BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

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

File No. EW-2017-0245

<u>AMEREN MISSOURI'S RESPONSE TO INVITATION</u> <u>TO PROVIDE INFORMATION</u>

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COMES NOW Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or the "Company"), and hereby submits certain information regarding the issues that are the subject of this workshop docket, as it was invited to do by the Commission's April 6, 2017, *Order Opening a Working Proceeding Regarding Emerging Issues, and Scheduling a Workshop Meeting* (the "Workshop Order"), as follows:

1. Ameren Missouri welcomes the opportunity to address the emerging issues that are the subject of this docket. There is little question that the industry is poised to undergo a transformation in how power is produced, delivered and consumed, making it important that regulatory commissions and utilities plan for how best to participate in that transformation. The technologies that are the subject of this docket, as well as rate design, will almost certainly play a central role in how that transformation occurs. This docket, like the many other workshop dockets in which Ameren Missouri has been a regular, active, and engaged participant, affords the opportunity to aid the Commission and the utilities it regulates in maintaining and improving the vital public utility services Commission-regulated utilities provide to millions of Missouri customers. Indeed, from Ameren Missouri's perspective a key purpose of this docket is to address the following question: "How can the Commission, and the regulatory process at the Commission, be better used to deliver the benefits of emerging technologies to customers?"

2. Ameren Missouri itself is looking at all these issues and takes the need to address them seriously. Moreover, Ameren Missouri is already devoting significant resources to emerging issues in the industry, as evidenced by the significant innovation team work occurring at Ameren Missouri and its affiliates. Ameren Services Company, in collaboration with Ameren Missouri and other Ameren affiliates, has created teams dedicated to unlocking customer value from technological innovation. These efforts are focused on using new technologies and innovative ideas to develop the grid of the future, managing costs to keep rates competitive, understanding the impact of innovative technologies on regulation and the utility business model, understanding customers' needs and preferences in more depth than ever before, and developing the enhanced analytical capabilities needed to effectively execute in all these areas. The efforts of this initiative are evidenced by the establishment of an innovation hub located at Ameren Missouri's St. Louis headquarters, and by the pilot programs and other initiatives it has pursued in these areas, some of which are addressed below. Ameren Missouri's parent company, Ameren Corporation, is also taking steps to promote emerging technologies through its significant support of the Ameren Energy Accelerator in partnership with the University of Missouri-St. Louis. The Ameren Energy Accelerator, announced just last month, is an innovative public-private partnership that will assess, mentor and invest in energy technology startup companies that will benefit customers and create jobs in St. Louis region. In addition, Ameren Corporation along with other energy providers is an investor in Energy Impact Partners, which supports startup companies who are either in the process of developing, or have developed, new energy products or services.

3. Based on the issues the Staff intends to address (as outlined in the Workshop Order) this docket deals with three basic technology categories -- solar facilities, advanced

metering, and plug-in electric vehicle chargers. It also deals with two financing programs that, in general, relate to customer investments in energy technologies, and it seeks to address a very broad topic that may or may not be tied to the technologies listed above: "modified rate design proposals."

4. With respect to the technologies to be discussed, a key question; perhaps the key question that should be explored at the inception of the workshop process is "what is the overarching goal of deploying these technologies"? Each of these technologies, along with numerous other emerging technologies not addressed specifically in Staff's list of issues for this workshop, provide opportunities for enhanced choice by customers that will allow greater control over energy usage and more options for how customers engage in the decisions and investments surrounding energy services. This choice can, in turn, drive increased customer satisfaction, opportunities for expanded deployment of cleaner energy sources with reduced emissions through introduction of new renewable generation and electrification of other direct uses of fossil fuels, and improved efficiency of the utilization of energy systems and resources resulting in lower energy total costs. However, key to unlocking this customer value is the evolving role of the electric grid as a platform for this technology. Ameren Missouri suggests that the overarching goal should be to understand the additional costs and incremental benefits associated with each technology and to develop broad regulatory policies that, when applied, promote solutions that align with customer preferences in a manner that maximizes the value each technology can bring to energy systems. In addition, fundamental to taking advantage of these emerging technologies will be enabling investments in an updated and modernized grid. Without the foundation of a strong electric grid to integrate these technologies, obtaining the benefits that these emerging technologies could offer customers will be much more challenging.

5. With respect to the specific issues that have been identified as subjects of this proceeding, Ameren Missouri has addressed most of these issues to varying degrees. In the area of solar technologies, Ameren Missouri has built and continues to operate the largest utility-scale solar facility in the state. Ameren Missouri is currently pursuing two other solar pilot projects, its community solar pilot approved by the Commission last fall (with the unanimous agreement of the parties to that docket) and its distributed solar pilot, which was supported by the Staff, renewable energy groups, and the Division of Energy, but which was opposed by Public Counsel.¹ Ameren Missouri's filings in each of these dockets, with which the Staff is familiar, provide substantial information regarding Ameren Missouri's viewpoints regarding the Commissions' regulation of solar energy.

PACE and PAYS programs offer financing as a means to overcome the often significant up-front cost of adopting new energy technologies. The Commission recently approved an onbill financing pilot for Ameren Missouri's energy efficiency programs that will provide significant insight into this area. Along with the on-bill financing pilot, the Company will be conducting a feasibility study of PAYS. PACE continues to evolve and has recently started targeting the residential market for opportunities. Utility sponsored on-bill financing, PAYS, and PACE are all aimed at increasing adoption of energy technologies. Ameren Missouri continues to explore these types of financing options and how they can maximize participation in utility programs and best meet customer preferences.

Ameren Missouri has also addressed modified rate design proposals, most recently through extensive testimony filed in its recently-concluded rate review case, File No. ER-2016-0179. Ameren Missouri has also made commitments regarding exploring certain rate design

¹ Public Counsel is challenging the Commission's order approving the solar partnership pilot in an appeal pending at the Western District of the Court of Appeals.

issues, as outlined in the stipulation that resolved that case. Finally, the Staff is well-aware of Ameren Missouri's views regarding plug-in electric vehicles, as documented in Ameren Missouri's written testimony, other filings, and verbal testimony in its currently-pending electric vehicle docket, File No. ET-2016-0246.

Ameren Missouri is still developing its viewpoints regarding when, how, and on what timeline to install advanced metering infrastructure.

6. The issues that are the subject of this docket are broad, complex, and in many cases, interrelated. Ameren Missouri believes it is likely that additional workshop meetings, beyond the meeting scheduled for May 18, will be warranted to more deeply explore at least some of the individual issues. The need for additional meetings is driven both by the breadth, complexity, and interrelatedness of the issues, but also in part by the fact that as of the May 18 meeting date, there will remain pending, contested electric utility cases involving some of the specific issues to be addressed in this workshop. It is likely, however, that contested Commission proceedings relating to those issues will be completed in the near term, possibly as soon as the end of May.

7. Ameren Missouri looks forward to participating in the meetings to be held in this docket, and hopes that this docket can aid in informing stakeholders and the Commission on the issues that are to be addressed in a manner that is ultimately beneficial for electric utility customers in Missouri, while at the same time ensuring the continued ability of the electric utilities that serve those customers to deliver safe and adequate service that meets customers' needs and expectations, while also fairly compensating the investors on which the utilities rely for the capital needed to deliver that service.

Respectfully submitted,

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