

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

In the Matter of the Determination of Special)
Contemporary Resource Planning Issues to be)
Addressed by Ameren Missouri in its Next) File No. EO-2015-0039
Triennial Compliance Filing or Next Annual)
Report.)

**AMEREN MISSOURI’S COMMENTS ON THE PROPOSED LIST OF
SPECIAL CONTEMPORARY ISSUES**

COMES NOW Union Electric Company d/b/a Ameren Missouri (Ameren Missouri or Company) and, pursuant to 4 CSR 22-080(4)(B), submits to the Missouri Public Service Commission (Commission) the following Comments on the Proposed List of Special Contemporary Issues:

1. 4 CSR 240-22.080(4) requires Missouri’s electric utility companies to consider and analyze “special contemporary issues” in their Integrated Resource Plan (IRP) triennial compliance filing and in their annual IRP update reports.

2. In September of 2014, the Missouri Department of Economic Development – Division of Energy (DE), the Office of the Public Counsel (OPC) and the Missouri Public Service Commission Staff (Staff) each filed a list of proposed special contemporary issues for Ameren Missouri’s next triennial filing.

3. The language of 4 CSR 240-22.080(4) describes the purpose of the special contemporary issues list as “...to ensure that evolving regulatory, economic, financial, environmental, energy, technical, or customer issues are adequately addressed by each utility in its electric resource planning.” In addition, the Rule provides that “[e]ach special contemporary issues list will identify new and evolving issues, but may also include other issues such as

unresolved deficiencies or concerns from the preceding triennial compliance filing.” 4 CSR 240.080(4).

4. As the Commission is aware, Ameren Missouri has requested a waiver of these rules for 2015, as the review of Ameren Missouri's Integrated Resource Plan (filed earlier today) will not be complete. If the Commission were to grant that motion, then these proposed contemporary issues would not be addressed in April of 2015.

5. Ameren Missouri has already responded to the issues raised by Staff on September 24, 2014, and will not repeat that information here.

6. Ameren Missouri has reviewed the proposed special contemporary issues lists proposed by the other parties and, as set forth in Attachment A, believes that many of the issues proposed by the parties do not merit treatment as special contemporary issues in that such issues fall outside of the scope contemplated by and in 4 CSR 240.080(4). In other words, some of the issues submitted by the other stakeholders are not “new and evolving” and/or do not pertain to “unresolved deficiencies or concerns” from previous IRP filings.

7. With this in mind, Ameren Missouri submits Attachment A with this pleading, representing its comments on the proposed list of special contemporary issues. Ameren Missouri looks forward to continuing to work with stakeholders to address the issues presented in this docket.

WHEREFORE, Ameren Missouri submits its attached comments on the proposed list of special contemporary issues and requests, pursuant to 4 CSR 240 22.080(4)(C), and asks the Commission to issue an order granting Ameren Missouri's request for a waiver of this section of the Commission regulations.

Respectfully Submitted,

/s/ Wendy K. Tatro

Wendy K. Tatro, #60261

Director and Assistant General Counsel

1901 Chouteau Avenue, MC 1310

P.O. Box 66149

St. Louis, MO 63166-6149

(314) 554-3484 (phone)

(314) 554-4014 (facsimile)

amerenmoservice@ameren.com

**ATTORNEYS FOR UNION ELECTRIC
COMPANY d/b/a AMEREN MISSOURI**

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, transmitted by e-mail or mailed, First Class, postage prepaid, this 1st day of October, 2014, to counsel for all parties on the Commission's service list in this case.

/s/ Wendy K. Tatro

2014 Special Contemporary Issues Ameren Missouri Comments

Introduction and Summary

The Missouri Public Service Commission's ("Commission") Chapter 22 rules governing electric utility resource planning include consideration of special contemporary issues {4 CSR 240-22.080(4)} as ordered by the Commission. 4 CSR 240-22.080(4) characterizes special contemporary issues generally as, "evolving regulatory, economic, financial, environmental, energy, technical, or customer issues," that utilities must adequately address in their resource planning. The Commission has provided additional guidance on the assessment of proposed special contemporary issues in its order in File No. EO-2012-0039. Three parties have filed proposed special contemporary issues pursuant to Section 22.080(4)(A) – the Office of the Public Counsel ("OPC"), the Missouri Department of Economic Development – Division of Energy ("DE"), and the Sierra Club. Ameren Missouri provides these comments pursuant to Section 22.080(4)(B), which allows the subject utility and other parties to file comments on the proposals of Staff and the other parties no later than October 1, 2014.

In making its decision about what specific issues utilities must address, the Commission must consider the significance and urgency of issues and the time available in which to address them, both individually and in total. As a basic test, such issues must be "special", they must be "contemporary", and they must, in fact, be "issues". This means that the issues must not only meet a threshold of significance in terms of their potential effect on resource decisions, but that the potential effect must also be imminent. Based on the provisions and administration of the Commission's Chapter 22 rules, it is reasonable to conclude that an issue that is not likely to significantly alter a utility's current implementation plan (i.e., specific plan for resource acquisition between triennial compliance filings) does not need to be addressed prior to the conclusion of that implementation plan.

Consideration must also be made with respect to the time available to address the various issues. Section 22.080(4)(C) provides that the Commission must issue an order no later than November 1st listing the special contemporary issues the utility must address and document in its upcoming triennial filing or annual update. Since annual updates, by rule, are to be provided on or around April 1st, and since reports must be filed by the utility at least 20 days prior to that, or early March, primary analysis of any issue that is to be addressed must largely be completed by early January. This allows time needed for drafting, reviewing and revising reports as well as any follow-up analyses necessary based on initial conclusions drawn from the primary analysis. That means that the utility has approximately two months in which to define, schedule, perform, validate, refine and finalize the bulk of its analysis, not only of the prescribed special contemporary issues, but also any other analysis the utility believes is significant and urgent. If the purpose of annual updates is to ensure the consideration of significant and urgent issues that could affect the utility's acquisition of resources, then it must be truly focused on only those issues

and must be unencumbered by lesser issues. Otherwise, the annual update process would likely become a meaningless exercise that provides no insight into critical resource planning issues.

The Commission's Order on special contemporary issues for Ameren Missouri's 2012 IRP Annual Update in File No. EO-2012-0039 reflected agreement with the Company's framework for evaluating proposed special contemporary issues and included language clarifying the Commission's standards for determining what issues should be addressed. In particular, the Commission noted that because Ameren Missouri would be filing an annual update rather than a triennial compliance filing in 2012, the Company was, "only expected to address changing conditions since the last filed triennial compliance filing or annual update filing. For that reason, the requirement to examine special contemporary issues should not be allowed to expand the limited annual update report into something more closely resembling a triennial compliance report." As Ameren Missouri is again expected to file an annual update rather than a triennial compliance filing in 2015, this guidance is important in assessing the issues proposed by the parties for this case.

The Company's review of the suggested special contemporary issues proposed by the parties indicates that none of the issues proposed by the parties merit treatment as special contemporary issues by the Commission. For those issues that are determined by the Commission to be special contemporary issues, it is important to define how the Company will address them. Following is a list of the issues suggested by the parties mentioned previously and the Company's recommendation as to whether each issue should be treated as a special contemporary.

Characterization of Parties' Proposed Special Contemporary Issues

In light of the fact that Ameren Missouri is required to submit an annual update in 2015 rather than a full triennial compliance filing, as well as the considerations mentioned earlier and the notion that special contemporary issues must meet threshold tests of both significance and urgency, Ameren Missouri has attempted to categorize the issues proposed by the parties for consideration as follows:

- **Issues already addressed in the most recent IRP or Annual Update** – Ameren Missouri has filed on this very same day its latest triennial IRP. Unless conditions have changed such that the outcome of analyses are likely to change significantly, issues that have been addressed in the most recent triennial compliance filing or annual update do not warrant reconsideration in a subsequent annual update.
- **Issues that are either not significant and/or not urgent** – Any issue that fails to meet threshold tests of both significance and urgency should be deferred for consideration in a subsequent triennial filing or dismissed entirely.
- **Issues that are both significant and urgent** – These are issues that meet both threshold tests and should be considered for inclusion as special contemporary issues to be analyzed and documented by the utility.

Following is a discussion of each of the proposed issues, by category.

Issues Already Addressed in Ameren Missouri's Most Recent IRP Filing

- **OPC Issue:** OPC offers a general recommendation to use scenario-based planning, including specific references to the application of scenario planning to 1) the U. S. Environmental Protection Agency's ("EPA") proposed Clean Power Plan, 2) fugitive methane emissions associated with natural gas associated with the extraction and use of natural gas fuel, and 3) various levels of energy and their impact on rates.

Ameren Missouri's Assessment and Recommendation: As noted previously Ameren Missouri has filed today its latest triennial IRP. As part of its IRP analysis and reporting, Ameren Missouri has evaluated several potential scenarios that comport with the scenario planning definition cited by OPC. The scenarios are:

- Compliance with the EPA's proposed Clean Power Plan
- Much greater than expected penetration of distributed generation
- Loss of a large customer load

In addition, Ameren Missouri has evaluated several levels of energy efficiency (RAP, MAP and a "Mid" portfolio) including uncertainty ranges for cost and performance (i.e., low, base, and high) for each portfolio. Our analysis includes evaluation of the rate impact of each level of energy efficiency.

With respect to fugitive methane emissions, Ameren Missouri's preferred resource plan does not call for any new gas-fired resources until 2034. As a result, it would be premature to attempt to perform a complete evaluation of emissions from extraction to generation.

OPC's general suggestion to include scenario-based planning is not without merit, but since Ameren Missouri has included essentially what OPC has suggested in its 2014 IRP filing, there is no need to make this a special contemporary issue.

- **DE Issue 1:** DE suggests an evaluation of potential combined heat and power (CHP) in Ameren Missouri's service territory.

Ameren Missouri's Assessment and Recommendation: In its order on special contemporary issues for Ameren Missouri for its 2014 IRP (File No. EO-2014-0062), the Commission included evaluation of CHP as a special contemporary issue (item 1-f in the ordering paragraph). Ameren Missouri has already included in its most recent Demand-Side Management (DSM) Market Potential study and 2014 IRP filing an evaluation of CHP potential. Because any analysis of this issue would be duplicative, there is no need to make this a special contemporary issue.

- **DE Issue 3:** DE suggests that Ameren Missouri describe and evaluate technologies and strategies for compliance with the EPA's proposed Clean Power Plan.

Ameren Missouri's Assessment and Recommendation: As mentioned in response to OPC's suggestion above, Ameren Missouri has evaluated actions required to comply with the EPA's

proposed rule. Because the rule is still in draft form, and because the EPA expects to issue a final rule next June, additional extensive analysis of compliance with the proposed regulation is not likely to be productive. Therefore, this should not be included as a special contemporary issue.

- **DE Issue 4:** DE suggests that Ameren Missouri investigate and analyze the potential change in load due to increased electric vehicle use.

Ameren Missouri's Assessment and Recommendation: Ameren Missouri has included consideration of increases in electric vehicle penetration as part of the development of its load forecast assumptions for its 2014 IRP. As a result, there is no need to include this as a special contemporary issue.

- **Sierra Club Issue 1:** Sierra Club suggests that Ameren Missouri develop and document the impact of DSM programs under low, base and high projections.

Ameren Missouri's Assessment and Recommendation: As noted in response to OPC's suggestion, Ameren Missouri has evaluated low, base and high impacts of DSM for three different portfolio levels – RAP, MAP and Mid as part of its 2014 IRP. As a result, there is no need to make this a special contemporary issue.

- **Sierra Club Issue 2:** Sierra Club suggests that Ameren Missouri develop and document low, base and high projections for natural gas prices, CO2 prices and coal prices.

Ameren Missouri's Assessment and Recommendation: In its order on special contemporary issues for Ameren Missouri for its 2014 IRP (File No. EO-2014-0062), the Commission included evaluation of low, base and high values for natural gas prices, CO2 prices, and coal prices as a special contemporary issue (item 1-g in the ordering paragraph). Ameren Missouri has developed and used in its analysis low, base and high projections for natural gas prices, CO2 prices and coal prices as part of its 2014 IRP. As a result, there is no need to make this a special contemporary issue.

- **Sierra Club Issue 3:** Sierra Club suggests that Ameren Missouri evaluate the prospects for the future price of electricity in the wholesale market and resultant levels of off-system sales.

Ameren Missouri's Assessment and Recommendation: Ameren Missouri has developed 15 scenarios for power prices for use in its 2014 IRP analysis. These scenarios are based on various combinations of natural gas prices, load growth in the broader electric energy market, and impacts of environmental regulation on the mix of resources in the broader electric energy market, including different levels of CO2 prices. Each of Ameren Missouri's alternative resource plans has been evaluated under all 15 of these internally consistent scenarios along with variations in coal prices for Ameren Missouri's coal-fired generators. As a result, there is no need to make this a special contemporary issue.

- **Sierra Club Issue 4:** Sierra Club suggests that Ameren Missouri evaluate low, base and high levels of off-system sales under a range of assumptions for natural gas prices, CO2 prices, and coal prices.

Ameren Missouri's Assessment and Recommendation: As explained in response to Sierra Club Issue 3 above, Ameren Missouri has analyzed each of its alternative resource plans under all 15 of its pricing scenarios along with variations in coal prices for Ameren Missouri's coal-fired generators. Our modeling therefore yields unique levels of off-system sales for each combination of the variables listed by Sierra Club as well as other variables. As a result, there is no need to make this a special contemporary issue.

- **Sierra Club Issue 5:** Sierra Club suggests that Ameren Missouri analyze and document the impact of a range of environmental regulations on the future capital and operating costs of its coal-fired generating units.

Ameren Missouri's Assessment and Recommendation: In its order on special contemporary issues for Ameren Missouri for its 2014 IRP (File No. EO-2014-0062), the Commission included evaluation of the implications of this same list of environmental regulations as a special contemporary issue (item 1-h in the ordering paragraph). Ameren Missouri has included in its 2014 IRP analysis assumptions for compliance with all of the regulations listed by Sierra Club, including capital and O&M costs for compliance. These assumptions are documented in Chapter 5 of the Company's 2014 IRP filing and used in the analysis documented in Chapter 9. As a result, there is no need to make this a special contemporary issue.

- **Sierra Club Issue 6:** Sierra Club suggests that Ameren Missouri analyze and document the cost of any transmission system upgrades or additions needed to address transmission grid reliability, stability or voltage support impacts that could result from the retirement of any existing Ameren Missouri coal-fired generating unit.

Ameren Missouri's Assessment and Recommendation: Ameren Missouri has included in its 2014 IRP analysis assumptions for transmission system projects that may be necessary as a result of retiring units at each of Ameren Missouri's four coal-fired energy centers. As a result, there is no need to make this a special contemporary issue.

- **Sierra Club Issue 8:** Sierra Club suggests that Ameren Missouri analyze and document the relative economics of continuing to operate each of Ameren Missouri's coal-fired generating units compared to retiring these units and replacing them with demand side resources.

Ameren Missouri's Assessment and Recommendation: Ameren Missouri has included in its 2014 IRP analysis evaluation of alternative resources plans that include retirements of each of Ameren Missouri's four coal-fired energy centers, including plans which include retirement and maximum levels of DSM. As a result, this should not be included as a special contemporary issue.

- **Sierra Club Issue 9:** Sierra Club suggests that Ameren Missouri analyze and document the technical, maximum achievable and realistic achievable energy and demand savings from DSM program and incorporating each level of savings into Ameren Missouri's resource planning process.

Ameren Missouri's Assessment and Recommendation: As noted in response to Sierra Club issue 1 above, Ameren Missouri has evaluated Realistic Achievable Potential (RAP) and Maximum Achievable Potential (MAP) portfolios in its 2014 IRP analysis. Technical potential was

identified in addition to RAP and MAP levels in Ameren Missouri's latest DSM Market Potential Study. Because these levels of DSM have already been evaluated and included in our resource planning process, there is no reason to make this a special contemporary issue.

- **Sierra Club Issue 10:** Sierra Club suggests that Ameren Missouri analyze and document the levels of achievable CHP and incorporate this into its resource planning process.

Ameren Missouri's Assessment and Recommendation: As noted in response to DE issue 1 above, Ameren Missouri has evaluated CHP potential in its service territory as part of its latest DSM Market Potential Study. As a result, there is no need to make this a special contemporary issue.

- **Sierra Club Issue 11:** Sierra Club suggests that Ameren Missouri analyze and document cost and performance information sufficient to fairly analyze and compare utility-scale wind and solar resources to other supply-side alternatives.

Ameren Missouri's Assessment and Recommendation: Ameren Missouri routinely includes such information in its IRP filings, including our 2014 IRP filed today. Therefore, there is no need to make this a special contemporary issue.

Issues that are Not Significant and/or Not Urgent

- **DE Issue 2:** DE suggests that Ameren Missouri consider the role that CHP could play in complying with EPA's proposed Clean Power Plan.

Ameren Missouri's Assessment and Recommendation: As noted in response to DE Issue 1 above, Ameren Missouri has evaluated the potential for CHP in its service territory. Ameren Missouri has also evaluated needs for compliance with the EPA's proposed regulations. Again, because EPA's proposed regulations are likely to change prior to finalization as early as next June, evaluation of this issue at this time would be premature. Therefore, this should not be included as a special contemporary issue.

- **Sierra Club Issue 7:** Sierra Club suggests that Ameren Missouri analyze and document the criteria by which units are assigned various operational designations (e.g., "must run") for use in all Company economic modeling and resource planning.

Ameren Missouri's Assessment and Recommendation: Sierra Club offers no explanation as to why this should be considered a special contemporary issue. Absent any such rationale, this should not be considered as a special contemporary issue.