

**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 Permission and)	
Approval and a Certificate of Public Convenience and)	EA-2016-0208
Necessity Authorizing it to Offer a Pilot Distributed)	
Solar Program and File Associated Tariff.)	

INITIAL BRIEF OF AMEREN MISSOURI

In accordance with the Missouri Public Service Commission’s (“Commission”) September 7, 2016, *Fourth Order Amending Procedural Schedule*, Union Electric Company, d/b/a Ameren Missouri (“Ameren Missouri” or “Company”), for its Initial Brief, states as follows:

INTRODUCTION

This case is about allowing Ameren Missouri to gain knowledge and experience that will enable it to make better decisions regarding the deployment of generating resources (in particular solar energy resources), in the future. The Company does not claim that it needs this solar generation now to comply with the Missouri Renewable Energy Standard (“RES”) or to provide energy or capacity to its customers. However, while Ameren Missouri has some experience with solar facilities (primarily one utility-scale facility in O’Fallon), it lacks experience with the kind of distributed solar generation to be constructed for this pilot.¹ Specifically, this pilot program is designed to provide Ameren Missouri experience with and to allow the Company to learn about distributed solar energy resources – in this case, small, Company owned and operated solar facilities located on customer properties at different locations within its service territory. In order to afford the Company the opportunity to gain

¹ Exhibit 2, p. 3, l. 17-21.

that experience to better position it to make sound decisions as it needs resources in the future for RES compliance, compliance with the Clean Power Plan (“CPP”) or its equivalent, or to meet other resource needs, the Commission should approve the pilot, including granting Ameren Missouri a blanket certificate of convenience and necessity (“CCN”), on the conditions set forth in the Non-Unanimous Stipulation and Agreement (now Joint Position of the signatories) (“Stipulation.”).

The pilot, as proposed and modified by the Stipulation, would involve an investment of no more than \$10 million to construct multiple solar generation facilities on customer properties within the Company’s service territory. These facilities will not be tied to Ameren Missouri’s transmission lines, but, rather will be integrated into the Company’s distribution system, providing the system with the benefits of distributed generation.² Ameren Missouri will retain the Renewable Energy Credits generated by these facilities, which can be used in the future for RES compliance.³ Approval of the pilot on the terms outlined in the Stipulation will mean that once Ameren Missouri has identified the exact sites at which these distributed solar resources will be installed, it will be required to provide the specific information for review by Staff and other parties, and to follow the process, outlined in Appendix A to the Stipulation.

ARGUMENT

I. This program will provide Ameren Missouri with knowledge and experience and will allow it to make more informed decisions about future generation, in particular, solar generation.

While Ameren Missouri does not require additional solar generation in order to comply with the RES today or to supply capacity or energy to its customers today, no party to this case disputes that Ameren Missouri will need additional solar generation in the future. Some may

² Exhibit 2, p. 4, l. 12-16.

³ Exhibit 2, p. 4, l. 19.

argue that the cost of solar is dropping such that it may become cost effective as compared to other generation types. Regardless, prior to the point in time when Ameren Missouri is faced with the need to add solar generation, it must learn more about the types of solar generation, both the benefits and the risks, so that it can make better decisions in the future when significant solar generation resources are needed for RES compliance, CPP (or similar) requirements or to diversify its generation portfolio for other reasons. A list of the learning opportunities presented by this pilot can be found in Appendix B to the Stipulation, which reflects some of the potential benefits and challenges of distributed generation to Ameren Missouri's electrical system, including gaining information regarding the types of customers willing to host a solar generating facility on their property, what contract terms are necessary or appropriate relating to such facilities, and whether there are economic or reliability benefits of such facilities, among other things. The Company has also committed to undertake marketing surveys and interviews with participating customers, as well as tapping its Division Directors to track the operational benefits and challenges of each installed facility. This information will be reported to the parties and to the Commission periodically, so that all will gain a better understanding of what Ameren Missouri learns.⁴ In summary, the learning opportunities all better position the Company with information necessary to compare utility-scale to distributed solar generation when it comes time to make decisions about adding significant solar generation resources in the future.

II. Approval of a blanket CCN is an appropriate exercise of the Commission's authority under Section 393.170 RSMo. 2000.⁵

The Commission's decision in this case is governed by Missouri law.⁶ The statute

⁴ File No. EA-2016-0208, Non-Unanimous Stipulation and Agreement, p. 3, paragraph 10.

⁵ All statutory references are to the Revised Statutes of Missouri (2000), unless otherwise noted.

⁶ Section 393.170

provides that no utility shall begin construction of electric plant without first obtaining permission and approval from the Commission.⁷ Specifically, the relevant Missouri statute provides that the Commission has the power to grant the permission and approval if it determines that “such construction or such exercise of the right, privilege or franchise is necessary or convenient for the public service.”⁸ In interpreting the phrase “necessary or convenient,” the courts have held, “[t]he term ‘necessity’ does not mean ‘essential’ or ‘absolutely indispensable’, but that an additional service would be an improvement justifying its cost.”⁹ This pilot provides an improvement. It provides learning and experience regarding a type of solar generation with which the Company is currently unfamiliar, making this distributed solar generation pilot an additional service which is an improvement justifying its cost.

In an earlier case before the Commission, Kansas City Power & Light Company (“KCPL”) sought a blanket certificate which would allow it to install multiple distributed solar facilities for which specific locations had not yet been identified, like the proposed pilot at issue here. The Commission recognized that, unlike when siting a large generation facility, these solar generation facilities would be at multiple locations. The Commission ultimately determined that requiring the utility to file a new CCN application each and every time it identified a specific location “...would be a waste of resources for both the utility and for the Commission.”¹⁰ The same reasoning is directly applicable to this case. Just as the Commission did in the KCPL case, it makes sense here to approve a blanket certificate and to have Ameren Missouri file the information required by Appendix A to the Stipulation once each location is

⁷ Section 393.170.1

⁸ Section 393.170.3

⁹ *State ex rel. Intercon Gas, Inc. v Pub. Serv. Comm’n*, 848 S.W.2d 593, 597-598 (Mo. App. W.D. 1993).

¹⁰ File No. EA-2011-0368, *Order Granting Certificate of Convenience and Necessity*, Issued June 10, 2011, p. 3.

identified. In fact, the process outlined in Appendix A to the Stipulation goes beyond what was done in the KCPL case by creating a review process for Staff and other parties to ensure the locations selected satisfy the criteria reflected in Appendix A, which the Company asks the Commission to adopt as part of its approval of the proposed pilot and the blanket certificate requested in this case.

III. Ameren Missouri's distributed generation pilot satisfies the *Tartan* factors.

Previously, the Commission set forth certain factors which it has traditionally used to provide guidance when evaluating requests for CCNs under Section 393.170.¹¹ Although not bound to use these factors, often referenced as the “Tartan factors,” the Commission has found the factors to be helpful in reviewing requests for CCNs.¹² The factors are: (1) there must be a need for the service; (2) the applicant must be qualified to provide the proposed service; (3) the applicant must have the financial ability to provide the service; (4) the applicant's proposal must be economically feasible; and (5) the service must promote the public interest.¹³ The proposed pilot in this case satisfies all of the *Tartan* factors.

A. Factor One. The pilot satisfies the need for service criteria in that it provides valuable experience with distributed solar generation, as explained above. The Commission has in fact found that gaining such experience meets the “need” factor enunciated in *Tartan*. Specifically, in approving KCPL Greater Missouri Operations Company's (“GMO”) Greenwood solar facility, which GMO did not then currently need for energy, capacity or RES compliance, the Commission determined that gaining education/experience is a legitimate “need” for purposes of applying the first *Tartan* factor, stating as follow:

¹¹ *In the Matter of the Application of Tartan Energy Company, L.C., d/b/a Southern Missouri Gas Company*, 3 Mo. P.S.C. 3d 173 (1994).

¹² File No. EA-2015-0256, *Report and Order*, Issued March 2, 2016, p. 13, paragraph G and p. 16.

¹³ *Tartan*, *supra*, at 177.

Gaining that [hands-on] experience now is important so that GMO can remain in front of the upcoming adoption curve. Furthermore, GMO will need to build more solar generating facilities, as well as other renewable generating resources, to comply with the federal Clean Power Plan or other regulations designed to reduce the injection of carbon dioxide and other pollutants into the atmosphere. This pilot represents a good first step.¹⁴

B. Factors Two and Three. No party disputes that Ameren Missouri meets factors two and three; Ameren Missouri is qualified to provide this service and has the financial ability to construct and operate the facilities.¹⁵

C. Factor Four. This pilot is economically feasible, as explained above, because it was designed to provide the Company with the experience desired while not burdening its customers with unnecessary costs. The evidence strongly supports the conclusion that the learning opportunities the pilot provides far outweigh the annual impact to customers of approximately 42 cents.¹⁶ The Commission has already addressed a very similar situation and has found that lessons from a pilot project satisfy *Tartan's* “economic feasibility” factor:

But the purpose of this pilot solar plant is not solely to provide the cheapest power possible to GMO's customers. Rather, its purpose is to help GMO to develop more and cheaper solar power in the future. The benefits GMO and its ratepayers will ultimately receive from the lessons learned from this pilot project are not easily quantifiable since there is no way to measure the amounts saved by avoiding mistakes that might otherwise be made. But is likely that future savings will be substantial. The Commission concludes that as a pilot project, GMO's solar power plant is economically feasible.¹⁷

Substitute the words “Ameren Missouri” for “GMO” and the Commission's statement is equally applicable to this case.

D. Factor Five. An affirmative finding on the first four factors in most instances

¹⁴ *Report and Order, supra*, at 14.

¹⁵ Exhibit 201, p. 4, l. 14 through p. 5, l. 4. Exhibit 2, p. 9, l. 16-22.

¹⁶ Tr. p. 80, l. 6-13.

¹⁷ *Report and Order, supra*, at 15.

supports a conclusion that the fifth factor is satisfied.¹⁸ It is clear that the first four factors have been satisfied by this pilot, as has the fifth factor, as evidenced by the following Commission finding in the GMO case, which is also equally applicable here:

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. GMO's proposed solar plant will do the former and, thus, it will promote the public interest.¹⁹

Ameren Missouri's distributed solar generation pilot offers its customers the same value; it is a needed bridge to the future when the Company will have to construct additional solar generation. This pilot will help Ameren Missouri answer the question of whether it should continue to construct only utility-scale plants, or whether there are advantages to utilization of Company owned and operated distributed solar generation facilities. Right now, Ameren Missouri does not have the experience it needs to answer that question. This pilot will provide that knowledge. And that benefit promotes the public interest.

CONCLUSION

This case presents the Commission with an uncomplicated question; do the learning opportunities offered by this pilot program justify the very minor cost impact to customers? Clearly the answer to that question is "yes." The Commission should approve the pilot and the blanket CCN on the terms and conditions contained within the Stipulation.

¹⁸ *Tartan, supra*, at 189.

¹⁹ *Report and Order, supra*, at 16.

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing has been e-mailed, this 4th day of November, 2016, to counsel for all parties of record.

/s/ Wendy K. Tatro