

**Before the Public Service Commission  
of the State of Missouri**

**In the Matter of Union Electric Company d/b/a/ )  
Ameren Missouri's 2020 Utility Resource )  
Filing Pursuant to 20 CSR 4240 – Chapter 22 )**

**Case No. EO-2021-0021**

**Initial Comments of the  
Missouri Industrial Energy Consumers  
Concerning the 2020 Integrated  
Resource Plan of Ameren Missouri**

**PUBLIC Version**

March 31, 2021

## **Initial Comments of the Missouri Industrial Energy Consumers Concerning the 2020 Integrated Resource Plan of Ameren Missouri**

The Missouri Industrial Energy Consumers<sup>1</sup> (“MIEC”) appreciates the significant amount of analysis that Ameren Missouri (“AMO”) has put into developing this new 2020 Integrated Resource Plan (“IRP”). This new plan represents a significant advancement over the 2017 IRP in terms of the underlying analyses, as well as the resulting advancement in the pace of reduction of CO<sub>2</sub> emissions, which are a major greenhouse gas (“GHG”) source. AMO’s coal fleet contributes substantial amounts of GHG emissions in the region.

Based on the information provided by AMO in its IRP and supporting workpapers, MIEC believes that the GHG emissions from the AMO coal fleet can be reduced more quickly than would occur under AMO’s preferred plan, and that it can be done at a reasonable cost.

In addition, MIEC is interested in developing concepts and programs whereby large customers can participate directly in renewable resources that may be owned by AMO or contracted by AMO from third parties. Options for customers to directly contract with renewable resources and have AMO facilitate the utilization of these resources in a way that would offset their purchases from AMO are also of interest. This type of arrangement would reduce AMO’s need to construct or contract for resources to replace the facilities that AMO will be retiring.

### **AMO’s Resource Plan**

AMO’s preferred plan, sometimes referred to as Plan “V” or Plan No. 26, is generally characterized by a near-term retirement of the Meramec Energy Center, along with early retirement of the Sioux and Rush Island Energy Centers. Also included are approximately 3,100 megawatts (“MW”) of renewable generation. It also includes extension of the operating license of the Callaway Nuclear Facility beyond 2050. This plan also contemplates the installation of a combined cycle facility in the early 2040s.

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<sup>1</sup>MIEC is a non-profit corporation that represents the interests of large customers in Missouri utility matters. These companies purchase substantial quantities of electricity from AMO.

AMO has prepared over two dozen alternative resource expansion plans and evaluated and compared them in a number of ways. These include present value of revenue requirements (“PVRR”), average rate per kilowatt-hour (“kWh”), emissions of CO<sub>2</sub> and other products of combustion, including mercury and SO<sub>2</sub>.

Reduction of GHG (primarily through the reduction of CO<sub>2</sub> emissions in the case of AMO) is very important in terms of moderating climate change effects. Like AMO, many other corporations have made commitments to various US and International organizations, have established goals for GHG reductions and renewable content of purchased electricity, as well as other goals. (See further discussion in the “Customer Options” section later in these comments.) MIEC urges AMO to continue to study technologies and operating practices with the goal of reducing GHG emissions at a pace more rapidly than contemplated in the 2020 IRP, and at a reasonable cost. We encourage AMO to share these results with interested participants as the options are refined, and costs are better defined.

Based on our review of the analysis presented by AMO, when compared to AMO’s preferred plan, other plans provide greater GHG reductions at similar costs. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] MIEC believes that a modest difference in revenue requirement is a reasonable price to pay for the much more significant reduction in GHG emissions that would result from some of the alternative plans.<sup>2</sup>

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<sup>2</sup>In the context of a 30-year analysis period, where changes in numerous parameters could affect PVRR, it cannot be claimed that small calculated differences in PVRR between plans are accurate, or significant.

MIEC urges AMO to carefully consider and refine the technology and the economics of these alternative plans and pursue them if they continue to score comparable or superior to AMO's preferred plan. No action should be taken in the near term that would preclude the adoption of these other long-term resource expansion plans that have the potential to reduce GHG emissions more rapidly than the preferred plan, and at a comparable cost.

### **Customer Options**

AMO's states in several places that it is in favor of making available to customers options to participate directly in renewable resources. For example, at page 3 of the Executive Summary to the 2020 IRP, AMO states as follows:

"Moreover, advancing investments in renewables to meet customer interest can reduce costs for all customers. To that end, our plan includes customer offerings of renewable energy, which will enable communities and customers to meet all or a portion of their energy needs with renewable energy resources."

MIEC companies heartily endorse and support this goal. Unfortunately, the 2020 IRP does not include any such program offerings. AMO does have in place a renewable rider, Rider "RC," which is designed to offer customers options, but, since its approval in 2018, AMO has not been able to find the right combination of resources, terms and conditions that are attractive to customers.<sup>3</sup>

Many large consumers of electricity have a need to acquire the output of renewable resources that they can use to meet their individual corporate GHG reduction goals or "renewable content of electricity" goals. Many of these goals are far more aggressive than can be accomplished through purchasing electricity from AMO, so having additional options available is very important.

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<sup>3</sup>We note that Evergy has in place a tariff similar to AMO's tariff for this purpose, and has attracted significant customer interest.

There are two principal ways of allowing customers to participate directly in these projects. They can be broadly categorized as a “purchase and utilize” transaction or an “overlay” transaction.

A purchase and utilize transaction allows the contracting customer to use the renewable power to serve part of its electric load. In addition to paying for the renewable resource, the contracting customer pays for transmission (if necessary) of the power from the renewable resource to and through the local utility (AMO) for use by the contracting customer. The contracting customer may also pay standby charges to cover supply when the renewable resource is producing at less than is needed by the contracting customer. Requirements other than what is provided by the renewable contract are supplied by the utility at the otherwise applicable rate. The contracting customer receives the Renewable Energy Certificates (“RECs”) and any other benefit associated with the output of the renewable resource. A renewable resource can be owned by the electric utility or by a third party. If the resource is owned by a third party, the customer can select and negotiate terms directly with the renewable facility, but the transaction would still be coordinated with and through the regulated utility.

An overlay transaction is similar to what was contemplated by AMO’s Rate RC. With this kind of transaction, the customer continues to pay AMO for all of its purchased electricity requirements, and pays all costs associated with the renewable facility, or PPA, and receives all revenues from the output of the facility if sold into the wholesale market (or is credited with the utility’s avoided cost), the RECs and any other benefits associated with the output of the facility. With an overlay transaction, the facility can be owned by anyone because contracts can cover the necessary transactional elements. If the resource is owned by a third party, the customer can select and negotiate terms directly with the renewable facility, but the transaction would still be coordinated with and through the regulated electric utility pursuant to a renewable resource tariff.

Under both options, the contracting customer pays all costs and receives all benefits associated with the renewable resource. With either type of transaction, if the utility owns or contracts for the renewable resource, the costs and benefits of that renewable resource should be 100% dedicated to the contracting customer or customers. If that is not practical, and the resource is partly for contracting customers and partly for the general body of ratepayers, there should be an explicit capacity and energy allocation between contracting customers on the one hand and the general body of ratepayers on the other hand, in order to avoid any “cross-subsidies.”

These options align very well with AMO’s statements from page 3 of the Executive Summary of its IRP, referenced earlier in these comments.

MIEC is very interested in developing these options to the point where they become a reality. MIEC commits to work with AMO, Commission Staff and other interested parties to bring these very important options to fruition.

Respectfully submitted,

Missouri Industrial Energy Consumers