Ameren: Data centers won't raise customer rates

Company outlines safeguards to ensure large users cover their share as projects consider Warren and Montgomery counties

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By William Carroll, Staff Writer

An Ameren Missouri representative said that data centers relocating to the area will not raise the rates of Ameren customers during an interview on Oct. 24.

Ameren Missouri Senior Director of Economic, Community and Business Development Rob Dixon spoke to The Standard about a number of topics relating to data centers in the area and offered insights into Ameren's position regarding those issues.

One of the primary issues of discussion was whether the presence of data centers would lead to an increase in electric rates for regular customers.

Dixon said he understood the concern but framed the issue in part as an economic development opportunity for the state. Data center companies are considering a property north of the Warrenton West interchange and another property around New Florence in Montgomery County. No specific details on either proposal have been made public as no formal plans have been submitted to either Warrenton city officials or Montgomery County officials.

Opponents to any planned data center have centered their argument over possible hikes in electricity costs, water usage and noise pollution.

"This is an economic development opportunity that is presenting itself across the country and certainly here in Missouri," he said.

Dixon said the opportunity is here because of the expansion in the technology industry and the increase in consumer demand for all things digital.

"From the state of Missouri's perspective and frankly from an electric provider like Ameren, we have to have a plan to handle the growth in a responsible way," Dixon said. "We want economic development, but we have to do it in a way that protects all of our customers."

To that effect, Dixon referenced Senate Bill 4, which was recently passed and signed by Gov. Mike Kehoe, which in part speaks to the issue of data centers and other large electric load customers. He said based upon that new law, Ameren filed a rate plan with the Missouri Public Service commission that is applicable to these new large load customers.

"The law requires that these large customers pay their fair share of the cost and that they don't pass costs on to other customers," Dixon said. "The plan we have is the contract that ensures that these data centers are going to do that."

In pertinent part, page 40 of SB 4 requires electric companies that provide service to more than 250,000 customers (Ameren's class) shall develop and submit to the PSC schedules to include in the company's service tariff that are applicable to customers who are projected to have a peak demand of 100 megawatts or higher. The law also requires that these customers rates will reflect the share of costs incurred and prevents other customers from receiving what are defined as any "unjust or unreasonable costs" arising from service to large load customers.

Dixon explained that the PSC is the independent state agency that regulates Ameren and ultimately it will be for them to make sure large load customers such as data centers pay their fair share. Dixon added that the rate plan filed with the PSC puts in place certain contractual provisions that are not required for traditional customers that in fact protect those customers from any costs relating to data centers.

Specifically, he said that when new data centers request to connect to the grid they have to pay 100 percent up front for all the direct costs to make that interconnection. Which means they are paying for line extensions, substations, switch gears and any other items related to their interconnection.

"They have to sign a 15-year contract and that is really what makes sure that they are living up to their commitments," Dixon said. "They have to pay a certain percentage of their maximum requested electric demand even if they use less (70 percent as proposed). They have to provide upfront collateral payment, and that makes sure there is enough funding available to pay their fair share of the costs. They have to commit to paying exit or early termination fees if they cease operations."

Dixon said the plan before the PSC comes from an analysis by Ameren where the company looked at the essential cost to serve large load customers.

Ameren's current large load customer rate case before the PSC not only includes submissions from Ameren, but also rebuttal presentations from people and entities questioning Ameren's rate proposal. One of those presenting rebuttal testimony in Ameren's rate case is Geoff Marke, chief economist with the Missouri Office of Public Counsel. In part Marke objects to the 15 year contract period proposed by Ameren for large load customers such as data centers, arguing "Most new build generation have a deprecation schedule of thirty years or greater. Locking in LPS (large power service) customers into a shorter term than the life of the assets being built or procured to serve them can result in cost shifting to other customers should the data center load depart."

Marke recommends a period of at least 20 years. He also suggests that the 70 percent minimum payment should be closer to 90 percent.

In response to that proposal, Dixon said that as the case in front of the PSC proceeds, there will be a lot of debate and discussion around what is the appropriate level or number for each of those provisions.

"At the end of the day what has to happen, the PSC has to make sure that whatever number it is set at, those terms ensure that those customers pay their fair share and are not passing costs off to other customers," Dixon said. "I think folks can feel confident that at the end of it...the PSC is going to make a decision that is compliant with the law."

Construction agreements

In response to a question regarding what types of agreements Ameren enters into with large load customers, Dixon explained that currently what Ameren has is what they call construction agreements and these agreements are with entities that have requested power at a specific location.

"Those construction agreements cover how they connect to the grid and the infrastructure required to serve them there," Dixon said. "Before these new data centers connect to the grid there are many safeguards in place to ensure that we can still reliably serve everyone else while we are still looking at the new data center.

"The first thing they do is they have to request an interconnection to the grid. In order for them to do that they're ultimately going to pay for 100 percent of any direct costs to do that. None of those costs are passed on to other customers. Before we enter into a contract to do that they have to request service from us and provide details on what their electric needs are going to be. Our engineers conduct a thorough study to determine if the grid can support that load in the first place. We do this to make sure we can serve the new customer without impacting reliability to the grid for everyone else."

Dixon further explained that in order for Ameren to proceed to the next step, companies have to meet all engineering and operational standards to make sure their business will not impact reliability for other customers. Ameren's plan also has to be approved by the regional grid operator MISO (Midcontinent Independent System Operator), which provides an independent review of the data center's request to connect.

"Only then do we proceed with the project," Dixon said. "Those developers who have gone through that process are the ones we have signed construction agreements with."

Dixon further explained that just because Ameren has a signed construction agreement with a customer does not mean a data center will be located at the destination requested. He added that ultimately any proposed data center would have to sign a contract along the terms the PSC is now considering.

Dixon also said that these agreements require collateral from the companies which consists of paying for all infrastructure for any projects up front. There will also be collateral required for any end user who ultimately operates at a proposed location.

Data center preparatory work

One of the issues that has constantly been discussed locally is the timing of data center proposals and whether moves by Ameren over the last few years were geared towards the development of data centers.

Dixon said that since the pandemic, requests for electric demand have increased significantly. He noted that in 2019 the average requested economic development project was 3.2 megawatts. By the end of 2024, this figure had increased to 182 megawatts. He noted that this significant growth in requests is being driven primarily by the rapid expansion of the technology industry.

Dixon said projects like the new Root Beer substation and the Split-Rail solar project, both in Warren County, were planned before data centers started looking at the area.

"It is really not accurate to say that these facilities were planned specifically for data centers looking at the area," Dixon said. "We are constantly looking at what our customer needs are, we are constantly looking at our infrastructure and planning for growth as it comes and what upgrades are needed to ensure we are serving our customers reliably. That is why those facilities were considered in the first place."

Dixon said Ameren publishes an integrated resource plan every three years.

"This is a three-year plan that we update annually if needed based on changing needs," Dixon said.

Dixon said those documents are public records and outline the company's position over several years.

He said Ameren did update their integrated resources plan in February 2025 to reflect expected demand going forward. He said that the plan consists of a variety of factors including: what generation resources are going to be needed to serve all of the company's customers, not just the large data centers; accounting for the natural transition of the company's energy fleet; and planning relating to things like power plants and energy centers getting to the end of their life.

Green energy incentives

As part of Ameren's rate plan case before the PSC relating to large load customers such as data centers, there are provisions for green energy initiatives.

Dixon made a point to say that Ameren is not offering any incentives or discounts to data centers or large customers.

"The issue as it relates to some of the clean energy items that were included in our plan is because we know that some customers have specific clean energy targets in their own right," Dixon said. "If our state is going to attract economic development, these companies that are considering locating here want to make sure that the type of power we can provide is something that helps them meet those targets they have. So we proposed some options for them to basically meet their clean energy targets faster than what we could provide across our whole portfolio of generation resources, but they are going to pay premiums for any of those things."

What happens if a data center fails?

One of the concerns voiced locally is what happens if a data center were to locate here but fail to meet their contract terms?

Dixon said that part of the reason Ameren has presented the plan it has before the PSC is to ensure financial protections for Ameren's other customers if a data center were to fail.

Dixon said in addition to those protections, if a data center were to leave it would change Ameren's demand forecast for the future. He said the company could defer a project that they would have originally built until later.

"We would adjust our integrated resource plan," Dixon said in case a data center were to fail.