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Witness: William J. Barbieri

Sponsoring Party: Union Electric Company

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MISSOURI PUBLIC SERVICE COMMISSION

File No. EA-2016-0208

SURREBUTTAL TESTIMONY

OF

WILLIAM J. BARBIERI

ON

BEHALF OF

UNION ELECTRIC COMPANY

d/b/a Ameren Missouri

St. Louis, Missouri
September 30, 2016

Ameren Exhibit No. 3
Date 10-17-16 Reporter XF
File No. EA-2016-0208

1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **WILLIAM J. BARBIERI**

4 **FILE NO. EA-2016-0208**

5 **Q. Please state your name and business address.**

6 A. My name is William J. Barbieri. My business address is One Ameren Plaza,
7 1901 Chouteau Avenue, St. Louis, Missouri 63103.

8 **Q. Are you the same William J. Barbieri that filed direct testimony in this case?**

9 A. Yes, I am.

10 **Q. What are the primary issues raised by the Office of Public Counsel (OPC) in**
11 **its rebuttal testimony opposing the proposed Solar Partnership program?**

12 A. There appear to be two main issues and a few related issues raised in OPC's
13 rebuttal testimony. Primarily, OPC states that Ameren Missouri has sufficient generating
14 capacity to meet its customers' needs and that Ameren Missouri possesses ample solar renewable
15 energy credits (RECs) to meets its obligations under the Missouri Renewable Energy Standard
16 (MoRES).

17 OPC's main argument appears to be that until an immediate need arises, nothing else
18 should be done by the utility to advance the development and deployment of renewables within
19 the state. Ameren Missouri believes that approach would be short-sighted and not in the best
20 interest of the state, its residents or the customers of Ameren Missouri, especially since efforts to
21 achieve positive environmental impacts and carbon reductions are sweeping both the nation and
22 the globe.

1 **Q. Is OPC correct when it states that Ameren Missouri does not need this**
2 **generation for MoRES compliance or to serve its customers?**

3 A. It is literally true that Ameren Missouri does not need additional generation
4 capacity or energy production to meet the needs of its native load at this moment, and it is also
5 true that Ameren Missouri can comply with the solar energy portfolio standard in the MoRES
6 until approximately 2024 without building facilities under this pilot. However, the Company will
7 need non-solar RECs, either from owned generation or purchased from the market, in 2018 or
8 2019, and solar RECs from these facilities can be used to meet those non-solar REC needs.
9 Regardless, OPC's criticism misses the mark because this program is not proposed because of an
10 energy or capacity need or because of a MoRES compliance need.

11 **Q. Given those facts, what are the reasons that Ameren Missouri is seeking**
12 **approval of this pilot program at this time?**

13 A. Utilities across the nation are experiencing rapid growth and deployment of
14 distributed generation, whether customer owned or leased. Some of the country's largest utilities
15 have been and are increasingly siting solar facilities on their customers' properties, as Ameren
16 Missouri would begin to do through this pilot. Should this trend continue, utility-owned solar
17 generation sited on a customer's premises could become an operational standard. Put another
18 way, such generation may become a key part of utility generation portfolios, alongside wind
19 facilities, utility-scale solar facilities, baseload generation and traditional peaking facilities.

20 Ameren Missouri believes that the time is right to begin to investigate, develop and
21 understand the requirements necessary to achieve appropriate contract terms and conditions, and
22 to learn about siting, operating and maintaining utility-owned electrical generation facilities on
23 property owned and controlled by the customer so that it is well-positioned to utilize such

1 generation on a broader scale in the future, if the lessons learned indicate that broader utilization
2 of such generation makes sense. It is prudent to undertake that learning on a limited scale now,
3 before decisions have to be made regarding the addition of more solar generation in the future.

4 **Q. Has Ameren Missouri been able to learn any of these lessons from the**
5 **experience of other utilities?**

6 A. Yes, although I don't believe Ameren Missouri can obtain sufficient learnings
7 merely by studying other utility programs. That is not to say the Company cannot learn anything
8 from other utilities. In fact, Ameren Missouri has had discussions with a variety of utilities
9 located in regions of the country that are encouraging utility solar generation on customer
10 premises. Ameren Missouri intends to leverage what it can learn from other utilities to assist with
11 its program, such as in developing contract terms and conditions to be used in this pilot.
12 However, in discussions with those same utilities, Ameren Missouri discovered that there are
13 several areas which require direct experience rather than merely mimicking another utility's
14 program. Our customers may have a different willingness to partner with the local utility than
15 customers in other states. Then there are the legal aspects of this type of program. The process of
16 developing acceptable terms and conditions that protect the rights of all affected parties is
17 certainly very different than the legal issues involved in siting utility-scale generation. For
18 example, certain contract items must be tailored to meet some individual and specific
19 requirements and needs of a customer, a complication that doesn't exist when siting facilities on
20 utility-owned land. As this is an area in which Ameren Missouri has no experience, we believe it
21 necessary to start the process now versus waiting. We believe it is important to structure
22 agreements that meet both the applicable legal requirements as well as the customers' own stated
23 goals of achieving their social responsibility commitments.

1 As I previously stated, the pilot is designed to give Ameren Missouri some experience
2 with a different type of generation siting so that when the Company needs to add generation in
3 the future, it has the knowledge and experience to better compare utility-scale generation to
4 smaller, customer-sited generation – whether that be in finding a location to site, how either type
5 impacts our distribution system, or what types of operational and legal issues may be involved
6 with either. As OPC points out, right now the Company’s Integrated Resource Plan (IRP)
7 presumes that future solar generation will be utility-scale generation. But perhaps there are
8 benefits to both types of generation (utility-scale versus customer-based generation). The point
9 of a pilot is to expand the Company’s understanding of customer-based generation and that is
10 exactly why Ameren Missouri is seeking approval of this program.

11 **Q. How is the Ameren Missouri Solar Partnership program different from what**
12 **other utilities are currently doing in this area?**

13 A. Ameren Missouri has been approached by several business entities in the region
14 who are offering a unique alternative to the standard lease option that many utilities are using
15 when siting solar generation facilities on a customer’s property.

16 Ameren Missouri has been in discussions with entities who are interested in partnering
17 with the utility to demonstrate their overall support for sustainability efforts in the regions. These
18 entities are willing to host a utility-owned solar generation facility on their own property without
19 receiving a lease payment. This represents a potential savings for Ameren Missouri and,
20 accordingly, for all of its customers.

21 **Q. How do you respond to the statement by OPC that Ameren Missouri will**
22 **gain no operational insights from this program and has failed to explain how the program**
23 **is a “benefit to ratepayers”?**

1 A. There has been considerable debate around the country among solar developers,
2 utilities, public service commissions, and other stakeholders concerning the benefits of
3 distributed generation. There are a myriad of considerations from limiting line losses, benefits in
4 locating generation closer to load requirements, and assistance in reducing certain congestion
5 points, to whether there are increased maintenance costs, security needs and costs, etc. In the
6 end, it may well be determined that larger central station solar generation is more beneficial than
7 this kind of distributed generation. However, until this kind of generation is actually tested in our
8 service territory and with our customers, this debate is largely an exercise in speculation since it
9 is difficult to know the extent of the practical or economic impacts of such facilities by simply
10 analyzing them on a theoretical basis.

11 While the discussion topics are pertinent, little has been determined by actual experience
12 in field deployment. Though some regions of the country have seen significant installation of
13 distributed solar generation, it is relatively recent and has not occurred in all regions of the
14 country. In addition, the time frame to collect and analyze the data has been very short. Not
15 enough time has passed in order to provide any conclusive results at this time.

16 Ameren Missouri believes that by taking this small but critical step to assess increased
17 solar deployment on a scale larger than traditional customer-owned roof-top installations, but on
18 a smaller scale than typical utility-scale generation, Ameren Missouri will be better positioned to
19 make generation decisions in the future. The Company will utilize the information gained in
20 order to determine the best means of spending capital toward solar development in complying
21 with state and federal environmental requirements as well as providing customers with cost
22 effective, carbon-free generation options.

1 **Q. OPC states another objection to the program based on a concern that**
2 **Ameren Missouri did not provide sufficient information concerning the siting and**
3 **construction of the project. How do you respond to that issue?**

4 A. At the current time, although several entities have indicated they would be willing
5 to be a host site, no specific location has been determined. The Company has specific criteria
6 developed for the program that would be utilized in determining an appropriate site, which was
7 set forth in the Stipulation and Agreement (now a joint position) filed in this case and supported
8 by the Staff, the Division of Energy, Renew Missouri, and United for Missouri, and which was
9 opposed only by OPC. The purpose of the blanket certificate of convenience and necessity
10 (CCN) request for this program is so that work can move forward with evaluating the various
11 potential sites to determine the best ones with which to proceed. All normal procedural
12 information related to a traditional CCN application will be provided to the Commission once the
13 siting determination(s) have been made. This agreed upon process, which we are asking the
14 Commission to incorporate into the blanket CCN we are requesting, expedites the process by
15 providing additional flexibility, but does not circumvent CCN requirements.

16 **Q. Would the development of this program provide any other benefits beyond**
17 **MoRES compliance?**

18 A. Though the Federal Environmental Protection Agency's (EPA) Clean Power Plan
19 (CPP) is currently stayed and under review by the federal courts, we believe, as do many other
20 utilities across the nation, that some form of the CPP will be advanced and enacted after the
21 upcoming election. What this means is that carbon regulation will likely create a *de facto* federal
22 renewable energy standard, because in order to meet carbon reduction requirements, greater
23 renewable development will almost certainly be necessary. Prudence requires that utilities be

1 prepared to address options to meet both the legislative environmental requirements (such as the
2 *de facto* federal renewable energy standard that carbon regulation will create) as well as
3 customer desires for less carbon emitting resources.

4 **Q. Beyond customer support for this program, have other stakeholders voiced**
5 **their opinions regarding this program's development?**

6 A. Yes. As noted, the MoPSC staff, the Missouri Division of Energy, Renew
7 Missouri, and United for Missouri have all voiced their support for this program. Other parties to
8 this case, apart from OPC, do not oppose the pilot, although for their own business reasons might
9 have designed the program with certain different terms. For example, Wal-Mart, although not
10 opposing the pilot, has indicated that it would like to see a lease payment integrated into this
11 program. One of the issues we have agreed to study as part of this pilot is whether a lease
12 payment is needed or otherwise makes sense, but for this limited pilot, we do not believe a lease
13 payment is needed and in fact by not providing one we are better able to gauge its need. In the
14 end, OPC is the only entity engaged in the stakeholder process in this case that opposes the
15 program.

16 **Q. You mentioned Wal-Mart's desire for a lease payment. Can you speak more**
17 **broadly to the issues raised in that testimony?**

18 A. Certainly. Nothing in Wal-Mart's testimony indicates it is opposing this particular
19 pilot, and indeed Wal-Mart did not object to the above-referenced stipulation. What Wal-Mart
20 describes in its testimony is a different type of program than is being proposed in this case.
21 Perhaps a program more similar to the one Wal-Mart favors will be a program that Ameren
22 Missouri offers in the future, and certainly the Company has held and will continue to hold
23 discussions with Wal-Mart as part of its efforts to shape its future renewable generation and to

1 meet our customers' expectations and energy needs, but this program is not intended to be the
2 program described in Wal-Mart's testimony or even designed for a company like Wal-Mart.

3 **Q. Brightergy filed testimony as well. Can you respond to that testimony?**

4 A. Brightergy also does not oppose Ameren Missouri's proposed pilot but used its
5 testimony to argue that it already knows the information Ameren Missouri hopes to obtain in this
6 pilot. While Brightergy has experience in Missouri with installing solar panels on individual
7 homes and businesses, Brightergy is not a utility and does not have utility obligations. Brightergy
8 and Ameren Missouri are two very different participants in the renewable market – rendering
9 Brightergy's testimony somewhat irrelevant to the question before the Commission in this case.

10 **Q. Can you provide a summary as to why this program should be advanced?**

11 A. Ameren Missouri is constantly looking for ways to keep electric rates affordable
12 while providing for the needs of customers and their desires regarding environmental
13 stewardship. This program is an effort to test new ways of deploying solar generation and saving
14 some element of cost associated with its development. With the increasing technological
15 advancements and changes in the field of energy, utilities must look beyond the traditional
16 means of supplying energy while becoming more responsive to a customer base that is placing
17 more demands upon it, and seeking non-traditional solutions. Taking action with small pilots
18 such as this will allow utilities to gain valuable experience while limiting the cost to customers.
19 Ameren Missouri has taken the necessary steps to ensure it is acting in a prudent manner with the
20 development of this cost effective program.

21 **Q. Does this conclude your surrebuttal testimony?**

22 A. Yes it does.

