



Written Testimony of Shawn Schukar
Sr. Vice President Transmission Business Development for Ameren Services Company
Before the House Energy and Environment Committee
In Opposition to H. B. 2623
February 12, 2016

Introduction

Chairman Hedke, Vice Chairman Alford, Ranking Minority Member Kuether, and Members of the Committee, my name is Shawn Schukar, Senior Vice President Transmission Business Development of Ameren Services Company. I would like to thank you for this opportunity to provide written testimony in opposition to H. B. 2623. Ameren Corporation (Ameren), based in St. Louis, is a Fortune 500 company listed on the New York Stock Exchange under the symbol AEE and is the parent company of Ameren Illinois Company, Union Electric Company (d/b/a Ameren Missouri), Ameren Transmission Company, Ameren Transmission Company of Illinois, ATX Southwest LLC, and Ameren Services Company. Through its operating subsidiaries, Ameren has more than 100 years of experience in providing safe, reliable, low cost electric service to its customers. In addition, here are a few other facts about Ameren's operating subsidiaries:

- Largest electricity provider in Missouri
- Owns , operates, and maintains more than 7,500 circuit miles of transmission lines in Missouri and Illinois
- Employs more than 8,500 people
- Serves 2.4 million electric customers and more than 900,000 natural gas customers across a 64,000-square-mile area.
- Safely and reliably operates multiple interconnections with KCPL, a transmission owner in the State of Kansas

Ameren's operating subsidiaries are focused on providing safe, reliable and low cost electric service to their customers throughout their service territories by relying upon the skills of their employees, contractors, and mutual aid agreements with other transmission owners during times of extreme conditions. In addition to their focus on existing customers, certain of Ameren's operating subsidiaries are seeking opportunities to construct, own, operate, and maintain high voltage transmission lines outside their current service territories. Ameren is confident its operating subsidiaries can use the skills and experience of their employees and contractors to provide safe, reliable, and cost competitive electric service in neighboring states, as well as other regions of the country that are outside of their existing service areas.

Competition and Reliable Electric Transmission Service

Since July 2011, construction of new electric transmission projects has been open to competition under certain circumstances. Those circumstances require the new projects be identified as part of a regional transmission planning process in which costs of the new projects are shared regionally. Competition does not extend to modifications of or upgrades to existing transmission facilities, the right to which continues to reside with the existing transmission facility owner.

As a result of competition, Regional Transmission Organizations (RTOs) such as the Southwest Power Pool (SPP) have developed non-discriminatory transmission planning processes to identify and select the most efficient or cost-effective solution to the regions' transmission needs. Each RTO, including SPP, established a process to ensure all entities seeking to construct, own, operate, and maintain new transmission projects are able to do so in a safe and reliable manner. In SPP, new developers and incumbent transmission owners are required to qualify through the Qualified RFP Participant (QRP) process to be eligible to bid for and win a competitive transmission project. The QRP process requires entities to demonstrate their experience and abilities in providing safe and reliable service. In fact, SPP weighs the ability to provide operations, maintenance, and safety more heavily than any other RFP evaluation metric. Ameren believes the requirements established by SPP in evaluating reliable and safe operations and maintenance are an effective means of ensuring Kansas residents will receive safe and reliable electric service while benefiting from competition, whether the project is won by a current transmission owner in Kansas or a new competitive supplier.

Ameren Concerns with H. B. 2623

H. B. 2623 would eliminate competition for new transmission projects between 100kV and 200kV by limiting the right to construct, own, operate, and maintain these new projects to "incumbent electric transmission owners." By eliminating competition in these new transmission projects, electricity customers in Kansas will be denied the benefits of competition enjoyed by electricity consumers in many other parts of the country. For example, the introduction of competition for the right to develop new transmission projects has led to a shifting of risk away from ratepayers and onto transmission developers. In California (CAISO) and New Jersey (PJM), non-incumbent transmission developers have won competitive transmission projects primarily because they submitted proposals that shift the burden of increased project costs away from ratepayers and onto the non-incumbent transmission developers through cost caps or cost containment mechanisms while demonstrating the ability to safely and reliably build, maintain, and operate the transmission projects. Without the presence of competition, the shifting of these risks from ratepayers to transmission developers through cost caps and cost containment mechanisms are unlikely to occur.

In addition to protecting customers from actual project costs in excess of projected costs, competition has led to reductions in expected project costs. As mentioned previously, non-

incumbent developers have won projects in CAISO and PJM which are currently estimated to provide cost savings between 25% and 60% from the original RTO estimates. Competition for new transmission projects has caused developers to re-evaluate traditional utility risk profiles while still being able to meet stringent North American Electric Corporation (NERC) reliability standards.

Conclusion

If H.B. 2623 is enacted into law, electricity consumers in Kansas can expect to lose the ability to benefit from cost caps, cost containment mechanisms, and different risk profiles that have occurred as a direct result of competition in other RTOs. Concerns about the ability of non-incumbent transmission developers to provide safe and reliable service to electricity consumers in Kansas are unfounded. Ameren's operating subsidiaries have been providing safe and reliable transmission service across multiple states for years and would bid only on transmission opportunities for which they can continue to deliver safe, reliable, and cost competitive service. Also, as described above, SPP has gone to great lengths to ensure competitive transmission projects will be constructed, owned, operated, and maintained according to the strict standards of reliability established by NERC -- the same standards of reliability required of incumbent transmission owners. Ameren believes H. B. 2623 will not enhance reliability in the region, but will instead deny consumers the benefits of competition described above. Thus, Ameren asks that you not support the bill.