ILLINOIS COMMERCE COMMISSION THERMAL ENERGY WORKSHOP

Ameren Illinois Company's Final Comments

Ameren Illinois Company d/b/a Ameren Illinois ("Ameren Illinois" or "AIC") appreciates the opportunity to provide its Final Round of comments in association with the Illinois Commerce Commission's ("Commission") Thermal Energy Network Workshop Series. Ameren Illinois' comments are in response to Staff of the Illinois Commerce Commission's ("Staff") request for comments "on issues not previously addressed and recommendations regarding the thermal energy networks".

As an initial matter, Ameren Illinois would like to express its appreciation to Staff and interested stakeholders for engaging in a robust discussion surrounding the development of a regulatory framework for thermal energy networks ("TEN"). Ameren Illinois recognizes that the TEN workshops are a first step in Illinois' evaluation of whether thermal energy networks are in the public's interest, and Ameren Illinois looks forward to continued dialogue with interested stakeholders on the merits of thermal energy networks in Illinois.

Consistent with its Round 1 Comments, Ameren Illinois continues to advocate for utility ownership and operation of thermal energy networks. A large-scale thermal energy network is an energy delivery system. It shares similar characteristics with electric or natura gas distribution networks and works in conjunction with those systems. . Ameren Illinois, as a combination electric and natural gas utility, has extensive experience operating electric and natural gas distribution systems and could proficiently integrate TENs to the energy network.

To maximize value to customers, Illinois should allow the utilities' demonstrated provision of safe and reliable natural gas and electric distribution service to extend to the provision of thermal energy. Leveraging existing utility infrastructure – both physical e and otherwise – would make the development and implementation of a thermal energy network more efficient and potentially cost-effective. The development and construction of any thermal energy network will necessarily require a local workforce. Ameren Illinois, through its Commission-approved Energy Efficiency initiatives, for example, has already established a rapport with local workforces and community partners. By integrating thermal energy networks with Ameren Illinois' Energy Efficiency programs, customers – including income qualified customers - would receive the benefit of an already established network of community partners, vendors, and local workforces.

The development of a rate structure and utility cost recovery will be critical to the success of a thermal energy network and will need to be structured in a way that accounts for costs impacts to natural gas customer base. Collaboration with interested stakeholders is necessary to develop a rate design that is equitable and affordable to advance state objectives. For example, during the workshops parties discussed the propriety of a combined natural gas/thermal energy rate structure. Such a rate structure may address affordability concerns by including thermal energy customers with natural gas customers, thereby unburdening natural gas customers from shouldering the cost impact of a reduced natural gas customer base. This is especially true since thermal energy network integration may not be readily available in low-income communities. A reduced natural gas

customer base would disproportionately affect low-income customers since the costs of maintaining the natural gas system would negatively impact those disadvantaged customers.

Ameren Illinois recognizes that developing a regulatory structure for large scale thermal energy networks will require legislative and administrative action. The General Assembly will likely need to amend 220 ILCS 5 ("The Public Utilities Act" or "The Act") to establish a system for the provision of safe, reliable, cost-effective thermal energy to customers, as well as establishing a cost-recovery mechanism that allows utilities certainty in cost recovery. The Commission likely need to establish a process that allows stakeholders to collaborate on methods to best achieve the State's decarbonization and equity goals via the use of thermal energy networks.

Whether thermal energy networks are in the public interest is a question that the Illinois legislature has tasked stakeholders – through this workshop process – to help inform. Should the Illinois legislature answer that question in the affirmative, Ameren Illinois believes that utilities are in the best position to plan, build, own, and operate thermal energy network infrastructure. In addition to the operation of thermal energy networks, natural gas distribution system infrastructure can be leveraged to provide a safe and reliable backup energy source.

Ameren Illinois acknowledges that the first step to the ownership and operation of a utility scale thermal energy network is to allow the utility to helm a pilot program. Ameren Illinois believes that with its extensive experience as a dual fuel electric and natural gas utility, it is a prime pilot program candidate to develop and implement a thermal energy network in its service territory. Ameren Illinois looks forward to working with stakeholders to develop the appropriate thermal energy network framework, and developing a thermal energy pilot program that provides safe, reliable, cost-effective energy to customers in Ameren Illinois' service territory.