

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

In the Matter of the Establishment of a Working)
Case for the Review and Consideration of) File No. EW-2020-0377
Amending the Commission’s Rule on Electric)
Utility Renewable Energy Standard Requirements.)

AMEREN MISSOURI’S RESPONSE TO ORDER DIRECTING COMMENTS

COMES NOW Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri” or “Company”), and in response to the above-referenced Order, states as follows:

1. The Commission opened this docket¹ in response to a Staff motion to establish a working docket to examine the Commission’s Renewable Energy Standard (“RES”) rule. Staff indicated that a working docket should be opened because of “several issues” with the current rule which Staff stated, “may or may not become problematic.” Staff’s motion raised four such issues and proposed, in general terms, four possible solutions to them. Staff’s motion also suggested that the docket should consider “any additional issues with the current Rule, along with potential solutions, identified by the commenters.”

2. In response to the Commission’s May 28, 2020 Order, Ameren Missouri provided comments on the Staff-raised issues and provided comments on some additional areas that, based on the Company’s experience with application of the RES rule over the past roughly a decade, ought to also be addressed if the RES rule is going to be amended.

3. On May 26, 2021, the Staff filed its Motion for Comments on Proposed Rule Amendments, which included specific, draft changes to the existing RES rule (the “Staff Draft”). The Commission directed comments be filed on the Staff Draft by June 30, 2021 and, after the

¹ *Order Opening a Working Case to Consider Amending the Rule Regarding Renewable Energy Standard Requirements*, Issued May 28, 2020 (EFIS Item No. 2).

filing of a Joint Motion to Extend Time for Filing Comments on Draft Amendment, extended the due date to July 30, 2021.

3. Attached to this Response as Exhibit A is a redlined version of the Staff Draft which shows recommended changes and, in most instances, includes comments explaining the rationale for the recommended changes. In addition to the comments provided in Exhibit A, set out below are additional comments and discussion on some of the recommended changes.

4. Timing of Retirement of RECs (20.100(2)(J)). Under the current RES rule, utilities either must retire RECs within the compliance calendar year or retire RECs the following year (up to April 15) for the prior year if the retirements in the following year do not exceed 10% of the total RECs retired for the compliance year. Experience has shown that the requirement that 90% of the RECs be retired in the compliance year is problematic. To know the number of RECs that must be retired the utility must know what its sales were, which depends on receiving information from MISO² on its loads. However, there exists a 60-day lag in obtaining MISO settlement data. This means that a decision must be made at least 60-90 days prior to the end of the compliance year on whether additional RECs need to be obtained to ensure the 90% requirement is met. Early in the operation of the RES this was not an issue because Ameren Missouri had a large “bank” of RECS from prior years that it could use, but recently it has become a problem since the RECs it generates are much closer (could be above or below in a given year) to the RES portfolio requirement. These factors, taken together, in effect force the utility to err on the side of caution and buy RECs at least 60-90 days prior to the end of the compliance year if the then forecast suggests there might be a shortfall in separately meeting the 90% requirement. However, it may turn out that there was no shortfall (or that the shortfall was smaller), which may mean that the

² Midcontinent Independent System Operator, Inc. (or another applicable Regional Transmission Organization).

purchased RECs were an unnecessary compliance expense. The Company recommends that the 90% requirement be eliminated while retaining a time limit within the following year by which the retirements must be made to demonstrate compliance. Staff had suggested moving that date to May 15. If the 90% requirement is eliminated, leaving it April 15 would also make sense.

5. REC Designation (20.100(2)(M)). This new subsection is problematic as it appears to force the utility to designate whether a given REC will be used for compliance before that decision must be made. Consider an example: RECS are generated from a resource being used in a subscriber-based program but for various reasons some of those RECS are not retired on a subscriber's behalf. The time later arrives to comply with the RES in a given year and the utility has not generated enough RECs from renewable energy resources primarily dedicated to RES compliance to comply. In that case, it has RECs it could have used but if this rule were in place it would not be able to use them and would have to incur the expense to buy other RECs at potentially higher price. While at the *point of retirement* of a REC it makes sense for RECs used for other programs (not RES compliance) to be retired in a separate retirement account, there should be no prior designation requirement. Moreover, the registry does not allow RECs to be retired on behalf of multiple renewable programs regardless of whether it is a voluntary or required program, making such a rule unnecessary.

6. Market Value Information (20.100(8)(B)4.). The Company believes this provision may rest on a flawed premise, that is, that there is or likely will be a liquid market for RECs. That has not been the Company's experience, especially regarding RECs that could be obtained for compliance in Missouri since Missouri RECs need not be Green-e certified. Consequently, conducting a Request for Proposal or some other means to establish a market value is not plausible.

7. Ameren Missouri has a variance allowing energy and capacity market benefits from RES compliance assets to be reflected in its fuel adjustment clause. It is Ameren Missouri's understanding that prospective changes to the RES rules would have no impact on this variance, but it is likely worthwhile to clarify in the revised rule that existing variances are unaffected by prospective rule changes.

WHEREFORE, the Company submits its response to the above-referenced Order and looks forward to further participating in this workshop docket.

Respectfully submitted,

/s/ James B. Lowery
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing document was served on all parties of record via electronic mail (e-mail) on this 30th day of July, 2020.

/s/James B. Lowery

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