Q1 2022 Earnings Call

Company Participants

- Andrew Kirk, Director, Investor Relations
- Marty Lyons, President and Chief Executive Officer
- Michael L. Moehn, Executive VP, Chief Financial Officer

Other Participants

- Anthony Crowdell, Analysts, Mizuho
- Jeremy Tonet, Analysts, JP Morgan
- Julien Dumoulin-Smith, Analysts, Bank of America Merrill Lynch
- Paul Patterson, Analysts, Glenrock Associates
- Shar Pourreza, Analysts, Guggenheim

Presentation

Operator

Greetings and welcome to Ameren Corporation's First Quarter 2022 Earnings Call. At this time, all participants are in a listen-only mode. Brief question and answer session will follow the formal presentation,

(Operator Instructions).

It's now my pleasure to introduce your host Andrew Kirk; Director of Investor Relations for Ameren Corporation. Thank you, Mr. Kirk. You may now begin.

Andrew Kirk {BIO 20578297 <GO>}

Thank you and good morning. On the call with me today are Marty Lyons, our President and Chief Executive Officer and Michael Moehn, our Executive Vice President and Chief Financial Officer as well as other members of the Ameren management team joining us remotely. Marty and Michael will discuss our earnings results and guidance as well as provide a business update. Then, we will open the call for questions.

Before we begin, let me cover a few administrative details. This call contains time-sensitive data that is accurate only as of the date of today's live broadcast and redistribution of this broadcast is prohibited. To assist with our call this morning, we have posted a presentation on the amereninvestors.com homepage, that will be referenced by our speakers.

As noted on Page 2 of the presentation, comments made during this conference call may contain statements that are commonly referred to as forward-looking statements. Such statements include those about future expectations, beliefs, plans, projections, strategies, targets, estimates, objectives, events, conditions and financial performance. We caution you that various factors could cause actual results to differ materially from those anticipated. For additional information concerning these factors, please read the forward-looking statements section in our news release we issued yesterday and the forward-looking statements and risk factors sections in our filings with the SEC. Lastly, all per share earnings amounts discussed during today's presentation, including earnings guidance are presented on a diluted basis, unless otherwise noted.

Now, here's Marty, who will start on Page 4.

Marty Lyons {BIO 3816383 <GO>}

Thanks, Andrew. Good morning everyone and thank you for joining us. We've had a solid start to the year and our team continues to effectively execute our strategic plan across all of our business segments, allowing us to deliver consistently strong results for our customers and shareholders. Yesterday, we announced first quarter 2022 earnings of $0.97 per share compared to earnings of $0.91 per share in the first quarter of 2021. The year-over-year increase of $0.06 per share reflected increased infrastructure investments across all of our business segments, that will drive significant long-term benefits for our customers. The key drivers of our first quarter results are outlined on this slide. I'm pleased to report that we remain on track to deliver within our 2022 earnings guidance range of $3.95 per share to $4.15 per share. Michael will discuss our first quarter earnings, 2022 earnings guidance, and other related items in more detail later.

Moving to Slide 5, you will find our strategic plan reiterated. We continue to invest in and operate our utilities in a manner consistent with existing regulatory frameworks, enhance regulatory frameworks and advocate for responsible energy and economic policies, and create and capitalized on opportunities for investment for the benefit of our customers, shareholders, and the environment.

Turning now to Page 6, which highlights our commitment to the first pillar of our strategy, investing in and operating our utilities in a manner consistent with existing regulatory frameworks. Our strong long-term earnings growth guidance is primarily driven by our infrastructure investment and rate-based growth plans, which are supported by constructive regulatory frameworks. Our plan includes strategically allocating capital to all four of our business segments. You can see on the right side of this page, we have invested significant capital in each of our business segments during the first three months of this year in order to maintain safe and more reliable operations, all while facilitating and driving a clean energy transition. Regarding regulatory matters in late February, new Ameren Missouri electric and natural gas service rates went into effect, reflecting significant investment in grid modernization, reliability, resiliency, security, and renewable energy generation.

In addition, in April, Ameren Illinois filed its required annual electric distribution rate update reflecting similar infrastructure investments and service improvements in that jurisdiction and requesting an $83 million increase. Ongoing investment across all four business segments is building a safer, stronger smarter, and cleaner energy grid for our customers now and in the future. At the same time, we are maintaining discipline with regard to costs, leveraging our investments and focusing on continuous improvement to optimize our performance and drive greater value for our customers.

Moving to Page 7, in the second pillar of our strategy, enhancing regulatory frameworks and advocating for responsible energy and economic policies. Over the last several years, we have worked hard to enhance the regulatory frameworks in both Missouri and Illinois to enable meaningful and needed infrastructure investments to support reliability, resiliency, and safety. In order to consistently deliver strong value for our customers, communities, and shareholders, while practicing responsible environmental stewardship, we continue to work towards enhancing regulatory frameworks and advocating for responsible energy and economic policies. Workshops related to the implementation of the Illinois Energy Transition Legislation enacted last year are ongoing and performance metrics related to the multi-year rate plan are expected to be approved by the ICC by late September.

We believe this legislation will support important energy grid investments and will deliver value to customers, such as the utility owned solar and optional battery storage pilot projects in two communities, Peoria and East St. Louis. We are excited to announce that we began construction of an approximate $10 million, 2.5 megawatt solar energy facility in East St. Louis in early March. This energy center will strengthen the energy grid while building a cleaner energy future for this Illinois community. Before moving on, I'd like to briefly discuss recent energy and capacity purchases made by the Illinois Power Agency on behalf of our Ameren Illinois Customers for the upcoming June 2022 through May 2023 planning year.

As you know, global events have been impacting the cost of energy commodities and power prices in the Midwest have been elevated. Further a combination of factors, including higher energy usage, a reduction of dispatchable generation, and the constructive MISO's capacity market, are all being cited as causes of a spike in regional capacity prices. Unfortunately, as a result of these factors, some of our Illinois customers will be seen a meaningful increase to the energy supply component of their bills beginning in June. It is important to note that energy and capacity costs are passed onto our Ameren Illinois customers through a rider with no markup[ph].

While factors leading to these increases and potential prospective mitigation will undoubtedly be discussed amongst stakeholders, our approach remains the same. We will continue to focus on supporting our customers and communities by connecting them with bill assistance where needed and continuing to invest strategically to support a responsible clean energy transition in Illinois.

Moving now to Page 8 and Missouri Legislative Matters. As part of the Ameren Missouri's Smart Energy Plan, a multi-year effort to strengthen the grid, our customers are benefiting from stronger poles, more resilient power lines, smart equipment, including modern substations and upgraded circuits to better withstand severe weather events and restore power more quickly.

I am pleased to report that yesterday afternoon, Senate Bill 745 passed by strong majority support in the General Assembly. This bill enhances the Smart Energy Plan Legislation enacted in 2018. More specifically, the bill extends the sunset date on the current Smart Energy Plan Legislation through December 31, 2028 with an extension through December 31, 2033 if the utility request and the PSC approves. The bill also modifies the rate cap beginning in 2024 from the current 2.85% compound annual all in cap on growth in customer rates to a 2.5% average annual cap on rate impacts of PISA deferrals. In addition, the bill expands and extends economic development incentives and provides for a property tax tracker. The bill will now be sent to the Governor for signature. We believe extending Missouri Smart Energy Plan will continue to benefit our customers and communities as we transform the energy grid of today to build a brighter energy future for generations to come, all while creating significant economic development and jobs in the state.

Turning to Page 9, we will now provide an update on developments related to our plan to accelerate the retirement of the Rush Island Energy Center. As discussed on a year-end earnings call in late February, Ameren Missouri filed an Attachment Y with MISO, notifying it of our intention to close the Energy Center. As a result of that filing, MISO is now studying the grid reliability implications of Rush Island's planned closure in order to determine any investments and interim operating parameters required prior to closure in order to mitigate system reliability risks.

I would note MISO's preliminary study completed in January 2022 recommended transmission upgrades and indicated additional voltage support will be needed on the transmission system to ensure reliability. While MISO is under no deadline to issue a final report, we expect a draft report will be issued this month. The District Court, which is awaiting MISO's analysis, is also under no deadline to issue a final order regarding the accelerated retirement date. Ameren Missouri expects to file an update to its 2020 Integrated Resource Plan with the Missouri PSC in June, which will reflect the expected, accelerated retirement date of the Rush Island Energy Center. Such filing will also include discussion of the expected use of securitization in order to recover the remaining investment in Rush Island. We continue to work with all parties involved to move forward with the accelerated retirement in the most responsible fashion.

On Page 10, we turn our focus to the third pillar of our strategy, creating and capitalizing on opportunities for investment for the benefit of our customers, shareholders, and the environment. This page provides an update on the MISO long-range transmission planning process. As we have discussed with you in the past, MISO completed a study outlining the potential road map of transmission investments through 2039, taking into consideration the rapidly evolving generation mix that includes significant additions of renewable generation based on announced utility integrated resource plans, state mandates, and goals for clean energy or carbon emission reductions as well as electrification of the transportation sector among other things.

Under MISO's Future 1 scenario, which is the scenario that resulted in an approximate 60% carbon emission reduction below 2005 level by 2039. MISO estimates approximately $30 billion of future transmission investment would be necessary in the MISO footprint. Under its Future 3 scenario, which resulted in an approximate 80% reduction in carbon emissions below 2005 levels by 2039. MISO estimates approximately $100 billion of transmission investment in the MISO footprint would be needed. As part of Tranche 1, MISO working with key stakeholders, including transmission owners has identified projects located in MISO North, estimated to total more than $10 billion. The projects crossing through our Missouri and Illinois service territories provides significant investment opportunities.

We believe we are well positioned to execute on these projects given the location of the projects and our expertise constructing large regional transmission projects. MISO approval of Tranche 1 is expected in late July. Work on three additional tranches has begun and MISO has indicated that initial set of Tranche 2 projects also located at MISO North, is scheduled to be approved in the first quarter of 2023. Projects including Tranche 3 are expected to be located MISO South, with approval scheduled in the fourth quarter of 2024, while projects identified in Tranche 4 are expected to improve transfer capability between MISO North and MISO South with approval scheduled in the fourth quarter of 2025.

Moving now to Page 11, we are focused on delivering sustainable energy future for our customers, communities, and our country. This slide summarizes our strong sustainability value proposition and focus on environmental, social, governance and sustainable growth goals. Our preferred plan included in Ameren Missouri's 2020 IRP, supports our goal of net zero carbon emission by 2050, as well as interim carbon emission reduction targets of 50% and 85% below 2005 levels by 2030 and 2040 respectively, which is consistent with the objectives of the Paris Agreement and limiting global temperature rise to 1.5 degree Celsius.

As previously noted, the IRP will be updated in June to reflect, among other things, MISO's long-range transmission planning, legislative and regulatory developments, and the early retirement of Rush Island. We continue to work diligently to optimize our sustainability value proposition, including our clean energy transition and, just last month, we announced completion of our newest clean energy resource, a 6 megawatt solar facility. The Montgomery County Solar Center is part of our Missouri Community Solar program, which began in 2018, offering customers the opportunity to invest in solar energy generation in their community through a shared system. The energy centers is now up and running and supporting more than 2000 customers who want to take part in clean energy generation without having to pay high upfront cost to install solar equipment on their own roofs or property. The program is fully subscribed and we are evaluating expansion opportunities at additional sites. We also have a strong long-term commitment to our customers and communities to be socially responsible and economically impactful.

I'm excited to say that this week DiversityInc announced once again that they have named Ameren number one on their top utilities list for diversity and inclusion. A list, we have probably been part of since 2009. DiversityInc also recognized Ameren as a top company for veterans, black executives as well as a top company for ESG among all industries. This slide highlights a few of the many things we are doing for our customers and communities, including being an industry leader in diversity, equity, and inclusion. Further our strong corporate governance is led by a diverse Board of Directors focused on strong oversight that's aligned with ESG matters. We recently named our first Chief Sustainability and Diversity Officer to further optimize our ESG impact by aligning these interconnected areas. Finally, this slide summarizes our very strong sustainable growth proposition, which remains among the best in the industry.

As mentioned on our call in February, we have a robust pipeline of future investments that will continue to modernize the grid and enable the transition to a cleaner energy future. This pipeline includes over $45 billion of investment opportunities over the next decade that will deliver significant value to all of our stakeholders by making our energy grid stronger, smarter, and cleaner. Of course, our investment opportunities will not only create a stronger and cleaner energy grid to meet our customers needs and exceed their expectations, but they will also create stronger economies and thousands of jobs for the communities we serve. I encourage you to take some time to read more about our strong sustainability value proposition, you can find all of our ESG-related reports at amerensinvestors.com.

Turning to Page 12, to sum up our value proposition, we remain firmly convinced that the execution of our strategy in 2022 and beyond will deliver superior value to our customers, shareholders, and the environment. In February, we issued our five year growth plan, which included our expectation of a 6% to 8% compound annual earnings growth rate from 2022 through 2026. This earnings growth is primarily driven by strong rate base growth supported by strategic allocation of infrastructure investment to each of our operating segments based on their constructive regulatory frameworks. I will note renewable generation and regionally beneficial transmission projects represent additional investment opportunities.

We expect to announce further agreements for the acquisition of renewables over the course of this year and to file Certificates of Convenience and Necessity or CCN's with the Missouri PSC after the updates to the 2020 IRP have been filed in June. We expect to deliver strong long-term earnings and dividend growth, which results in an attractive total return that compares favorably with our regulated utility peers. I am confident in our ability to execute our investment plans and strategies across all four of our business segments as we have an experienced and dedicated team to get it done.

Again, thank you all for joining us today and I will now turn the call over to Michael.

Michael L. Moehn {BIO 5263599 <GO>}

Thanks, Marty and good morning everyone. Turning now to Page 14 of our presentation. Yesterday, we reported first quarter 2022 earnings of $0.97 per share compared to $0.91 per share for the year-ago quarter. Earnings in Ameren Missouri, our largest segment, increased $0.01 per share due to several factors. Earnings increased by approximately $0.03 per share from higher electric retail sales driven by colder than normal winter temperatures in the first quarter of 2022 compared to near normal winter temperatures in the year ago period. We've included on this page, the year-over-year weather normalized sales variances for the quarter that showed the total sales to be up 0.5% compared to the first quarter of 2021.

The earnings comparison also reflected investments in infrastructure and wind generation eligible for PISA and RESRAM which benefited earnings in January and February by $0.03 until rates were reset. These favorable factors were partially offset by higher operations and maintenance expenses, which decreased earnings $0.05 per share. This was driven in part by the unfavorable market returns in 2022 that occurred during the first quarter on the cash surrender value of our company-owned life insurance.

Moving to other segments, Ameren Transmission earnings increased $0.03 year-over-year, which reflected the absence of the March 2021 FERC order addressing material and supplies inventories and increased infrastructure investments. Earnings for Ameren Illinois Natural Gas, were up $0.01 reflecting increased infrastructure investments and higher delivery service rates that were effective in late January 2021, partially offset by higher operations and maintenance expenses. Ameren Illinois Electric Distribution earnings also increased $0.01 year-over-year, which reflected increased infrastructure investments and a higher allowed ROE under performance based rate making of approximately 8.5% compared to approximately 8.2% for the year-ago quarter. And finally, Ameren Parent and other results were comparable to the first quarter of 2021.

Before moving on, I'll touch on the sales trends for Ameren Illinois Electric Distribution in the quarter. Weather normalized kilowatt-hour sales to Illinois residential customers decreased about 0.5% and weather normalized kilowatt-hour sales to Illinois commercial and industrial customers increased about 0.5% and 1.5% respectively. Recall that changes in electric sales in Illinois, no matter the cause, do not affect our earnings since we have full revenue decoupling.

Turning to Page 15, I would now like to briefly touch on key drivers impacting our 2022 earnings guidance. We're off to a strong start in 2022 and, as Marty stated, we continue to expect 2022 diluted earnings to be in the range of $3.95 to $4.15 per share. Select earning considerations for the balance of the year are listed on this page in our supplemental to the key drivers and assumptions discussed on our earnings call in February. I encourage you to take these into consideration as you develop your expectations for our second quarter earnings results.

Turning now to Page 16, for details surrounding the Ameren Illinois Electric Distribution rate increase request. In April, Ameren Illinois submitted a request for an $83 million revenue increase to the ICC in its annual performance based rate update. Our Illinois customers are continuing to realize the benefits of our significant investments in energy infrastructure. Since performance based rate making began in 2012, reliability has improved over 20% and over 1400 jobs have been created. J.D. Power ranked Illinois number one in residential customer satisfaction in the Midwest among large electric utility providers for 2021. Major investments included in this request are the installation of outage avoidance and detection technology, integration of storm, hardening equipment, and implementation of new technology to optimize interaction with customers. We expect the ICC decision by December 2022 with rates effective in January 2023.

On page 17, we provide a financing update. We continue to feel very good about our financial position. On April 1, Ameren Missouri issued $525 million of 3.9% green first mortgage bonds due 2052. We intend to use these proceeds in the offering to fund capital expenditures and refinance short-term debt. Subsequently, we plan to allocate an amount equal to the proceeds to sustainable projects meeting certain eligibility criteria, including investments in transmission and distribution infrastructure, designed to make the system more resilient and improved customer reliability, investments, and energy efficiency. Additionally, in order for us to maintain our credit rating and a strong balance sheet while we fund our robust infrastructure plan, consistent with the guidance in February, this year we expect to issue approximately $300 million of common equity under our at-the-market equity program.

We're well positioned to fulfill our 2022 equity needs through forward sales agreements entered in as of April 1st and expect to issue $3.4 million common shares by the end of this year upon settlement. Together with the issuance under our 401(k) (inaudible) plus programs, our $750 million ATM equity program is expected to support our equity needs through 2023.

On Page 18, we summarize our green bond issuance over the last few years. Our sustainability financing framework, one of the first of its kind for utility in the nation, supports Ameren's sustainability goals in the current target of net zero carbon emissions by 2050 as well as other social initiatives. The financing proceeds from the issuance of the framework will be allocated eligible, environmental and social projects, including renewable generation, climate change adaptation, clean transportation, socio-economic advancement, and the employment (inaudible) and just a few.

Finally, turning to Page 19, we're well positioned to continue executing our plan. We're off to a solid start and expect to deliver strong earnings growth in 2022, as we continue to successfully execute our strategy. As we look to the longer-term, we continue to expect strong earnings per share growth, driven by robust rate base growth and disciplined cost management. Further, we believe this growth will compare favorably with the growth of our regulated utility peers and Ameren shares continue to offer investors an attractive dividend. In total, we have an attractive total shareholder returns to where that that compares very favorably to our peers. That concludes our prepared remarks. We now invite your questions.

Questions And Answers

Operator

Thank you. We'll now be conducting a question-and-answer session, (Operator Instructions). Thank you. Our first question today will be coming from the line of Jeremy Tonet with JP Morgan. Please proceed with your questions.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Hi, good morning.

A - Marty Lyons {BIO 3816383 <GO>}

Good morning, Jeremy.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Thanks for having me. Just wanted to start off with MISO long-range transmission planning here at Tranche 1. Just wondering if there is any way that you could quantify what the opportunity set might be specific to Ameren here, trying to get a sense for how big that could be in your mind?

A - Marty Lyons {BIO 3816383 <GO>}

Yeah, Jeremy. I appreciate the question. Look, as we said in the prepared remarks, we certainly believe we're well positioned for projects that MISO has outlined that cross through our Missouri and Illinois footprints, but as we sit here today, we don't want to get ahead of the MISO in terms of their overall approval of the projects or the designation of which ones are brownfield or greenfield projects. So, we do expect that when they approve these projects in July, we expect that they will designate which ones are brownfield, (inaudible) indicate which transmission owner has been assigned those projects so, and I would just say stay tuned as I said in the February call, we expect to have more to discuss on our Q2 earnings call.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Got it. Will eagerly await that. And just want to see that there is some new development in Missouri as well as it relates to PISA and just wondering if that comes through, what your thoughts would be there as far as PISA flexibility in how that impacts the Ameren's planning?

A - Marty Lyons {BIO 3816383 <GO>}

Yeah. Thanks, Jeremy. Yeah, we were actually very pleased that yesterday the Legislature did pass Senate Bill 745, which is great. That's a bill that really extends the longevity of the Smart Energy Plan that we have in Missouri. And so we're very appreciative of the strong support of the Legislature with regard to that legislation and I think it's a recognition that the investments that we've been making in Missouri have really been producing good benefits for our customers in terms of safety and reliability of the service that we provide and the fact that we're really scratching the surface in terms of the investments that we need to replace aging infrastructure and modernize our equipment throughout our Missouri footprint.

I think it's also a recognition of the economic development benefits associated with that legislation. We are having a positive impact as we invest on our economies through the creation of jobs, we concentrate on using Missouri vendors substantially for the things that we procure and the things that we invest in, and there is some great economic development incentives rates associated with this legislation that help Missouri businesses grow as well as attract Missouri businesses to the state. So, we're really excited about the legislature passing Senate Bill 745. Tt now heads to the Governor's desk for signature and we're excited to be able to extend the benefits of the Smart Energy Plan prospectively.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Got it. That's helpful. And just one last one if I could on a similar note recent eminent domain legislation Missouri. Could you comment on the implications for greenbelt MISO or anything else as far as investment that could be related to Ameren and the state going forward there?

A - Michael L. Moehn {BIO 5263599 <GO>}

Yeah. I think, I don't think with respect to that legislation that there are any immediate impacts other than making sure that as we move forward in time to the extent that there are greenfield transmission projects that owners of agricultural properties are compensated fairly for, for their property. I think that's the primary impact going forward.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Got it. I'll leave it there.Thank you.

Operator

Thank you. Our next question is from the line of Julien Dumoulin Smith with Bank of America. Please proceed with your questions.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Hey, good morning. This is Darius[ph] on for Julian. Thanks for the time. Maybe just on the proposed multi-year rate plans for Illinois Electric. I know it's somewhat early in the process still, but can you maybe discuss a little bit about what type of performance metrics are being considered as you go through that workshop profit?

A - Michael L. Moehn {BIO 5263599 <GO>}

Yeah, you bet. Good morning, this is Michael Moehn. I would say things are moving along just fine there and a lot of constructive conversations, workshops, et cetera, There are a number of different paths that are occurring, there's one associated with the performance metrics, I'll give you a few details there. There is one around a multi-year grid plan et cetera, and so I think they're all moving along as we sort of anticipated last year and so nothing we see that's concerning.

With respect to the performance metrics themselves, it really is kind of the standard stuff that you would think about from like a reliability standpoint. So, system average of days of disruption, you're looking at customer metrics in terms of customer response time on calls, et cetera. So kind of standard stuff. Right now, we are advocating for about 24 basis points, so there's about 8 different metrics and ascribing 3 basis points to each one of those metrics. Everything still should be on track to conclude here by September of this year and then at that point in time we make the decision, and as we've said before, we see ourselves opting into that and then the multi-year rate plan we need to be filing in January of '23.

That help?

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

That does help. That's very helpful. Appreciate it. And maybe just one other one on the equity financing. I just want to confirm that the the forward agreement that you guys executed for your funding in '22 that takes off requirements for the full year other than the drip. And then also the amount under the forward agreement, that's part of the 750 included under the ATM program. Is that accurate?

A - Michael L. Moehn {BIO 5263599 <GO>}

Yeah, you got both of those correct. (Inaudible) $300 million that we have sold for that does take care of the requirements here that we outlined in February for 2022 and then that is part of that 750, that 750 should get us through the end of 2023.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Okay, great, thank you for clarifying that. I'll leave it here.

A - Marty Lyons {BIO 3816383 <GO>}

You bet.

Operator

Our next question is coming from the line of Shar Pourreza with Guggenheim Partners. Please proceed with your question.

Q - Shar Pourreza

Hey, good morning guys.

A - Marty Lyons {BIO 3816383 <GO>}

Good morning, Shar.

Q - Shar Pourreza

Marty, if you could, I'd like to maybe touch on Illinois, the bill and kind of the reliability backdrops seems to be a little bit noisy amid sort of the year over year jump in PRA costs, planned retirements under (inaudible) and just the general concerns that obviously is coming from some of the C&I customers. I guess how do you sort of see this kind of resolving in the next couple of years especially as you are looking to go through multi-year rate plans in the interim?

A - Marty Lyons {BIO 3816383 <GO>}

Yes, sure, there's certainly a lot there. I think, first of all, backdrop to your question is that recently, we've been seeing higher power prices here in the Midwest and then recently, as a result of the MISO capacity auction, we also saw capacity prices clear at high prices really at cost of new entry and those higher costs of power prices as well as the capacity prices then will be borne by Illinois customers. Obviously, we know it's a retail choice state, typically what we've seen is that various retail electric suppliers have suppled about 60% to 65% of our customers and then around 30% to 35% have procured their power through us, but when they do, of course, it's really the Illinois Power Agency that does the procurement of the power and the capacity and as they've reported those prices were elevated and, therefore, some of our customers are going to see meaningful increases in their bills starting here in June. So I think first of all, concern for our customers. We're trying to make sure that we provide education about the impact of these higher prices, so that people know what to expect and they can take actions accordingly. And we're also offering bill assistance where needed as well as, of course, reinforcing the opportunities under our energy efficiency programs, which are robust in the state.

And then some customers obviously will be still taking power through local (inaudible) aggregation programs, things of that nature that may actually not see bill increases immediately, but we are certainly concerned about those customers. Then, more broadly, I think you say, how does this resolve itself. I think that first of all as we go into the summer, there are concerns about just reliability. I would say when you see prices clear (inaudible), it's a sign that the resources to supply the load with cushion are tight.

So, we expect that MISO will be tight this summer, we expect that the MISO itself that is ultimately responsible for ensuring grid reliability and certainly going to be doing everything they can working with stakeholders as we head into warm weather situations to ensure that every possible resource is available to supply customers and certainly we'll be doing all we can as a company, especially when we look at our Missouri Energy Resources to make sure that they are available and ready to go in the hot weather months and so. Again, I think that's some of the efforts in the short-term

In the long-term, we'll see how this plays out, I mean with capacity prices clearing account, it's a clear signal to the market that more is needed in terms of dispatchable energy resources to meet our load and we'll have to see how all of that plays out, and we'll be working with stakeholders as appropriate throughout all of that to help mitigate that situation in the long-term. As it relates to our multi-year rate plan, as Michael said, we were sort of marching towards a filing here in January, related to that multi-year rate plan that then the Illinois Commerce Commission would rule on towards the end of '23 with implementation in 2024.

As I said on the prepared remarks, we still have significant aging infrastructure in Illinois, the investments that we're making are producing improved reliability for our customers, ensuring we provide safe and reliable service. And I think even what we're seeing in terms of the tight market situation, Illinois is an appropriate backdrop for continued investment in infrastructure, both transmission as well as distribution infrastructure. So, we still see the need for the investments that we're making in Illinois and don't see any impact right now on the multi-year rate plan filing itself and moving forward with that from the backdrop that we discussed.

Q - Shar Pourreza

Got it. That's perfect. And then lastly for me, obviously, you have the opportunity to earn on some of your generation length in MISO and flow that back to Missouri customers. Are you seeing that today and any sort of quantification of the potential benefit to customers there?

A - Marty Lyons {BIO 3816383 <GO>}

No real quantification of the benefits. You're right. We in Missouri right now have length in terms of our generation profile and to the extent that power prices are elevated provides an opportunity for us to enhance margins and all of those margins, 95% of them, flow back to our customers in the form of reduced rate. So, no quantification of that right now, but you're right in terms of your thoughts on how that works.

Q - Shar Pourreza

Okay, terrific. Thanks guys. I'll stop there. Appreciate it.

A - Marty Lyons {BIO 3816383 <GO>}

Thank you.

Operator

The next question comes from the line of Paul Patterson with Glenrock Associates. Please proceed with your question.

Q - Paul Patterson {BIO 1821718 <GO>}

Hey, good morning.

A - Michael L. Moehn {BIO 5263599 <GO>}

Good morning, Paul.

Q - Paul Patterson {BIO 1821718 <GO>}

So, congratulations on getting the (inaudible) stuff over the gold line. And, just to follow-up on Shar's question on Illinois, you say that it doesn't have an impact on the company's outlook on the needs for your plans, but I am wondering does the concerns at least I've been seeing by the Illinois legislators and I assume perhaps others in Illinois, does it lead to perhaps a better, a more receptive attitude perhaps to more of a buy into what you've been proposing on the part of policy makers perhaps in Illinois or do you think it's pretty much the same situation we just sort of seeing, I don't know, sort of legislative drama if you follow what I am saying?

A - Michael L. Moehn {BIO 5263599 <GO>}

Yeah. Paul, it's hard to say at this point, I would say it's premature to conclude, one way or another. I think what we're seeing right now is folks really digesting the news in terms of the higher power and capacity prices and what that means in terms of its implications for policy going forward, we will see, I think it's premature.

Q - Paul Patterson {BIO 1821718 <GO>}

Okay. And then with respect to just the Green belt legislation, it sounds like this is probably going to enable Green belt to get build, and I'm wondering if Green belt, how green a transmission project like that or others might impact your plans for infrastructure development if you have a big line like that crossing the area, what have you?

A - Michael L. Moehn {BIO 5263599 <GO>}

Well, with respect to Green belt, obviously that's a project that's been underway for quite some time and has been progressing and we had certainly anticipated that. One of the things that we've talked about in the past as last year or I should say in the fall of 2020 when we filed our integrated resource plan, one of the things we did is assess the potential to utilize some of that capacity and wind in Kansas to meet some of our renewable goals and as part of our integrated resource plan so. I think the biggest thing for us, Paul, as we think about that project and we think about the update to our integrated resource plan that we'll be filing in June, is just the continuing optionality associated with that resource or those resources in potentially fulfilling the needs of our integrated resource plan, so that's something that we will continue to assess as we move forward.

Q - Paul Patterson {BIO 1821718 <GO>}

Okay, great. Thanks so much and have a good weekend.

A - Marty Lyons {BIO 3816383 <GO>}

Thanks.

Operator

(Operator Instructions). Our next question comes from the line of Anthony Crowdell with Mizuho. Please proceed with your question.

Q - Anthony Crowdell {BIO 6659246 <GO>}

Hey, good morning, Marty. Good morning, Mike.

A - Marty Lyons {BIO 3816383 <GO>}

Good morning.

Q - Anthony Crowdell {BIO 6659246 <GO>}

Hey. Like in the Blues, I didn't think (inaudible) here, so I'm rooting for them until they meet the Rangers, but just hopefully, two quick questions, I guess. One, if I think about Missouri and Illinois both Right of First Refusal states and if the transmission lines are greenfield, does that mean they are competitively bid maybe, just wondering what's the distinction you're making between brownfield and greenfield?

A - Marty Lyons {BIO 3816383 <GO>}

I think you generally got it. Missouri and Illinois though are not Right of First Refusal states which is why that distinction between brownfield and greenfield is important. So, if it's a brownfield which generally you should think of as new transmission on existing right of way, that we would then expect to be assigned to us as a transmission owner and then the question will be are there segments of projects that are greenfield, which might be subject to competitive bidding and that's what we'll wait to see as it comes out of the MISO's July approval of these projects.

Q - Anthony Crowdell {BIO 6659246 <GO>}

And then, just another follow-up here. Moving to Illinois and I guess maybe 30-year treasury and I think right now it's about 90 basis points above expectation I think for the year where you guys had thought it was going to be. I calculate that as kind of like a $0.07 tailwind, I guess are there any headwinds I think about that maybe could potentially offset that benefit, when I'm thinking about the year or maybe my numbers wrong on from where the expectation was of the 30 year versus where is that now?

A - Marty Lyons {BIO 3816383 <GO>}

Yeah, you got the estimate right, in February, we estimated 225, now you got to remember it's an average over the course of the year. So I think it averaged about 225 over the first quarter, so just keep that in mind, but look it's in a good spot, I think what we indicated in our guidance for the remainder of the year, we're assuming it averages about to 27, so if you average that with the first quarter, then that would be at around to 29 or so.

So, you're right, it's certainly elevated relative to that, if you think about it. In terms of things that could offset it, I mean obviously along with that comes an increased financing cost that we've been incurring a little bit on some of the short-term debt, other things. But look, it's a good tailwind to have at this point, There is still a lot of the year left. We are a lot of execution to do, we're going to stay focused on and we don't want to get ahead of ourselves.

Q - Anthony Crowdell {BIO 6659246 <GO>}

Great, thanks for taking my questions and congrats on a good quarter.

A - Marty Lyons {BIO 3816383 <GO>}

Thank you.

A - Michael L. Moehn {BIO 5263599 <GO>}

Thank you.

Operator

Thank you. At this time, we reached end of our question-and-answer session. Now, I'll turn the floor back to Mr. Lyons for closing comments.

A - Marty Lyons {BIO 3816383 <GO>}

Yeah. Hey, thank you all for joining us today. We're really pleased we had a strong start to 2022 and we certainly, as Michael said, remain focused on continuing to deliver throughout the year for our customers, our communities, and our shareholders. I'd like to invite all of you to attend our Annual Shareholder Meeting, which is being held on May 12th and we look forward to seeing many of you at the AGA Financial Forum in the next couple of weeks.

So with that, thank you all and have a great day.

Operator

This will conclude today's conference. You may disconnect your lines at this time and thank you for your participation.