2018 Missouri Energy Policy Legislation

Building on Our Successes...Delivering on our Promises
Leadership Drives Results

Sen. Ed Emery

Rep. T.J. Berry

Keys to Success

- Leadership (Legislative and ALT)
- Bill Sponsors
- Summer 2017 Stakeholder Engagement
- IOUs’ support
- Pre-filing of legislation
- Early Supporters: MRA and MGA
- Customer-focused input
- Messaging
- POWERforward

SB 564 – Legislative Timeline

- Dec 1 - pre-filed by Sen. Ed Emery (R-31, Lamar)
- Jan 10 – SB 564 Senate Commerce Committee hearing
- Jan 17 - voted ‘do pass’ in committee
- Feb 7 – Perfected in the Senate
- Feb. 14-15 - Senate floor debate and Third Read Vote and passage (25-6)
- March 14 – Voted Do Pass in House Utilities Committee (11-1)
- May 16 – Voted Do Pass in House (125-20)
- June 1 – Signed into law by the Governor
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<td>Missourians for a Balanced Energy Future</td>
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Polling

- Survey conducted January 6 through January 7, 2018.
- 1,017 likely voters participated in the survey.
- Survey weighted to match expected turnout demographics for the 2018 General Election. Margin of Error is +/-3%.
- Totals do not always equal 100% due to rounding.
- Survey conducted by Remington Research Group as published in Missouri Scout on January 9, 2018.

**Missouri Poll Finds Widespread Support for Legislation that Advances Smarter, More Secure, More Stable Energy Future**

- **70%**
  - Of Missourians favor legislation that would make Missouri’s energy grid smarter, more secure and more stable, while creating rate caps and maintaining strict regulatory oversight and consumer protections.

- **71%**
  - Of Missourians favor legislation that accelerates energy companies’ improvements in smart grid technology, which introduces more clean and renewable power to save customers money in the long term, gives consumers real tools to lower their energy bills, provides real-time information on consumers’ smart phones, prevents power outages and restores power more quickly when outages do occur.

- **79%**
  - Of Missourians favor legislation that accelerates energy companies’ improvements in cyber and physical security that protects the electric grid and customer data from cyberattacks and hackers.
Ameren Missouri research on stakeholders and customers revealed that three things were of paramount importance.

These three things became the building blocks for the 2017-2018 messaging campaign... **Smart. Secure. Stable.**

**Missouri’s Energy Future**

**SMART. SECURE. STABLE.**

To give Missourians smarter, more secure and more stable energy, Missouri needs legislation that helps advance smart technologies while maintaining strict regulatory oversight and consumer protections such as strong rate caps.

The legislation under consideration by the Missouri General Assembly is a win for customers and offers:

**SMART ENERGY**
- A smarter energy grid delivers:
  - More customer control and conveniences on energy usage
  - Better protection from power outages
  - Shorter outages if they do happen
  - Faster identification and correction of issues

**SECURE ENERGY**
- A more secure energy grid offers:
  - Better safeguards against physical and cyber threats
  - Stronger defenses to stay one step ahead of evolving threats

**STABLE ENERGY RATES**
- Rate cuts and caps provide:
  - A rate cut of $100 million from the recent federal tax benefit
  - More stable and predictable energy bills with a 2.85% hard rate cap
  - Strict regulatory oversight and consumer protections

**Goals of this legislation:**

- **Rate cuts** for customers
- **Rate caps** for customers
- **3,000 jobs** for communities in Missouri
- **$1 billion** in energy grid modernization
- **$65 million** in tax revenue for schools, roads, bridges and fire districts
- **Cleaner energy** such as wind and solar
Messaging – POWERforward website and Video

https://youtu.be/IYA350U6f6Y
More than 160 formal Supporters (for SB 564 and the Missouri Energy Policy Legislation)

www.powerforwardmo.com
Building on our Successes

- Focus was on consumer benefits:
  - Rate Cut
  - Rate Freeze
  - Rate Caps
  - Energy grid hardened against physical and cyber-attacks through additional $1 billion energy grid investment over the next five years
  - Reduced/eliminated outages
  - Job Creation
  - Tax Benefits to local communities

SENATE BILL 564
Reduces Consumers' Energy Costs

**SB 564 will:**
- Cut electric rates by approximately 4-5% for Ameren Missouri customers within 90 days of bill passage
- Freeze electric rates for three years from the most recent rate increase
- Cap future electric rate increases at 2.85% annually, the most consumer-friendly cap in the country and unprecedented in Missouri
- Save nearly $1,200 for a typical residential electric customer, over the next six years, compared to the 10-year average.
Delivering on our Promises to build a smarter energy future that is better for our customers, our communities, and our state’s economy.

SB 564 is a great first step to Growing our State’s Economy!

- **Rate Cut** of 6%, or more than $160 million, for Ameren Missouri customers – will be implemented on Aug. 1. Missouri’s regulatory framework did not have mechanisms in place to return the federal tax benefit without going through a regulatory rate review at the Missouri Public Service Commission, which could have taken a year or more.

- **Rate Freeze** until 2020. Ameren Missouri customers will incur no base rate increases.

- **Rate Cap** of 2.85% annual average increase for the term of the 5-year program, which contrasts with the 5% average annual increases over the last 10 years customers have experienced.

- **$1 billion in grid improvements** that accelerate and introduce new smart grid technologies to eliminate or reduce service interruptions for customers and provide them with more choices and conveniences.

- **Job Creation and Tax Benefits** – A byproduct of additional energy grid investment is the approximate 3,300 direct and indirect jobs that will be created, along with an additional $55 million in tax revenue for Missouri communities.
Wait...there’s more

SB 564 Provisions:

• **Lower Rates** with multi-year caps

• **High and improving reliability**

• **An extraordinary economic development rider** with a 5 year 40% discount on new electric load

• **Solar Rebates** – $28 million available starting in January 2019 for customers who install private solar

• **New Utility-Owned Solar** – requires Ameren Missouri to invest another $14M
Growing Missouri’s Economy

- Additional Investments Improve Reliability, Help Customers
  - **New Missouri Wind Energy Investment** – Ameren Missouri will invest an additional $1 billion to develop at least 700 MW of new wind generation. More than 175 wind turbines will be built in Adair and Schuyler Counties, powering more than 120,000 homes by 2020.
  
  - **Mark Twain Transmission Line Project** – Enables the new wind farm through the expanded transmission capacity made possible by the new transmission line from Palmyra to Kirksville. Vital to expanding renewable generation.
  
  - **Missouri Energy Efficiency Investment Act** – includes 26 programs with $285 million in rebates available for both residential and business customers. The six year program will save 2 billion kilowatt hours of energy, further reducing carbon emissions; the equivalent of taking 319,000 cars off the road.
  
  - **Renewable Choice Program** – Large commercial and industrial customers and municipalities of any size can receive up to 100% of their energy from clean, renewable resources.
Other Legislation that Passed

• Coal Combustion Residuals
  • Authorizes MO DNR to oversee and regulate CCR ash ponds vs. EPA regulation

• Nuclear Security Guard Act
  • Brings MO law in line with federal law for protecting our Callaway Energy Center, our security officers and the health and safety of the public
Thank You.

- Plant in Service Accounting (PISA) with requirement of grid plan filing and Commission need determination should plan be extended for five additional years
  - Allows for recovery of 85% of the cost of capital and depreciation on most infrastructure which goes into service to serve customers, with offsets for depreciation, ADIT and certain other items.
  - This is only recovered in a rate review case for a term of 5 years.
  - Five-year term can be extended upon application by an electrical corporation based on the Commission’s evaluation of the costs and benefits of continuation and an evaluation of the need for continuation, to be determined after a hearing.
  - Requires submission of a five year capital plan.
  - Only 6% of total capital expenditures in any given year can be smart meters.
  - At least 25% of costs in year year's capital plan shall compromise grid modernization projects, including cyber-security provisions.

- Decoupling for electrical corporations who do not elect PISA
- Technical correction of outdated language in the PSC Law
- Federal Tax Issue, one time rate adjustment within 90 days to account for federal tax change.
- Energy generation units having a capacity of 1 megawatt or less are exempt from the requirement to obtain a certificate of convenience and necessity from the Commission.
- Economic Development Rider - Encourages addition of new electric load
- Requires electrical corporations with more than one million Missouri customers to implement a contractor qualification
- Rate Case Freeze and Rate Caps for utilities opting to utilize PISA
- Requires electrical corporations to invest in utility scale solar:
  - if more than one million Missouri customers, $14 million
  - if more than 200,000 customers, but less than one million, $4 million
  - if less than 200,000 customers, $3.5 million
- Requires payment of additional solar rebates in 2019 – 2023 subject to certain limitations