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Witness: Jaime Haro
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EO-2011-0128

SURREBUTTAL TESTIMONY

OF

JAIME HARO

ON

BEHALF OF

UNION ELECTRIC COMPANY

d/b/a Ameren Missouri

**St. Louis, Missouri
November, 2011**

SURREBUTTAL TESTIMONY

OF

JAIME HARO

CASE NO. EO-2011-0128

1 **Q. Please state your name and business address.**

2 A. My name is Jaime Haro. My business address is One Ameren Plaza,
3 1901 Chouteau Avenue, St. Louis, Missouri 63103.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am Director, Asset Management and Trading for Union Electric Company
6 d/b/a Ameren Missouri (“Ameren Missouri” or “Company”).

7 **Q. Please describe your educational background and employment**
8 **experience.**

9 A. I received a Bachelor’s degree in Electro-mechanical Engineering from
10 Universidad Panamericana (Mexico City, Mexico) in 1995 and a Master of Business
11 Administration degree from Tulane University in 1998. From 1992 to 1998, I held several
12 positions with Grupo Bursatil Mexicano (“GBM”), a leading Mexican financial services and
13 brokerage firm, dealing with money markets, currency exchange, debt placement, and risk
14 management. In 1998, I joined Ameren Energy Inc. (“AE”) and worked as an energy trader
15 of real time energy products before assuming an analytical support position in the long-term
16 energy market trading area of AE. From 1999 to 2004, I led the group within AE that
17 provided quantitative analysis for AE’s trading operations. In 2004, I became responsible for
18 trading operations, including managing the transition to trading AmerenUE’s power (with
19 AE acting as AmerenUE’s agent) in the Day 2 energy markets started by the Midwest
20 Independent Transmission System Operator, Inc. (“MISO”) on April 1, 2005. On December

1 31, 2006, the Joint Dispatch Agreement between AmerenUE and AmerenCIPS terminated,
2 and as a result, effective January 1, 2007, AE's activities were solely related to AmerenUE's
3 generation asset management, including the trading and marketing operations. On January 1,
4 2008, AmerenUE terminated the agency relationship with AE related to generation asset
5 management, including the trading and marketing operations. As a result, those AE
6 employees formerly responsible for these activities, including me, became employees of
7 AmerenUE. At that time, I assumed my current title, Director, Asset Management and
8 Trading ("AM&T") and added the responsibilities of marketing and asset management to my
9 existing duties. Additionally, in early 2011, the Gas Supply function was merged into Asset
10 Management and Trading.

11 **Q. What are your responsibilities in your current position?**

12 A. As Director of AM&T, I manage the following specific areas: (i) Real Time
13 Operations, (ii) Trading, (iii) Market Origination, and (iv) Gas Supply; providing guidance,
14 oversight and coordination of activities in these areas.

15 **Q. What is the purpose of your surrebuttal testimony in this proceeding?**

16 A. The purpose of my testimony is to respond to certain statements included in
17 the rebuttal testimony of Office of Public Counsel ("OPC") witness Ryan Kind relating to
18 Ameren Missouri's representation in MISO stakeholder groups. Ameren Missouri witness
19 Maureen Borkowski will address Mr. Kind's testimony regarding the Transmission Owners
20 Committee, and I will address his testimony as it relates to the other MISO stakeholder
21 groups.

22 **Q. Mr. Kind asks the Commission to "require UE to cease having Ameren**
23 **Services represent it at MISO and instead have its own representative actively**

1 **participating in the MISO Transmission Owners Committee and as needed in other**
2 **MISO stakeholder groups . . .” How do you respond?**

3 A. Such a condition is unnecessary and unwise.

4 **Q. Why?**

5 A. Primarily because Mr. Kind’s recommendation reflects a fundamental
6 misunderstanding about Ameren Missouri’s interaction with the MISO stakeholder groups
7 that impact my areas of responsibility.¹ I would also note that as is the case with the
8 Transmission Owners Committee, as noted in Ms. Borkowski’s surrebutal testimony,
9 Ameren Missouri simply does not have its “own vote” in other MISO stakeholder groups and
10 would not have its own vote even if an Ameren Missouri employee sat at the table instead of
11 the Ameren Services employees who act as agents for Ameren Missouri and its sister
12 companies that participate in MISO.

13 **Q. Please explain.**

14 A. In the MISO stakeholder process, voting is limited to one vote per voting
15 member. When multiple subsidiaries of a single holding company are MISO members, MISO
16 treats those companies together as having a single vote. Currently, there are four such
17 Ameren operating companies: Ameren Energy Marketing Company, Ameren Illinois
18 Company, Ameren Missouri and Ameren Transmission Company of Illinois. Ameren
19 Missouri cannot vote separately or differently than the other Ameren companies.²

20 **Q. You indicated that Mr. Kind’s recommendation is unnecessary and**
21 **unwise, please elaborate.**

¹ As noted, Ms. Borkowski will address transmission-related matters. My areas of responsibility relate to all of the other parts of the MISO stakeholder process; specifically, issues associated with the energy, capacity and ancillary services markets, generation dispatch, market settlements, financial transmission rights and resource adequacy, to name a few.

² Midwest ISO Stakeholder Governance Guide, effective 6.15.2011, Section 7.3.

1 A. It is unnecessary because Ameren Missouri's interests are already adequately
2 represented at MISO through the utilization of employees of Ameren Services (whose costs
3 are shared amongst the Ameren operating companies) and a select number of hours of some
4 of my employees. Consequently, it would be unwise to do what Mr. Kind suggests because
5 it would result in a duplication of effort and increase Ameren Missouri operating costs,
6 which in turn increases the costs reflected in retail rates, without any improvement in how
7 Ameren Missouri's interests are represented, given MISO's stakeholder voting policies.

8 **Q. Can you elaborate more specifically on why Ameren Missouri's interests**
9 **are adequately represented?**

10 A. Absolutely. Not counting the Transmission Owner's Committee, MISO has
11 approximately 30 active committees, subcommittees, work groups, task teams and task forces
12 which meet on a monthly basis. Ameren Services employees participate in all of these
13 entities to differing degrees on behalf of Ameren Missouri; in addition, Ameren Missouri
14 employees directly participate in these groups to some degree. Where primary coverage on
15 these stakeholder groups is assigned to Ameren Services employees, each of the operating
16 companies' overall cost of MISO membership is lower than the alternative, which would be
17 for each of the operating companies to assign individuals to the specific MISO groups.
18 Additionally, each of the operating groups--mine included--have individuals monitor a
19 variety of the stakeholder meetings based on what is on the agenda of the particular meeting.
20 Consequently, when there is a topic of particular interest to Ameren Missouri, then typically
21 an Ameren Missouri representative will participate.

22 **Q. Please provide examples of how your employees are personally involved**
23 **in the MISO stakeholder process.**

1 A. Members of my work team focus on the MISO work groups that have the
2 greatest impact on Ameren Missouri’s market activities. Those work groups are as follows:

3 - **Markets Subcommittee** (“MSC”): this group provides guidance to the Advisory
4 Committee on all market activities including, but not limited to, transmission, energy,
5 and capacity, Financial Transmission Rights (“FTR”), and credit and ancillary
6 markets.

7 - **Supply Adequacy Work Group** (“SAWG”): this group develops recommendations
8 regarding the use of mechanisms to ensure adequate capacity supply within the MISO
9 footprint.

10 - **Financial Transmission Rights Work Group** (“FTRWG”): this group is
11 responsible for identifying and recommending solutions to increase and instigate
12 consistent funding of FTRs.

13 - **Reliability Subcommittee** (“RSC”): this group is primarily responsible for
14 providing direction in security coordination and tariff administration functions, and
15 the developing and recommending of operational procedures.

16 - **Seams Management Work Group**: this group considers issues and topics related
17 to seams coordination with other market or non-market entities and other RTOs in
18 order to optimize the efficiencies and communication across the seams.

19 In most instances, my employees participate through conference calls and the
20 utilization of Webex services. In general this interaction may include some time of
21 five or six individuals who work for me. To the extent we need other coverage at the
22 MISO, we rely upon Ameren Services employees, who are in regular communication
23 with us regarding MISO matters, Ameren Missouri’s concerns, viewpoints, and
24 needs.

1 **Q. Would you please describe some of the interactions that you and your**
2 **staff have with Ameren Services employees regarding the MISO stakeholder process?**

3 A. Yes. On a biweekly basis, we meet with Ameren Services' Wholesale Power
4 and Fuels Accounting group which is responsible for RTO interactions and trading financial
5 settlements. On a biweekly basis we meet with members of Ameren Services Strategic
6 Initiative and Corporate Development groups to discuss MISO issues that may have some
7 effect on my operations, which in turn affect Ameren Missouri as a whole. Members of my
8 staff have almost daily conversations with many of the Ameren Services employees who are
9 assigned to follow the MISO processes.

10 **Q. Can you provide some examples of Ameren Missouri positions that were**
11 **addressed or reflected in the overall position expressed on behalf of the four Ameren**
12 **MISO members or in a vote as part of the MISO stakeholder process?**

13 A. Absolutely, I have three examples; of course, these are just illustrative of the
14 day-to-day interactions that happen within the Ameren Services MISO process:

15 - Revenue Sufficiency Guarantee ("RSG"): Several years ago, Ameren
16 Services (and Northern Indiana Public Service Company) initiated a proceeding at
17 FERC regarding how MISO was calculating and distributing RSG costs within its
18 footprint. Ameren Services' main concern (a concern supported by Ameren Missouri)
19 was that Market Participants who were causing the specific RSG cost were not the
20 ones financially responsible for the cost to the footprint. Though parts of this
21 proceeding are still ongoing, the bottom line is that Ameren Missouri has seen a
22 reduction in first-pass RSG charges.

23 - Financial Transmission Rights Work Group ("FTRWG"): Recently, this
24 group took up the issue of FTR funding and how to fix the consistent underfunding of

1 these rights which the market has seen over the last several years. The FTRWG
2 proposed a convoluted decision-tree type of analysis which had proposals ranging
3 from doing nothing to completely revamping the entire process. Ameren Missouri
4 (and its affiliate Ameren Illinois) advocated going forward with process
5 improvements to the current methodology and Ameren Services advocated for this
6 position at the FTRWG.

7 - Recent Resource Adequacy Enhancement filing “RAC Filing”: Given
8 Ameren Missouri’s forecasted long capacity position and this Commission’s position
9 on Integrated Resource Planning and reliability (i.e. Reserve Margin requirements), it
10 is my opinion that a forward capacity market (a version of which is being proposed
11 by MISO in its RAC Filing) is beneficial to Ameren Missouri and its retail customers.
12 During discussions and negotiations at MISO in preparation for the RAC Filing,
13 Ameren Missouri was primarily concerned with two things: (1) assurance that we
14 were able to serve our native load with our resources and (2) assurance that
15 generation resources Ameren Missouri owns, which are located in Illinois and are
16 utilized to serve native load in Missouri, will not be subject to any future zonal cost
17 adders. MISO’s RAC Filing included a self-serve/self-supply option (as well as an
18 opt-out option) and the creation of “Grandmothered Agreements” which address the
19 concerns we outlined as a vertically-integrated market participant. Addressing those
20 concerns was advanced by Ameren Services as the overall “Ameren” position,
21 consistent with Ameren Missouri’s interests.

22 **Q. How does the voting power of Ameren Services acting on behalf of the**
23 **Ameren subsidiaries who are MISO market participants compare to the voting power**
24 **of other stakeholders at MISO?**

1 A. Given MISO’s one-vote per group of holding company subsidiaries that are
2 MISO transmission owners construct, Ameren Services' one vote in the stakeholder process
3 reflects no more or less voting power than any other stakeholder's vote. In fact, to the extent
4 that like-thinking-entities combine their votes, one could say that their votes carry more
5 weight in providing guidance to MISO. For example, the Load Serving Entity Coalition³
6 typically has 13 votes that substantially impact the outcome of most any stakeholder votes
7 that occur at MISO. Furthermore, I would note that all state regulatory authorities (including
8 this Commission) and Public Consumer Groups (including OPC) have individual voting
9 rights in the stakeholder groups. This means that OPC has a vote equal to the one vote
10 Ameren Services can cast, although I would note that OPC has acknowledged in response to
11 a data request that the Company submitted to Mr. Kind that “no voting has taken place for
12 about 10 years and OPC has not had any reason to determine what our current voting rights
13 are.”

14 **Q. Why do you discuss Ameren Services’ voting in the context of the voting**
15 **power of other stakeholders?**

16 A. Simply to illustrate an additional reason why Mr. Kind’s recommendation is
17 unnecessary and unwise. Duplication of work already being done (and done well) by
18 Ameren Services employees who have developed specialized knowledge and skills in these
19 matters, who deal with these matters more cost-effectively, who already regularly
20 communicate with Ameren Missouri about MISO matters, and who already properly
21 represent Ameren Missouri’s interests at the MISO, makes no sense. It makes even less

³ Current LSE Coalition includes; Basin Electric Coop, Central Minnesota Municipal Power Agency, Great Lakes Utilities, Illinois Municipal Electric Agency, Indiana Municipal Power Agency, Michigan Public Power Agency, Missouri River Energy Services, City of Muscatine, Prairie Power (formerly Soyland), Southern Minnesota Municipal Power Agency, Western Area Power Administration, Wolverine Power Supply, Wisconsin Power supply Coop. Membership may change from time-to-time.

1 sense when one considers that duplicating the work they already do will not result in Ameren
2 Missouri having a separate or additional vote, and when one considers that this Commission
3 and OPC have the power to exercise voting rights that together exceed the number of votes
4 that can be cast on Ameren Missouri's behalf at the MISO.

5 **Q. Does this conclude your surrebuttal testimony?**

6 **A. Yes, it does.**

