

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the matter of Union Electric Company)
d/b/a AmerenUE's Tariff Establishing an)
Industrial Demand Response Program.)

Case No. ET-2007-0459
Tariff No. YE-2010-0198

STAFF RECOMMENDATION TO APPROVE TARIFF SHEETS

Comes now the Staff of the Missouri Public Service Commission and for its recommendation states:

1. On September 15, 2009, Union Electric Company d/b/a AmerenUE (AmerenUE) filed with the Commission two (2) proposed tariff sheets designed to withdraw its Rider IDR-Industrial Demand Response Pilot (Rider IDR) and reserve Sheet Nos. 220-224 for future use. Those tariff sheets bear a proposed effective date of October 15, 2009, and the Commission assigned them tariff tracking no. YE-2010-0198. They are consistent with AmerenUE's August 28, 2009 filing of AmerenUE's Notification of Decision not to Revise Industrial Demand Response Program.

2. On September 16, 2009, the Commission ordered its Staff to file by no later than October 6, 2009, the Staff's recommendation on AmerenUE's proposed tariff sheets filed September 15, 2009.

3. In the attached Memorandum (Appendix A), the Missouri Public Service Commission Energy Department Staff (Staff) recommends that the Commission issue an Order that approves the following proposed tariff sheets, as filed on September 15, 2009, and makes them effective on the requested effective date of October 15, 2009, or allows them to go into effect by operation of law, to wit:

MO.P.S.C. SCHEDULE NO. 5

18th Revised Sheet No. 125 CANCELLING 17th Revised Sheet No. 125

1st Revised Sheet No. 219 CANCELLING Original Sheet No. 219

Reserved for Future Use – Original Sheet Nos. 219, 220, 221, 222, 223, 224

4. The Staff has reviewed the proposed tariff sheets and is of the opinion that they were filed in a timely manner and are in compliance with both the Commission's Order Approving Unanimous Stipulation and Agreement and Approving Tariff issued July 1, 2009, in Case No. EO-2009-0437 and with the Commission's Order Approving Unanimous Stipulation and Agreement issued February 14, 2008 in Case No. ET-2007-0459.

5. The stipulations and agreements in Case Nos. EO-2009-0437 and ET-2007-0459 permit AmerenUE to not begin a revised IDR program if FERC approves Module E of the Markets Tariff of the Midwest Independent Transmission System Operator (MISO) which contains new resource adequacy provisions and the terms and criteria under which Demand Resources receive capacity credit (as either the equivalent of a Capacity Resource or as a Load Modifier).

6. FERC conditionally approved Module E of the MISO Markets Tariff on October 20, 2008, and AmerenUE has elected not to begin a revised IDR program; thus, these two proposed tariff sheets are designed to withdraw AmerenUE's Rider IDR.

7. The Staff has verified that AmerenUE has filed its annual report and is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

WHEREFORE, the Staff recommends that the Commission issue an order that approves the following proposed tariff sheets, as filed on September 15, 2009, and makes them effective

on the requested effective date of October 15, 2009, or allows them to go into effect by operation of law, to wit:

MO.P.S.C. SCHEDULE NO. 5

18th Revised Sheet No. 125 CANCELLING 17th Revised Sheet No. 125

1st Revised Sheet No. 219 CANCELLING Original Sheet No. 219

Reserved for Future Use – Original Sheet Nos. 219, 220, 221, 222, 223, 224

Respectfully submitted,

/s/ Nathan Williams

Nathan Williams

Deputy Staff Counsel

Missouri Bar No. 35512

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Missouri Public Service Commission

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronically mailed to all counsel of record this 6th day of October 2009.

/s/ Nathan Williams

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. ET-2007-0459, Tariff Tracking No. YE-2010-0198
Union Electric Company d/b/a AmerenUE

FROM: James Watkins, Manager, Economic Analysis, Project Coordinator
Mack McDuffey, Rate & Tariff Examiner II
John Rogers, Utility Regulatory Manager
Adam McKinnie, Regulatory Economist III

James Watkins 10/6/2009 Nathan Williams 10/6/2009
Energy Department / Date General Counsel's Office / Date

SUBJECT: Staff Recommendation for **Approval** of Tariff Sheets Filed To Terminate Rider IDR-Industrial Demand Response Pilot

DATE: October 6, 2009

On September 15, 2009, Union Electric Company d/b/a AmerenUE (AmerenUE) filed with the Commission two (2) tariff sheets with an issue date of September 15, 2009, and a proposed effective date of October 15, 2009 to be consistent with the filing made August 28, 2009, of AmerenUE's Notification of Decision not to Revise Industrial Demand Response Program, AmerenUE is proposing to withdraw Rider IDR-Industrial Demand Response Pilot (Rider IDR) and reserve Sheet Nos. 220-224 for future use.

The purpose of this Rider IDR pilot is to evaluate the opportunities to acquire cost-effective demand response resources from AmerenUE's qualifying industrial customers who: 1) receive service under Service Classification No. 11(M), Large Primary Service Rate; 2) have a minimum billing demand of 25,000 kilowatts; 3) a minimum curtailable load of 5,000 kilowatts; 4) a minimum annual load factor of 65%; and 5) willing to enter into a one year contract. Rider IDR is limited to five (5) customers and the aggregate curtailable load is not to exceed 100,000 kilowatts. The Rider IDR pilot program participants will gain experience to curtail all or portion of their load in exchange for credits that reduce their bills and AmerenUE will facilitate short-term reductions in system load to address system reliability and other system economic and operating conditions.

This filing is to comply with the Stipulation and Agreement of Case No. ET-2007-0459 dated January 25, 2008, paragraph 8 which states:

In the event that FERC approves Module E of the MISO Markets Tariff, which contains new resource adequacy provisions and the terms and criteria under which Demand Resources receive capacity credit (as either the equivalent of a Capacity Resource or as a Load Modifier), AmerenUE will cease entering into any new contracts; however, AmerenUE will continue to honor all contracts already in place when Module E is approved. AmerenUE will, within 30 days of the effective date of such FERC approval, file in this proceeding an assessment of the impact of the new MISO Markets Tariff on the economic value of the demand response resources that can be created through AmerenUE's IDR pilot tariff. AmerenUE will also file a new IDR pilot replacement tariff that takes into account: (1) the terms and criteria of the

Module E provisions regarding Demand Resources and (2) expected energy, capacity and/or ancillary services market prices in the MISO region.

This filing is to comply with the Unanimous Stipulation and Agreement of Case No. EO-2009-0437 dated June 22, 2009, paragraph 14 which states:

AmerenUE will initiate discussions with the stakeholders from Case No. ET-2007-0459 of a potential Industrial Demand Response (IDR) program within 30 days from Commission approval of the Rider L tariff sheets that implement this Agreement. Within 60 days of Commission approval of the Rider L tariff sheets, AmerenUE will either file tariff sheets to implement a revised IDR program or AmerenUE will file a pleading in Case No. ET-2007-0459 to inform the Commission that it has decided not to begin a revised IDR program together with AmerenUE's explanation for that decision.

AmerenUE will cease entering into any new contracts – Complied with Notification of Decision not to Revise Industrial Demand Response Program filed August 28, 2009, paragraph 3.

AmerenUE will ... file ... an assessment – “AmerenUE’s Assessment of MISO Module E on AmerenUE’s Rider IDR” filed November 19, 2008 with attached analysis.

AmerenUE will ... file a new IDR pilot replacement tariff – Unanimous Stipulation and Agreement of Case No. EO-2009-0437 filed June 22, 2009, paragraph 14 allowed AmerenUE to either file tariff sheets or pleading not to revise Rider IDR within 60 days of Commission approval (July 1, 2009) of the Rider L tariff sheets. AmerenUE choose to file a pleading on August 28, 2009 being 58 days.

AmerenUE will file a pleading – Notification of Decision not to Revise Industrial Demand Response Program filed August 28, 2009, paragraph 5 “This pleading is to inform the Commission that AmerenUE has decided not to revise its IDR tariff.”

Staff Recommendation

The Commission’s Energy Department Staff (Staff) has reviewed the proposed tariff sheets, and is of the opinion that they were filed in a timely manner and are in compliance with the Commission’s Order Approving Unanimous Stipulation and Agreement and Approving Tariff issued July 1, 2009, in Case No. EO-2009-0437 and with the Commission’s Order Approving Unanimous Stipulation and Agreement issued February 14, 2008 in Case No. ET-2007-0459. The Staff therefore recommends that the Commission issue an order approving the following proposed tariff sheets, as filed on September 15, 2009, to become effective on October 15, 2009, as requested by AmerenUE or permit the tariff sheets to go into effect by operation-of-law:

MO.P.S.C. SCHEDULE NO. 5

18th Revised Sheet No. 125 CANCELLING 17th Revised Sheet No. 125
1st Revised Sheet No. 219 CANCELLING Original Sheet No. 219
Reserved for Future Use – Original Sheet Nos. 219, 220, 221, 222, 223, 224

The Staff has verified that this Company is not delinquent on any assessment or the filing of its annual report. The Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing.

MEMORANDUM

TO: Mack McDuffey, Rate & Tariff Examiner II

FROM: Adam McKinnie, Regulatory Economist III

Adam McKinnie 10/6/2009
Energy Department / Date

SUBJECT: Staff Recommendation for **Approval** of Tariff Sheets Filed To Terminate Rider IDR-Industrial Demand Response Pilot

DATE: October 6, 2009

Background:

In its *Report and Order* issued on May 22, 2007 in Case Number ER-2007-0002 the Commission directed Union Electric Company, d/b/a AmerenUE (AmerenUE), to submit tariff sheets for a revised Industrial Demand Response Program within thirty days. The Commission opened this case, Case No. ET-2007-0459, for AmerenUE's tariff filing. While initially contested, ultimately the parties were able to reach a stipulation and agreement embodying a revised pilot Industrial Demand Response Program which the Commission approved by Order dated February 14, 2008, and which became effective February 24, 2008. Among the provisions of that stipulation and agreement is the following:

8. In the event that FERC approves Module E of the MISO Markets Tariff, which contains new resource adequacy provisions and the terms and criteria under which Demand Resources receive capacity credit (as either the equivalent of a Capacity Resource or as a Load Modifier), AmerenUE will cease entering into any new contracts; however, AmerenUE will continue to honor all contracts already in place when Module E is approved. AmerenUE will, within 30 days of the effective date of such FERC approval, file in this proceeding an assessment of the impact of the new MISO Markets Tariff on the economic value of the demand response resources that can be created through AmerenUE's IDR pilot tariff. AmerenUE will also file a new IDR pilot replacement tariff that takes into account: (1) the terms and criteria of the Module E provisions regarding Demand Resources and (2) expected energy, capacity and/or ancillary services market prices in the MISO region.

Language was included in the tariff filing (YE-2008-0444) to implement the Industrial Demand Response Pilot – Rider IDR (IDR) program which accompanied the Stipulation and Agreement, and became effective the same date—February 24, 2008—and that tariff language is described in the Stipulation and Agreement as follows:

5. Language was added so that, in the event that the Federal Energy Regulatory Commission (FERC) approves Module E of the MISO Markets Tariff (containing new resource adequacy provisions and the terms and criteria under which Demand Resources receive capacity credit as either the equivalent of a Capacity Resource or as a Load Modifier), AmerenUE will stop entering into new contracts for customers until a new IDR pilot replacement tariff is approved or otherwise becomes effective. (See also paragraph 8 below.)

FERC conditionally approved the Midwest ISO's Module E filing on October 20, 2008. Module E regards Resource Adequacy, and governs how demand response programs receive capacity credit.

AmerenUE filed its assessment of the FERC approved module E on November 19, 2008. AmerenUE at this time also "ceased entering into any new contracts related to its current IDR tariff."

Separately, on May 14, 2009 AmerenUE made a tariff filing, JE-2009-0804, designed to create a price-responsive demand program for commercial and industrial customers, known as "Rider L-Peak Power Rebate". With Public Counsel's motion to suspend the effective date of that tariff filing made June 8, 2009 the Commission created Case EO-2009-0437. In response, the Commission suspended the effective date of the tariff filing on June 10, 2009.

On June 22, 2009, Public Counsel, Staff and AmerenUE filed a "Unanimous Stipulation and Agreement and Motion for Expedited Treatment" ("Rider L Stipulation") in Case No. EO-2009-0437 resolving the case. Paragraph 14 of the Rider L Stipulation required AmerenUE to initiate discussions regarding a "potential Industrial Demand Response (IDR) program" within 30 days, and, within 60 days, for AmerenUE to either "file tariff sheets to implement a revised IDR program" or "file a pleading in Case No. ET-2007-0459 to inform the Commission that it has decided not to begin a revised IDR program together with AmerenUE's explanation for that decision." The Commission approved that stipulation and agreement on July 1, 2009 by order made effective July 9, 2009.

On August 28, 2009, AmerenUE filed in Case No. ET-2007-0459 a "Notification of Decision not to Revise Industrial Demand Response Program." In this pleading, AmerenUE cites a "number of factors" as to why to not revise the program which appear in the paragraphs noted below:

6. AmerenUE's decision is based upon a number of factors. AmerenUE's IDR tariff was available to be called for both economic and for emergency reliability reasons. AmerenUE's capacity position is such that it is unlikely to require an interruption for reliability reasons at this time.

7. Conversations with previous IDR participants revealed a preference that any IDR program be focused on system reliability rather than economic curtailment opportunities. Additionally, previous participants in AmerenUE's IDR are either currently enrolled in or have indicated that they intend to enroll in the Company's Rider L demand response program.

8. As this Commission is aware, AmerenUE has contracted for an extensive DSM Potential Market Study to better assess demand side opportunities in its service territory. Those study results are expected to be shared with AmerenUE's IRP stakeholders this fall and will be integrated into AmerenUE's 2011 IRP filing.

The instant tariff filing, YE-2010-0198 made in this Case No. ET-2007-0459 is designed to withdraw the IDR program from AmerenUE's tariff.

Analysis:

Regardless of AmerenUE's current capacity position, Staff believes there is value in designing programs for additional capacity. There exist markets and potential buyers of capacity that can be generated by curtailment-based demand response programs, such as AmerenUE's current IDR program.

Staff recommends AmerenUE evaluate how and whether a curtailment-based demand response program can coexist with a price-responsive demand program in its DSM Potential Market Study as well as other preparations for AmerenUE's next Resource Plan filing.

In addition, Staff recommends AmerenUE investigate any and all opportunities to utilize demand response programs, including price-responsive demand programs, to meet its Module E Resource Adequacy requirements with the Midwest ISO. In addition, Staff recommends AmerenUE design its program with the Midwest ISO's Module E requirements in mind.

Conclusion:

Staff does not oppose AmerenUE's tariff filing to end its Industrial Demand Response Program. Staff recommends AmerenUE continue to evaluate curtailment demand response program options, especially in its DSM Potential Market Study. Staff recommends that AmerenUE consider introducing any successful programs before the filing of its next Resource Plan, which is due to be filed in 2011. Staff further recommends AmerenUE consider MISO's Module E requirements when designing future demand response programs.

Additionally, Staff recommends AmerenUE participate in the continuing development of the MISO's capacity market. Staff also recommends AmerenUE consider the possible benefits of participating in the developing MISO capacity market in AmerenUE's evaluation of potential curtailment demand response programs.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric)	
Company d/b/a AmerenUE's Tariff)	Case No. ET-2007-0459
Establishing an Industrial Demand)	Tariff No. YE-2010-0198
Response Program)	

AFFIDAVIT OF ADAM C. McKINNIE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Adam C. McKinnie, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.



Adam C. McKinnie

Subscribed and sworn to before me this 6th day of October, 2009.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086



Notary Public