusses the Staff's perspective on the public interest in his rebuttal testimony. Please comment on his overall discussion of the public interest.

A. Staff witness Luebbert's discussion of the public interest focuses almost entirely on the concept of the utility requesting permission to construct a resource that is not needed, based upon Staff's overly narrow view of what "need" means. Inasmuch as it is obvious that the Boomtown resource *is* needed, most of his discussion is moot. While I agree in principle with some of witness Luebbert's observations about the public interest, and disagree with some others, I will not necessarily address each and every argument. That is because the Company's case for the resource *is* predicated on need and therefore most of witness Luebbert's discussion simply does not apply to Boomtown. Furthermore, as explained above, witness Luebbert's narrow view of need ignores prior Commission pronouncements in support of renewable energy and the broader view of need and the public interest articulated in them.

Q. Staff witness Luebbert discusses the economic risks of the Project for customers and contrasts the Company with Independent Power Producers ("IPPs"), who have to bear that economic risk when developing a resource that they will take to market. Is this a valid comparison and concern?

A. No. And witness Luebbert's testimony itself highlights the reason that is the case. Luebbert observes:

> Once the need is established and the project is determined to promote the public interest based upon the best information available at the time, it is reasonable for the ratepayers to assume the risk that the project selected is uneconomic. This assumption of risk is justified because absent the load of the ratepayers, the utility would not be obligated to invest in additional resources.[33]

This clearly demonstrates that witness Luebbert's opinion that the public interest would not be well served by the Commission granting a CCN for Boomtown is predicated on Staff's flawed *assumption* that there is no need for the resource, and that if the Commission disagrees and appropriately finds that the Boomtown resource is needed, it *is* reasonable for customers to assume the economic risks associated with it, just as they do and have with respect to all of the other resources used to serve them. Consequently, drawing such analogies with IPPs that do not have the same obligation to build needed resources to serve load is inappropriate.

Q. How should the Commission appropriately think about the public interest in this case, or really any CCN case related to the transition?

A. The Commission should continue to build on the statements it has made in the various orders that I cited above, where it has been increasingly recognizing the public policy benefits of renewables. As a threshold issue, the Commission must again explicitly recognize the obvious reality that it already has voiced in the italicized section of the Grain Belt order above,

[33] J Luebbert Rebuttal Testimony, at p. 10, ll. 6 – 10.

that the industry is going through a transition. It must also acknowledge what NERC has clearly said - that navigating the transition requires careful planning – which the Commission should expect of the utilities in the state. To not recognize the reality of the transition, and to passively sit back while the energy landscape changes all around us, is simply not a responsible option. Given that recognition, assessment of the public interest should be guided by three pillars that all need to be balanced and achieved through the utility's transition plan: reliability, affordability, and sustainability.

These are the areas that will impact the customers and communities that the Commission's mission is to protect. Consequently, they are the areas that the Company has focused on in developing its transition plan.

Q. Can you point to any examples where regulators, consumer advocates, and utilities have aligned on a recognition that the three pillars you identify as priorities for navigating the transition are an appropriate focus for utilities and regulators?

A. Yes. The transition was explicitly recognized as the theme of the 2022 Critical Consumers Issues Forum ("CCIF"), a series of workshops and discussions where utility regulators from the National Association of Regulatory Utility Commissioners ("NARUC"), consumer advocates from the National Association of State Utility Consumer Advocates ("NASUCA"), and electric utility industry participants associated with the Edison Electric Institute ("EEI") engage in collaborative discussions related to current events in the industry. In fact, Commissioner Coleman is a member of the CCIF Advisory Committee. The 2022 series was titled: "The Customer-Centered Clean Energy Transition," and the first two "consensus principles" of the report from the

forum read:

> a. While the pace is constantly changing given individual drivers and circumstances, the U.S. transition to clean energy is underway at various stages around the country, and it is expected to accelerate given ambitious public, private, and community clean energy goals across all sectors of the economy.
>
> b. Such a transition will require significant investment, ongoing partnership, and a strategy to achieve clean energy objectives and serve customers' current and future energy needs reliably, affordably, cost-effectively, and equitably.[34]

Essentially, there is an understanding and explicit acknowledgement by this group, which represents regulators and major regulatory stakeholder groups from all over the nation and the industry, that the transition is upon us – it is not speculative – and that the industry is moving and "accelerating" toward a sustainable energy system powered by clean energy. Given that understanding, these regulatory stakeholders properly place their immediate focus on the reliability and affordability of the transition.

The CCIF consensus principles also reference the need to transition equitably. The Company's plan does so, in that achieving a balance that promotes reliability, affordability and sustainability should provide unique and impactful benefits to vulnerable communities and customers. In particular, the environmental benefits of achieving the Company's carbon reduction goals over time extend beyond just CO2, to other emissions that have been found to disproportionately impact communities based on racial and income-related factors.[35] Further, the existence of the Renewable Solutions Program, and the affordability benefits it brings to reduce the cost of the resource, are perhaps most important for those customers struggling to pay their utility bills.

[34] "The Customer-Centered Clean Energy Transition", July 2022 Report, Page 3. See https://cciforum.com/wp-content/uploads/CCIF-Customer-Centered-Clean-Energy-Transition-Report-July-2022.pdf

[35] Thind, Tessum, Azevedo, and Marshall, Fine Particulate Air Pollution from Electricity Generation in the US: Health Impacts by Race, Income, and Geography, *Environ. Sci. Technol.* 2019, 53, 23, 14010–14019 (Nov. 2019).

Q. How does the Company's plan balance these pillars of reliability, affordability, and sustainability?

A. The Company balances these objectives through the use of its IRP process, which is discussed generally in Company witness Michels' surrebuttal testimony. But I will summarize here at a high level.

Reliability is inherently built into the IRP at its core. The plans that are evaluated against the planning objectives are all designed to result in enough generation capacity to meet the expected peak loads plus a reserve margin. But in its most recent IRP analysis, recognizing exactly what NERC pointed out in its 2022 Long-Term Reliability Assessment, the Company has undertaken enhanced reliability modeling that considers a probabilistic assessment of our ability to meet our customers' energy needs in all hours of the year. This has become critically important as the Company's generation length has greatly decreased under normal conditions, and may not exist at all in a variety of quite possible scenarios, as discussed in Company witnesses Arora's and Michel's surrebuttal testimonies.

Affordability is a primary focus of the IRP. The Company selects appropriate planning objectives, with the primary criteria focused on minimizing the net present value of revenue requirements – i.e., achieving the most affordable plan that will meet customers' energy needs. Remember, the Company's Preferred Resource Plan which calls for adding renewable energy resources starting now and continuing to steadily add them has the lowest net present value of revenue requirement of all of the IRP's alternative resource plans, including the plan that features the addition of capacity only when we are literally short (akin to Staff's wait and see approach). I would note that affordability is further enhanced in this particular case by the existence of the Renewable Solutions Program. The willingness of subscribing customers to pay a premium for the

right to claim the RECs from the resource is a significant affordability win since we need the resource regardless of the existence of the Program, yet the Program's existence in effect results in subscribers and not customers in general paying for a significant part of its cost.

Sustainability is achieved by the plan by meeting carbon emissions reduction goals of 60% by 2030, 85% by 2040, and net zero carbon emissions by 2045.

Q. Are there other benefits of the Project besides reliability, affordability, and sustainability that also promote the public interest?

A. Yes. Company witness Dixon explains the keen interest from Ameren Missouri's customers in receiving cleaner energy from their utility and the benefits meeting those customers' needs brings to the state in general, and to the Company's existing customers in particular. This was also recognized by the consensus principles in the CCIF report I mentioned above, with its emphasis on the fact that the clean energy goals exist "across all sectors of the economy." The strength of that statement is telling about the expectations that all types of customers are placing on their utilities. It has also been recognized by the Commission itself through a number of the orders I cited previously, including the Evergy FAC prudence review order and the Empire wind facility CCN order. Meeting the clearly expressed needs of our customers, when it can be done as here in a manner that does not negatively impact other customers, but rather benefits them, is squarely in the public interest.

That customers are interested in this resource speaks for itself, considering the 10 customers that have signed contracts to pay a premium for a subscription to Boomtown, and the testimony of witnesses Teague of Walmart, and Brubaker of the Missouri Industrial Energy Consumers strongly supporting the CCN application and the Program. Further, the Company is in contact with many other customers that have expressed interest in future phases of Renewable

Solutions. Attached to my testimony as Confidential Schedule SMW-S1 is the attachment provided in response to OPC DR 2010, which lists customers that have communicated to the Company their potential interest in subscribing to a future phase of the Renewable Solutions Program. We fully expect demand to exist for at least one to two more comparably sized resources, demonstrating that we are still far from satisfying the total renewable demand that customers are currently expressing.

Staff is generally dismissive of customer sentiment as a factor supporting the approval of Boomtown. While I do not doubt Staff witness Luebbert's statement that he might be able to find some customers served by the Company that would prefer to continue to be served by fossil fuel resources indefinitely,[36] using this as a comparison to the customers demanding renewable energy is drawing a false equivalence. There are literally thousands of customers across all rate classes clamoring for access to clean energy. They are signing up and voluntarily paying premium rates to get clean power. The pressure from customers to provide clean power is not isolated pockets of individuals, but a broad-based demand that cuts across the entire customer base.

Q. What do you make of Staff witness Luebbert's comments about Ameren Missouri's monopoly status?

A. I would think that given that the Company is literally the only option for its customers to acquire the electricity they need, the Commission would prefer that the Company actually listen to its customers and try to meet their very clearly expressed needs, as we are doing. Especially when doing so aligns with the Company's Preferred Resource Plan, and it is done in a way where customers who are subscribing to our Program are contributing to the affordability of the resource to the benefit of non-subscribers.

[36] J Luebbert Rebuttal Testimony, at p. 19, l. 18 – p. 20, l. 3.

Q. Please expand on the public interest benefits of Ameren Missouri meeting its customers' expressed needs for clean energy.

A. Company witness Dixon further explains the impact of the transition and the Program on economic development in the state of Missouri. By adding clean energy, we are enhancing our ability to attract new customers to the service territory – customers that are predicating their decisions on where to locate (or expand) their operations (and employment bases) at least in part on the ability of the utility to meet their clean energy goals. If new customers are attracted to the service territory by the availability of clean energy (or are at least not repelled from it by a lack of clean resources), and those new customers contribute revenues that exceed the marginal cost of serving them and cover some of the fixed costs of the system, that will lower electric rates for all customers and will represent another very tangible affordability benefit of the transition and of Boomtown for all customers.

The transition is also beneficial in terms of its impacts on the investors we (and the state in general) rely upon for the capital our state's utilities need to provide reliable service. Those investors are expressing increasing interest in investing in utilities with a sustainability plan. This is not a trivial matter. The sources of capital that enable our capital-intensive industry to function are serious about directing their funds to utilities that are making progress on sustainability – and competition for this capital is moving the needle on the transition for utilities across the country. Missouri utilities need to take meaningful near-term action on renewables to remain relevant to the investors with the capital they need. Staff argues that meeting corporate sustainability targets is not an appropriate consideration in determining the need for the Project. I do not totally disagree with Staff witness Luebbert that a corporate goal *in and of itself* does not establish need that

obligates customers to pay for a resource.[37] But fulfilling that corporate goal can be in the public interest for a variety of compelling reasons that lend additional support for the already otherwise justified need.

Q. How can fulfilling a corporate goal promote the public interest?

A. I can immediately think of two ways. First, where the corporate goal is aligned with broad investor sentiment – like the very real and strong sentiment that I just described exists on this topic – that may impact the cost and availability of capital to the utility -- achieving that goal can have tangible long-term affordability benefits to customers, allowing the utility greater access to capital, and possibly on more favorable terms than a utility that is not engaged in the transition. Company witness Granowski discusses Roland Berger's quantification of the potential financing cost implications of utility sustainability plans in his Surrebuttal Testimony. *See also* Schedule MM-D2 (Part 2) to Company witness Michels' Direct Testimony, which contains the entire Roland Berger report.

Second, where those goals are otherwise aligned with federal policy or very broadly held societal sentiment, achieving them promotes the public interest. Given that the Company's sustainability goals align with achieving the federal government's commitments under the Paris Climate Agreement, achieving the goals also promotes the public interest in that regard and positions the Company well to respond to any federal legislative or regulatory changes that are implemented in furtherance of those federal commitments.

So, while I agree that corporate goals are not inherently an indicator of need, achievement of the Company's sustainability targets will still promote the public interest through the potential for increased economic activity in the state that not only creates employment in local communities,

[37] J Luebbert Rebuttal Testimony, at p. 22, ll. 4 – 5.

but has tangible affordability benefits for customers, and by creating alignment with federal priorities that are likely to influence future federal policy and regulation.

Q. Given that Staff's view of the public interest is informed by its misguided conclusion that there is no need for Boomtown, and that you have articulated that the public interest will be advanced by recognizing the need to transition in a way that prioritizes reliability, affordability, and sustainability, how should the Commission evaluate the Tartan factor criteria, including the question about whether the Project is needed?

A. There seems to be little dispute about the first two Tartan factors. Staff and OPC agree that the Company is qualified to operate the proposed resource and it has the financial wherewithal to develop/acquire it. The third factor related to the economic feasibility question should be settled, presuming the need for the resource has been established as I argue it has, given the robust competitive request for proposal process that the Company used to ensure a cost competitive project from the market. That brings us to the factor that is most in dispute – the need for the resource.

Q. Does the Tartan decision support Staff's extremely narrow viewpoint as to what "need" means?

A. No. Not by my reading of it.

Q. Please explain.

A. Tartan involved a request for an area certificate covering new natural gas service to several communities in southern Missouri, for which new gas distribution infrastructure would need to be built to provide the service. The communities in question were relying on propane or other sources of fuel at the time, and the Commission engaged in a fairly robust discussion of "need" in that case. That discussion strongly suggests that Staff's viewpoint about what constitutes

"need" is far different than what the Commission viewed as "need" in the decision that we all routinely point to – Tartan – in every CCN case.

Q. How did the Commission define "need" in the Tartan decision?

A. The Commission found need from a variety of perspectives, including based on the communities' "preference" for natural gas, the positive economic development impacts that granting the CCN would promote, and the potential for lower energy costs for consumers. By doing so, it clearly did not anchor itself to one criterion (like Staff's "there is no need until you are or are about to literally be short capacity") in deciding whether a need existed. Indeed, the Commission's statement in that decision of what need ("necessity" to be more specific) means strongly suggests that the way that Staff views need in this case does not comport with the Tartan factor upon which Staff places so much stock.

The Commission said that '[t]he term 'necessity' does not mean 'essential' or 'absolutely indispensable', but that an additional service would be an improvement justifying its cost."[38] I do not see how one can square Staff's view that in effect the Company literally must wait until it is on the edge of not having sufficient resources to serve its customers – i.e., until the resource becomes 'absolutely indispensable' -– in order to invest in new renewables – with the Commission's own definition of what necessity is, and is not. The totality of Staff's rebuttal testimony indicates that it is saying that unless the resources are 'absolutely indispensable' to meet an immediately impending capacity shortfall there is no need. This is obviously not required by the standard, nor is it prudent to require when the evidence in the case demonstrates that delaying the resource will result in unacceptable reliability risks, higher long-term revenue requirements, and practical challenges in meeting customers' long-term needs. It is also clear that a needed resource does not need to be

[38] Report and Order, *In re Tartan Energy Co, LLC.*, Case No. GA-94-127 (Sept. 16, 1994), quoting the Missouri Court of Appeals statement of the legal standard applicable to certificate applications under Section 393.170, RSMo.

subjected to an economic litmus test to prove that it will "pay for itself," but rather that its cost is justified by the benefits that it provides.[39]

Q. Turning back to the factors the Commission found established "need" in the Tartan case, do you see any relevance of those factors to the question of "need" in this case?

A. Yes. While we need the resource irrespective of us being able to use it to support the Program, the Commission in Tartan found that the preference of the communities bore on the question of need. Why then would the preference of customers like those who want to participate in the Program, or customers generally who clearly want to see Ameren Missouri provide more energy via renewables, not also bear on the question of need? And consider the Commission's reliance, in part, on economic development as a consideration relevant to its need determination. As one can see from Company witness Dixon's surrebuttal testimony, economic development considerations strongly support the need to add more renewables to Ameren Missouri's generation portfolio.

Q. Are you saying that customer preference and economic development are the reason why Boomtown facility should be built?

A. Not for those reasons alone, but the point is that Staff says under the Tartan factors need does not exist, but then goes on to adopt a definition of need that is inconsistent with the approach the Commission itself took in that case. The facility does not need to be "absolutely essential" to avoid a capacity shortfall today. It can – and does - meet the very compelling need to mitigate the myriad risks Mr. Arora discusses, and it can also be justified as needed, at least in

[39] The fact that the resource is needed and therefore not subjected to an economic litmus test obviates the need to rebut Staff witness Stahlman's Figure 4, which purports to show that revenue requirements could be higher with Boomtown than they would without it. As Staff witness Luebbert has observed, for a needed resource, it is reasonable for customers to bear this risk.

part, because customers want it and because it has economic development or other benefits. The Tartan decision fully supports that.

In the case of the fleet transition, the risk mitigation it provides, in particular, is clearly an 'improvement justifying its costs'.[40] Reliable power is an essential in modern society. The need for the resources that will make up the new fleet is obvious as the coal facilities reach the end of their useful lives, and the risks to reliability arising from the nature of the transition from old fleet to new fleet support a finding of need to proactively build out the new fleet while there can be some overlap with the old resources to mitigate the risks identified by Company witness Arora. Reliability of service is just too critical to today's customers and economy to base the decision of need on only a point estimate of the exact moment when a capacity shortage emerges, when both qualitative and quantitative risk analysis from the IRP – including hourly probabilistic modeling as recommended by NERC – suggest that additional resources are needed to ensure reliability throughout the transition.

Transitioning prudently and proactively to mitigate these risks is an improvement justifying its cost.

Q. Those appear to be compelling reasons that establish that adding more renewable generation now is needed. Are there any other considerations that demonstrate the need?

A. I certainly could stop right there, and I believe that need would be established. However, there are also practical considerations identified by Company witness Arora that must be taken into consideration when assessing need as well. As described in witness Arora's testimony, the nature of renewable development requires a large number of individual projects to

[40] *Tartan*, supra.

achieve the level of total capacity additions that will eventually be required to replace the old fossil-fueled fleet. It is, from a practical operational and project management perspective, impossible to execute on the number of unique projects that will ultimately be needed all at the same time. A sustained investment approach that brings projects on ratably over time is essential from a practical perspective. That process needs to begin now. Facilitating a transition that actually can be executed is also an improvement justifying its cost.

Q. The final Tartan factor simply asks if the CCN is in the public interest. Is the transition generally, and Boomtown specifically, in the public interest?

A. Yes, as I discussed at length above. The Commission has already stated in multiple settings that promoting renewables generally is in the public interest. It is appropriate now for the Commission to fully acknowledge that facilitation of the transition – a transition that will and must happen, in an orderly manner that balances the three pillars of reliability, affordability, and sustainability – as the Company's transition plan does, as evidenced by the robust resource planning effort reflected in the Company's IRP – is squarely in the public interest.

It is also in the public interest to meet customers' expectations for cleaner energy, to create an environment that promotes economic development in the state, to align with investor preferences that will likely have a favorable impact on the Company's access to and cost of capital over time, and to align with federal priorities that are likely to continue to influence future energy and environmental policy and regulation.

The Boomtown Project is needed, is in the public interest, and meets all of the Tartan factor criteria.

IV. The Renewable Solutions Program is a Win-Win Proposition that Should be Approved by the Commission

Q. Staff opposes the proposed Renewable Solutions Program and suggests that if it is approved, non-subscribers should be insulated from any risk associated with the Program. Dr. Marke of OPC also calls for a risk-sharing arrangement if the Program were to be approved. Are these recommendations appropriate?

A. No. The calls for risk-sharing associated with the Program are a reflexive response from both parties any time a voluntary program is proposed. However, neither party appears to have carefully studied the innovative Program design that in and of itself imposes no or truly negligible risk on non-subscribers while offering substantial benefits in terms of improved affordability of an *otherwise needed resource*. There is no question that if the resource is approved as a needed component of the Company's reliable development of its new fleet, which is the basis on which the Company is requesting approval, that the Program unambiguously benefits non-subscribers. Put another way, there is no plausible scenario where customer revenue requirements arising from adding this needed resource with the Program can be higher than they would be had the Program not been approved. In fact, those revenue requirements can only go down. There is simply no risk created by the Program for the Company to share in.

Q. Please explain the mechanics of the Program in as simple of terms as possible to illustrate how its design achieves this win-win outcome for subscribers and non-subscribers alike.

A. It is important to stay grounded in the Company's request in this case, which is for the Boomtown resource to be approved pursuant to the Company's need to start adding renewable

resources now irrespective of the approval of the Program. Recall the quote from Staff witness Luebbert's testimony that I cited earlier, which I will replicate here for ease of reference:

> Once the need is established and the project is determined to promote the public interest based upon the best information available at the time, it is reasonable for the ratepayers to assume the risk that the project selected is uneconomic. This assumption of risk is justified because absent the load of the ratepayers, the utility would not be obligated to invest in additional resources.[41]

This concept, which I fully agree with, suggests that the prudent costs and the benefits of the resource are just and reasonable to include in the revenue requirement of all customers, since all customers need the resource to contribute to their ongoing reliable service. Without the existence of the Program, customers would be responsible for the full revenue requirement of the resource and would be exposed to all risks associated with the potential variation in costs or revenues of the resource (other than any risks absorbed by the Company through the normal operation of regulatory lag).

Now enter the subscribers, who, incidentally, benefit simply because they get access to the renewable energy that they desire. In doing so, the subscribing customers pay the Renewable Resource Charge and also receive the Renewable Benefits Credit, as described in detail my Direct Testimony. The rates for these components are grounded in cost analysis performed prior to the Program enrollment process, based on the best information available at that time. The net of these two components of the Program rate structure will be added to the subscribing customer's bill (on top of everything the subscriber would normally pay under its base service classification tariff) and will produce incremental Program revenue that will contribute to covering the cost of the resource, offsetting costs that would otherwise be borne by non-subscribers. As this dynamic clearly demonstrates, the Program improves affordability by reducing the cost of the resource that

[41] J Luebbert Rebuttal Testimony, at p. 10, ll. 6-10.

will be borne by non-subscribers. As described in Company witness Forsberg's Supplemental Direct Testimony in this case, the Program is expected to contribute a net benefit of approximately $12 million on a net present value basis,[42] all of which reduces non-subscribing customer costs associated with Boomtown.

Beyond contributing to the cost of the resource, the Program also reduces certain economic risks of the resource that otherwise would be borne by non-subscribers. The way that happens is slightly more complex, but very intuitive once one understands the mechanics of the Program. To illustrate, I must rehash certain details of the charge and credit structure which were discussed in my Direct Testimony. Recall that the Renewable Resource Charge is a fixed rate – essentially locking in what a subscriber will pay to cover the estimated cost of the resource for their subscription term. The credit, however, is dependent on the output of the resource. If the resource generates more energy than expected, the subscriber will receive a larger credit, but if the resource generates less than energy expected, the subscriber will receive a smaller credit. This variation in the Program credit ties the benefits received by the subscriber to the benefits generated by the resource to which they are subscribing. Because the credit is a function of resource output, that output ends up impacting the amount of net revenue from the Program, and therefore the non-subscriber benefit provided by the resource through the Program, in direct proportion to the change in resource output.

Next, let's think about the non-subscriber impact from variations in the resource output level that will occur in the revenue requirement (or through the Fuel Adjustment Clause, depending on timing), irrespective of the Program. If the resource generates more energy than expected, the revenue requirement of non-subscribers will be lower due to the increased volume of energy

[42] Lindsey Forsberg Supplemental Direct Testimony, at p. 6. ll. 8 – 9.

available from the resource that is available to sell off-system.[43] And conversely, if the resource generates less than expected, off-system sales would decline, and the revenue requirement would increase.

The effects of changes in resource output levels on the underlying revenue requirement and on program revenues are largely offsetting, reducing the variation in the eventual revenue requirement experienced by non-subscribers from unexpected changes in resource output. The example in Table 1 below illustrates this effect, with assumed market prices of energy and a variety of levels of annual resource output:

Table 1 - Impact of Variation in Resource Output on Non-Subscribers with and Without the Renewable Solutions Program

Case	Low Generation	Base	High Generation
Customer Subscriptions (kW)	150,000	150,000	150,000
Renewable Resource Rate	$8.27	$8.27	$8.27
Subscriber Charges	$14,886,000	$14,886,000	$14,886,000
Net Capacity Factor	24.9%	25.8%	26.7%
Renewable Energy to Subscriber (kWh)	327,580,200	339,012,000	350,443,800
Renewable Benefits Rate	$0.0388	$0.0388	$0.0388
Subscriber Credits	$12,710,112	$13,153,666	$13,597,219
Net Revenue from Subscribers (to Benefit of Non-subscribers)	$2,175,888	$1,732,334	$1,288,781
Assumed Market Price of Generation	$0.0350	$0.0350	$0.0350
Market Revenue (to Benefit of Non-subscribers)	$11,465,307	$11,865,420	$12,265,533
Impact of Variation in Generation vs. Base Assumed Level on Non-Subscribers without Program	**-$400,113**	N/A	**$400,113**
Impact of Variation in Generation vs. Base Assumed Level on Non-Subscribers with Program	**$43,441**	N/A	**-$43,441**

[43] This could also be manifest as reduced purchased power as the generation from the resource displaces energy that would otherwise have to be purchased from the market, but either way the revenue requirement effect is the same.

Note in Table 1, which steps through the calculation of program revenues and market revenues, both of which directly impact the revenue requirement attributable to non-subscribers at various levels of resource output, how the variation in Program revenues and market revenues are always in opposite directions, and of similar magnitude,[44] such that any volatility in non-subscriber revenue requirements from the resource is *always* reduced. Essentially, this structure, and the contribution of the subscribers, mitigates, if not eliminates, economic uncertainty associated with unexpected changes in resource output, to the benefit of non-subscribers.

Q. Given the facts that the Program unambiguously reduces both the economic cost and risk of the resource to the benefit of non-subscribers, what risks exist that Staff and OPC's recommendation for shareholders to share in risk could apply to?

A. There are none. If the Commission adopted Staff or OPC's proposal, the only way it could try to do so would be to require the Company to assume the contractual obligations of the subscribers – the net program payments that a subscriber has voluntarily taken on, or the risk of resource output variation that subscribers otherwise assume – in the event that a customer left the Program. But even that would ignore the fact the Program has transferability provisions that would allow a new subscriber to step in, and termination fees that would require the terminating customer to buy out its subscription.

Q. Would the Company willingly go forward with the Program if the Commission required it to assume those risks, that are not otherwise borne by the Company when related to a resource that is needed?

A. No. The affordability benefits to non-subscribers would be lost.

[44] The actual magnitude will depend on how the level of market prices compares to the applicable Renewable Benefits Rate. It is possible for these to offset nearly perfectly if market prices are near the Renewable Benefits Rate.

Q. Staff witness Cunigan also proposes some additional conditions on approval of the Program related the future transition of the Program resource from providing service to subscribers. Are these conditions appropriate?

A. No, they are inappropriate. First, Staff witness Cunigan suggests that there should be a re-evaluation of need for the resource at the end of the fifteen-year period that it is serving subscribers, prior to it being reflected in the revenue requirement for the remainder of its life. Second, witness Cunigan suggests that when the Program ends, some kind of re-evaluation of how the Company's investment in and operation of the facility should be treated in the revenue requirement should be undertaken.[45] Third, he suggests that the Company be required to in effect reprove that the facility is fully operational and used for service when the Program ends.[46] Each of these conditions is unnecessary and inappropriate, given the need for the resource now.

Q. Why are these conditions unnecessary and inappropriate?

A. In recommending these conditions, Staff again ignores that the Company's request for the CCN in this case is premised on need for the resource now, and that this case would have been filed regardless of whether or not the Program exists and that, as just discussed, the existence of the Program and its operation for 15 years can only *benefit* all customers. If the Commission were to find that the resource is not needed, and impose the conditions that Staff witness Cunigan recommends, it would, just as would the imposition of risk sharing during the term of the Program, mean that the Company is unwilling to go forward with the Program at all.

To reiterate: the question in this case is whether Staff's overly narrow definition of "need" is appropriate, and consistent with (a) the Commission's prior clear expressions of support for renewable energy generation, (b) the Commission's recognition of the fact that utilities do need to

[45] Cedric Cunigan Rebuttal Testimony, at p. 6, ll. 17 – 21.
[46] Id., at p. 6, ll. 14 – 16.

transition to greater reliance on renewables and less on fossil fueled resources, and (c) the Commission's recognition of the public interest benefits of renewables in general. The question is not whether the resource is needed for the Program and thus should be subjected to special conditions. The resource is needed. The Program makes funding that need less costly for all customers. It is that simple, no matter how complicated Staff seeks to make it.

Q. Are there any other win-win type benefits associated with the Program besides the clear subscriber/non-subscriber dynamic you described above?

A. Yes. To illustrate this point, I would draw on an observation from the Company's CCN application to build the Huck Finn resource which was required for Renewable Energy Standard ("RES") compliance, and for which a Stipulation and Agreement was recently filed with the Commission.[47] In Staff's recommendation to approve the CCN for the Huck Finn facility, Staff recommended a condition that the Company be required to sell any excess RECs from the facility that it did not need for RES compliance, so long as a market for them existed. The Company agreed to that condition for limited application to RES compliance assets, largely because the amount of excess RECs that cannot be utilized for RES compliance is expected to be relatively small, if there are any.

That said, the problem with selling excess RECs into the market on a broader scale beyond doing so if there are excess RES compliance RECs is that, if the Company sells those RECs to utilities or customers outside of its service territory, then one of Staff's stated concerns in this case – that the Company will not be serving its customers with clean renewable resources – would actually become true, as applied to the renewable facility whose RECs were sold. Those RECs – the title to the renewable attributes of that resource – would leave the service territory, and with it,

[47] File No. EA-202-0244.

so would any legitimate claim that the Company's load was served by cleaner resources. This would clearly be a negative, given the items I discussed about the public interest above. Customers of the Company who are interested in being served by renewable resources would not be, and the economic development benefits of a more sustainable fuel mix attracting customers as discussed by Company witness Dixon could not materialize. Investors that care about the amount of clean energy utilities are providing when they decide whether to invest in them and at what cost would not favor the Company, with potential negative impacts over time on availability and cost of capital.

It is not just a legal issue, either, but a practical one in terms of overall "greening" of the generation mix in the region. Selling the RECs could be achieved by selling to a different utility that is subject to a renewable energy standard in their own state. Those RECs that offer compliance for that utility might cause it to forego investment in its own new renewable generation facilities that they would otherwise need, and the overall amount of renewables on the regional grid would not be increased as a result of the Company's actions (it would just move those renewables to a different location and utility ownership).

All of that said, Staff's recommendation in the Huck Finn case – that the Company sell its excess RECs – surely reflected the fact that Staff values the economic contribution that the revenues from those RECs provide to improve affordability for the Company's customers.

That is where the additional win-win[48] of the Renewable Solutions Program comes into play. In the Program, the Company is able to monetize the RECs through subscriber net revenues and create affordability benefits for all customers, while also serving its own load (subscribers' load, which is retail load of the Company) with renewable power that meets local customers'

[48] In addition to the fact that it lowers revenue requirement for all customers in all cases.

demand for renewables and also helps align with investor preferences that may impact cost and availability of capital. A utility does not have to pick and choose between the economic gain of selling the RECs versus a cleaner energy profile to serve its load when it sells the RECs as a bundled product to its own customers that value that product. Under the Program's framework, Missouri load is served by renewables *and* Missouri non-subscribing customers realize an affordability benefit. Given this dynamic, I cannot fathom any conceivable reason why the Commission would wish the utility to sell its RECs, but not allow them to sell those RECS to its own interested retail customers through a program like Renewable Solutions. It is a true win-win.[49]

Q. Staff criticizes the Program over the fact that the subscriber rates are fixed in advance for the full 15-year term of the Program. Is that a valid criticism of the Program?

A. No. Without fixing the price to the subscribers, the Program would not exist, and non-subscribers would realize no affordability benefit at all. The Company listened carefully to its potential subscribing customers in designing the Program. And while we heard from the eventual subscribers that they are committed enough to renewables to put their money where their mouth is and pay to contribute to new renewable development, we also heard what is otherwise obvious, that they are still economically rational businesses. It is clear to me and clear to the Company that they would not sign up to make voluntary commitments that would increase their cost, if they did not have a clear expectation of what that cost would be.

I have mentioned that the pricing of the Program is cost based – and it is. It was based on the best cost information available at the time that enrollment was solicited. But it is also based on

[49] Perhaps Staff would say, as Cunigan did, that if the RECs are retired on behalf of subscribers, they cannot be used for RES compliance "if they are needed." That is certainly true but the Company has planned for and implemented/is implementing the resources it needs for RES compliance (see the Huck Finn project, discussed earlier). It does not make sense to discard the benefits from the Program for all customers on some unlikely and speculative need for RECs from Boomtown for RES compliance, when the resource is not being built for that purpose.

a balancing of interests, where there was a recognition by the Company that subscribers were making a real and long-term financial commitment that they do not have to make, and which benefits non-subscribing customers. Any attempt to build in rate adjustments or true-ups that would change the cost to them would I am sure "kill the deal."[50] In order to secure the affordability benefits, the Company needed to provide a predictable Program cost for subscribers. And that is okay. Because, as I have said repeatedly above, at the rates reflected in the Program tariff, there is a virtual guarantee that subscribers will make a favorable contribution, both to the cost of and the risk associated with the resource. That is the win-win. And it is clearly just and reasonable.

Q. Dr. Marke, of OPC, also criticizes the proposed Program, suggesting that the cost of service data used to establish the benefit credit is stale and should be reviewed in a rate case. How do you respond to Dr. Marke's assertion?

A. In much the same way as to Staff's claim that I just addressed. The cost of service data was used to come up with a rate that is grounded in costs. But the ultimate test of the reasonableness of the rate is the contribution that subscribers that are subject to it make to affordability, and the fact that it was at a level that attracted enough willing subscribers to create that affordability benefit. If Dr. Marke's proposal to remove the issue from this case was accepted, subscribing customers would all have the ability to terminate their contracts and leave the Program, potentially taking all of the affordability benefits with them, and away from non-subscribers. The rate is a reasonable one because it fairly balances the interests of the parties it impacts, and so there is little benefit to over-analyzing the precision of the cost data used to create it, despite the fact that the Company would obviously stand behind that cost data if anyone had chosen to challenge it in the five months this case has been pending.

[50] Under the Renewable Solutions Program Agreements signed by the subscribing customers, such a change allows them to terminate their subscriptions.

Q. Staff also casually dismisses the impact of subscribers' contributions to affordability in their testimony, saying that the net revenues from the Program are "only" expected to be approximately 5% of the cost of the resource. What is your response?

A. I am genuinely surprised that Staff would essentially scoff at millions of dollars of voluntary contributions from subscribers, which reduce the cost of the resource to the benefit of all customers. Given the Staff's stated concern about the cost of the resource/transition, and the obvious public interest in managing the affordability of the transition, the Company will happily seek out opportunities to save its (non-subscribing) customers millions of dollars. I would hope the Commission will do the same.

Q. Staff witness Stahlman also criticizes the Program on the grounds that it may prevent the subscribers from actions that they might otherwise take to install solar behind the meter, which he argues could have benefits that reduce congestion or losses. Is this a valid reason to reject the Program?

A. No. The Program does not prevent anyone that wants to install solar at their site from doing so, it simply gives customers more choices for how to meet their renewable energy needs. But that said, if a customer that signed up for the Program did so in lieu of a decision they might otherwise make to install solar behind their meter, the impact is not as clear cut as Staff implies. Staff witness Stahlman points to two potential benefits of greater proliferation of customer-owned solar behind the meter. But the true cost/benefit equation of behind-the-meter solar is far more complicated than just the two factors he identifies. Most significantly, with respect to the impact on affordability of service, behind-the-meter solar reduces utility sales at the retail rate, which include a significant contribution to the fixed costs of the system. When those contributions to covering the fixed cost of the system go away due to the customer-owned

generation offsetting retail sales, those fixed costs must be shifted to other customers, who will see higher rates as a result.

V. Miscellaneous Issues

Q. Staff witness Dhority recommends the Company specifically delineate within each FERC account with unique general ledger coding and/or record into sub-accounts, all revenues, investments, and expenses associated with the Boomtown Solar Project and Renewable Solutions Program. How do you respond to witness Dhority's recommendation?

A. Staff has made the same or similar recommendations in several other cases that involve voluntary or subscription programs with the presumed or announced intent to recommend to the Commission that it remove any costs that would otherwise be borne by non-subscribing customers from the determination of revenue requirements in future rate proceedings.[51] As I have explained above, there is simply no risk to non-subscribers as a result of the Program and there is a clear non-subscriber need for the Project. Accordingly, there is no basis for the Company to share in risk, as I have already discussed, and therefore no need to perform the detailed calculations witness Dhority suggests to determine the extent to which the Program has provide revenues that fully and precisely cover the cost of the resource. As a result, witness Dhority's recommendation would place a burden and cost on the Company for no reason

To the extent that there was ever some other interest that resulted in a need to understand the match between Program revenues and the costs of the resource, it would be very possible to ascertain that at the time needed. That is because the Company does utilize managerial accounting to track its revenues, costs, and investments in a way that would provide Staff much of what it is seeking. The Company plans to utilize the same standards as it applies today in its managerial

[51] Cedric Cunigan Rebuttal Testimony, at p. 6 ll. 11-13.

accounting for the Program and Project. The exception being that transactions indirectly related to a project or program are not allocated within the Company's general ledger. If Staff desires to calculate such a comparison which includes any indirect allocations in the future, they can easily do so through appropriate discovery and analysis. This further demonstrates it is unnecessary for the Commission to order Staff's recommendation and the recommendation should be rejected.

Q. Staff witness Luebbert urges the Commission not to make any prudency determination about the resource if it approves the CCN request.[52] How do you respond?

A. That it is an odd point for him to make, given that the Company did not ask for any such determination.

Q. Walmart witness Teague supports the Company's CCN application and the Program, but requests that the tariff be clarified to reflect the fact that RECs will be retired on behalf of participants. Does this clarification need to be made?

A. No. But not because I disagree in principle with witness Teague, but simply because the tariff already does what he is asking. I can only assume that Mr. Teague missed the tariff provision that already exists to accomplish exactly what he is asking for. Item 2 under the section "Other Program Provisions and Terms," on tariff sheet 83.3 clearly states:

> The RECs associated with the generation output of currently subscribed Program Resources will be retired on behalf of subscribed customers, and shall not be used for any other purposes during the term of subscription including for the Company's compliance with RES requirements.

[52] J Luebbert Rebuttal Testimony, at p. 3 ll. 19-21.

Q. MIEC witness Brubaker supports the Company's request for a CCN and the Program. But he suggests that the Program price should be lowered to provide some of the value of enhanced production tax credits available under the Inflation Reduction Act ("IRA") to subscribers. What is your response?

A. As I mentioned in response to several Staff and OPC criticisms, the Program pricing was established using the best information available at the time that enrollments were solicited. But the Program was not designed to true-up subscriber costs precisely to experienced costs (and benefits in the case of the IRA tax credits). If subscribers were to realize a lower Program rate every time the net costs of the Program declined, they would also need to be subject to increases if the Program costs increased. The deal that was struck was fair, in that it provided the pricing certainty that subscribers needed to evaluate their subscriptions, and I do not believe it is appropriate to change those rates now.

Q. The Surrebuttal Testimony of Company witnesses Arora and Forsberg describe increases in costs that are now expected to be incurred to complete the Boomtown project relative to expectations when the case was filed. Do you think the Program rates should be increased to reflect those higher potential costs?

A. No. For the exact same reasons I just expressed in response to MIEC witness Brubaker. The pricing is reasonable because of the contribution that subscribers will make toward the affordability of the resource, and the Program design never contemplated, nor would it benefit for it to contemplate, changing the rates in an attempt to chase a precise match of the Program charge and the cost of the resource. I do not think MIEC witness Brubaker would want the rates to go up to reflect these higher costs, and I do not think Staff or OPC would want rates to go down to provide more of the IRA tax benefits to subscribers. That suggests to me that the price should

remain where it is. It clearly balances multiple interests, and has attracted enough participation to meaningfully contribute to the affordability of Boomtown for the Company's non-subscribing customers.

Q. Given the other updates witness Forsberg provided related to the changes in costs and tax credit circumstances, is the Company changing its request in this proceeding at all from its updated request filed with its Supplemental Direct testimony in this case?

A. No. Company witness Forsberg indicates that the tax strategy for Boomtown is in flux, as the Company continues to learn about the IRA, and the eventual costs of the resource. It is not necessary to settle on a tax strategy now, and we should wait to do so until all of the information that will be relevant to determining the best strategy to reduce costs for customers is available. So, while the Company indicated it no longer is seeking approvals to utilize tax equity in this case, and now it appears that there is at least some possibility that tax equity could be beneficial, the Company is not reinstating its request for those approvals. Should additional information become available that verifies that tax equity will reduce the revenue requirement of Boomtown, the Company will return to the Commission at that time to request whatever approvals may be needed.

Q. Does this conclude your Surrebuttal Testimony?

A. Yes, it does.

EA-2022-0245

Schedule SMW-S1 is Confidential

in its entirety

P

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

AFFIDAVIT OF STEVEN M. WILLS

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

Steven M. Wills, being first duly sworn on his oath, states:

My name is Steven M. Wills, and hereby declare on oath that I am of sound mind and lawful age; that I have prepared the foregoing *Surrebuttal Testimony*; and further, under the penalty of perjury, that the same is true and correct to the best of my knowledge and belief.

\s\ Steven M. Wills
Steven M. Wills

Sworn to me this 18th day of January, 2023.