Ameren Corporation

First Quarter 2022 Earnings Call

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Darius Lozny, *Bank of America*

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Paul Patterson, *Glenrock Associates*

Anthony Crowdell, *Mizuho*

PRESENTATION

Operator

Greetings and welcome to Ameren Corporation's First Quarter 2022 Earnings Call.

As a reminder, this conference is being recorded

It is 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

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 the news release we issued today 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

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 am 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 capitalize 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 base 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 dollar 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 and 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 on-going 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 construct of MISO's capacity market, are all being cited as causes of spike in regional capacity prices. Unfortunately, as a result of these factors, some of our Illinois customers will be seeing 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 on to our Ameren Illinois customers through a rider with no mark-up. While factors leading to these increases and potential prospective mitigation will undoubtedly be discussed among 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 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 a 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 requests 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's 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 our 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 roadmap 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 levels 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 provide 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 an initial set of Tranche 2 projects, also located in MISO North, is scheduled to be approved in the first quarter of 2023. Projects included in Tranche 3 are expected to be located in 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 a 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 degrees 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 center is now up and running, supporting more than 2,000 customers who want to take part in clean energy generation without having to pay high up-front costs 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 proudly been part of since 2009. DiversityInc also recognized Ameren as top a 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 AmerenInvestors.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 CCNs, 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 Moehn

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 at 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 have included on this page the year-over-year weather-normalized sales variances for the quarter that show that 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 materials 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 ratemaking of

approximately 8.5%, compared to approximately 8.2% for the year-ago quarter. Finally, Ameren Parent and Other results were comparable to the first quarter of 2021.

Before moving on, I'll touch on 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 are 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 earnings considerations for the balance of the year are listed on this page and are 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 ratemaking began in 2012, reliability has improved over 20% and over 1,400 jobs have been created. JD Power ranked Ameren 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's 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 of 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 improve customer reliability and investments in 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 are well positioned to fulfill our 2022 equity needs through forward sale agreements entered into as of April 1 and expect to issue 3.4 million common shares by the end of this year upon settlement. Together with issuances under our 401(k) and DRPlus 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 a utility in the nation, supports Ameren's sustainability goals and the current target of net-zero carbon emissions by 2050, as well as other social initiatives. The financing proceeds from the issuances under the framework will be allocated to eligible environmental and social projects including renewable generation, climate change adaptation, clean transportation, socioeconomic advancement, and the employment creation, to name just a few.

Finally, turning to Page 19. We are well positioned to continue executing on our plan. We are off to a solid start, and we 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 return story that compares very favorably to our peers.

That concludes our prepared remarks. We now invite your questions.

Operator

Thank you. Our first question today will be coming from the line of Jeremy Tonet with JPMorgan. Please proceed with your questions.

Jeremy Tonet

Hi. Good morning.

Marty Lyons

Good morning, Jeremy.

Jeremy Tonet

Thanks for having me. Just wanted to start off with the MISO long-range transmission planning here, Tranche 1. Just wondering if there's 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.

Marty Lyons

Yes, 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 across through our Missouri and Illinois footprints. 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. We do expect that when they approve these projects in July, we expect that they will designate which ones are brownfield, and they'll indicate which transmission owner has been assigned those projects.

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.

Jeremy Tonet

Got it. We'll eagerly await that. Just wanted to see that—there's some new developments 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 Ameren's planning?

Marty Lyons

Yes. Thanks, Jeremy. Yes, 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. So, we're very appreciative of the strong support of the legislature with regard to that legislation. 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're 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's some great economic development incentive rates associated with this legislation that help Missouri businesses grow, as well as attract Missouri businesses to the state.

We're really excited about the legislature passing Senate Bill 745. It now heads to the governor's desk for signature. We're excited to be able to extend the benefits of the Smart Energy Plan prospectively.

Jeremy Tonet

Got it. That's helpful. Just one last one, if I could. On a similar note, recent eminent domain legislation, Missouri, could you comment on the implications for Grain Belt, MISO, or anything else as far as investments that could be related to Ameren in the state going forward there?

Marty Lyons

Yes. 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 their property. I think that's the primary impact going forward.

Jeremy Tonet

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.

Darius Lozny

Hi. Good morning. This is Darius Lozny on for Julien. Thanks for the time.

Maybe just on the proposed multi-year rate plans for Illinois Electric. Can you talk a little bit about—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 process?

Michael Moehn

Yes. You bet. Good morning. This is Michael Moehn.

I would say things are moving along just fine there. I think there's a lot of constructive conversations, workshops, etc. There's 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's one around a multi-year grid plan, etc. So, I think they're all moving along as we sort of anticipated last year. Nothing that 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 days of disruption, you're looking at customer metrics in terms of customer response time on calls, etc. So, kind of standard stuff. Right now, we are advocating for about 24 basis points, so there's about eight different metrics, and ascribing three basis points to each one of those metrics. Everything still should be on track to conclude here by September of this year. At that point in time, we make the decision. As we've said before, we see ourselves opting into that. Then the multi-year rate plan will need to be filed in January of '23.

Does that help?

Darius Lozny

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

Michael Moehn

Yes. You got both of those correct. So, that $300 million that we've sold for that does take care of the requirements here that we outlined in February of 2022 and then that is part of that $750 million. That $750 million should get us through the end of 2023.

Darius Lozny

Okay. Great. Thank you for clarifying that. I'll leave it here.

Michael Moehn

You bet.

Operator

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

Shar Pourreza

Hi. Good morning, guys.

Marty Lyons

Good morning, Shar.

Shar Pourreza

If you could, I'd like to maybe touch on Illinois: the bill and kind of the reliability backdrop seems to be a little bit noisy amid sort of the year-over-year jump in PRA costs, planned retirements under CEJA, 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're looking to go through multi-year rate plans in the interim?

Marty Lyons

Yes, Shar, there's certainly a lot there. I think, first of all, the 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. Those higher cost of power prices, as well as the capacity prices, then will be borne by our Illinois customers, because we know it's a retail choice state.

Typically, what we've seen is that various retail electric suppliers have supplied 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. 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.

I think, first of all, concern for our customers. We're trying to make sure that we provide education about the impacts of these higher prices, so that people know what to expect and they can take actions accordingly. We're also—and offering bill assistance where needed as well as, of course, reinforcing the opportunities under our energy efficiency programs, which are robust in the state.

Some customers, obviously, will be still taking power through local MUNI aggregation programs, things of that nature that may actually not see bill increases immediately, but we are certainly concerned about those customers.

I think 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 reliability. I would say when you see prices clear at CONE, 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 the MISO itself, that is ultimately responsible for ensuring grid reliability, is 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. 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're available and ready to go in the hot weather months. 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 at CONE, 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 a result, as it relates to our multi-year rate plan, as Michael said, we're 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. I think even what we're seeing in terms of the tight market situation in Illinois is an appropriate backdrop for continued investment in infrastructure, both transmission as well as distribution infrastructure.

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.

Shar Pourreza

Got it. That's perfect. 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? Any sort of quantification of the potential benefit to customers there?

Marty Lyons

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 enhanced margins, and all of those margins, 95% of them, flow back to our customers in the form of reduced rates. So, no quantification of that right now, but you're right in terms of your thoughts on how that works.

Shar Pourreza

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

Marty Lyons

Thank you.

Operator

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

Paul Patterson

Hi. Good morning.

Marty Lyons

Good morning, Paul.

Paul Patterson

Congratulations on getting the PISA stuff over the goal line.

Just a follow-up on Shar's question on Illinois. You say that it doesn't have an impact on what the Company's outlook on the needs for your plans. But I'm 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—or more of a buy-in to what you've been proposing on the part of policymakers, perhaps, in Illinois?

Or do you think it's pretty much the same situation we're just sort of seeing, I don't know, sort of legislative drama, if you follow what I'm saying?

Marty Lyons

Yes. 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. What that means in terms of its implications for policy going forward, we'll see. I think it's premature.

Paul Patterson

Okay. Then with respect to the Grain Belt legislation, it sounds like this is probably going to enable Grain Belt to get built. I'm wondering if Grain Belt—how a transmission project like that, or others, might impact your plans for infrastructure development if you have a big line like that coming into—crossing your area or what have you?

Marty Lyons

With respect to Grain Belt, obviously, that's a project that's been underway for quite some time and has been progressing. We had certainly anticipated that. One of the things that we've talked about in the past is 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. 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.

Paul Patterson

Okay. Great. Thanks so much and have a good weekend.

Marty Lyons

Thanks.

Operator

Our next question comes from the line of Anthony Crowdell with Mizuho. Please proceed with your questions.

Anthony Crowdell

Hi. Good morning, Marty. Good morning, Mike.

Michael Moehn

Good morning.

Marty Lyons

Good morning.

Anthony Crowdell

Hi. Liking the Blues; I didn't think they'd tie it up 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 are both right of first refusal states, and if the transmission lines are greenfield, does that mean they are competitively bid, or maybe just wondering what's the distinction you're making between brownfield and greenfield?

Marty Lyons

I think you've 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 that's on existing right of way, that we would then expect to be assigned to us as a transmission owner. Then the question will be, are there segments of projects that are greenfield which might be subject to competitive bidding. That's what we'll wait to see as it comes out of the MISO's July approval of these projects.

Anthony Crowdell

Great. Then just another follow-up here. Moving to Illinois, and I guess, maybe a 30-year treasury. 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. Are there any headwinds—I think about that maybe could potentially offset that benefit when I'm thinking about the year? Or are maybe my numbers wrong on from where the expectation was of the 30-year versus where it's at now?

Michael Moehn

Yes. No, Anthony. Look, you got the estimate right. In February, we estimated 2.25% Now, you got to remember, it's an average over the course of the year. So, I think it averaged about 2.25% 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 2.7%. So, if you average that with the first quarter that would be around 2.9% 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. Obviously, along with that comes some increased financing costs that we've been incurring a little bit on some of the short-term debt and other things. But look, it's a good tailwind to have at this point. There's still a lot of the year left. We got a lot of execution to do. We're going to stay focused on it, and we don't want to get ahead of ourselves.

Anthony Crowdell

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

Michael Moehn

Thank you.

Marty Lyons

Thank you.

Operator

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

Marty Lyons

Yes. Hi. 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 12, and we look forward to seeing many of you at the AGA Financial Forum in the next couple of weeks.

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.