

## **Review of Chapter 22 Draft Rule**

### **AmerenUE Assessment of Prescriptive Items**

**Purpose:** This document was prepared in response to an August 4, 2009, request from PSC staff that each utility identify those portions of the current PSC draft of revised Chapter 22 rules that it believes to be too prescriptive.

**Introduction and Overall Comments:** As has been stated throughout the course of the IRP Rule Workshops, AmerenUE believes that the rule currently in effect, as well as the draft rule currently being developed, is burdened with a level of detail that is inconsistent with the purpose of Integrated Resource Planning and its ability to account for changes in policy, innovation, improvements in analysis methods, and the rapid pace of change in the energy industry.

The details within the rule can be categorized as scope-related (what is to be considered), method-related (how analysis is to be performed), or information-related (what deliverables are to be provided). What follows is an assessment by AmerenUE of those elements of the rule that are scope-related or method-related that should be removed from the rule. An assessment of the information-related items (i.e. reporting requirements) currently in the draft rule is provided separately. This is not to say that all such details are not good things to do or consider, but rather that such specificity serves to unnecessarily constrain the utilities' ability to efficiently and effectively carry out its resource planning in a way that responds to the ever-changing conditions in the market.

This assessment is, and should be viewed as, simply a list of those items AmerenUE believes do not add value as part of an IRP rule. It should not be construed as a listing of the only differences between the current draft rule under consideration by PSC staff and a draft rule that may be offered by AmerenUE once agreement has been reached on the objectives of the IRP rule.

#### **Policy Objectives (4 CSR 240-22.010)**

- Remove narrative language in paragraph (2) which provides background for, and reference to, Proposition C and SB376. These and other policies and statutes, either current or future, should be covered by a blanket requirement to comply with all relevant federal and state laws and policies.
- Remove sub-paragraph (A) under paragraph (2) which provides direction on how to perform the relevant comparison analysis required to comply with Proposition C. Any such language should be handled in the rules to implement Proposition C and applied in the context of IRP through a general compliance requirement for all federal and state laws and policies.
- Language in sub-paragraph (C) under paragraph (2) after the first sentence should be minimized for clarity. No specific suggestion at this time.

#### **Load Analysis and Forecasting (4 CSR 240-22.030)**

- Remove paragraph (1) in its entirety. These requirements naturally flow from the other requirements of the rule and do not need to be stated explicitly.
- Remove the phrase “At a minimum” from the first complete sentence in sub-paragraph (A) under paragraph (2) regarding the historical data base. Merge item 1. into sub-paragraph (A) and delete items 2. and 3. The added detail is unnecessary as such requirements flow from utility business processes and therefore vary by utility.
- Remove sub-paragraph (C) under paragraph (2) regarding load component detail. This is unnecessary since such requirements flow from utility business processes.
- Remove sub-paragraph (D) under paragraph (2) regarding forecast model data. This is unnecessary since such requirements flow from utility business processes.
- Remove paragraphs (3) and (4) in their entirety. Methods should be left to the utility and based on needs and capabilities associated with chosen forecasting methods and consistent with accepted practices at the time. Prescribing such methods unnecessarily restricts the rule to methods employed at the time it was adopted.
- Remove the second sentence in paragraph (5). Methods should be consistent with the overall forecast method chosen by each utility.
- Remove the reference to calibration of end-use load profiles to major class load profiles in sub-paragraph (B) under paragraph (2). Methods should be consistent with the overall forecast method chosen by each utility.
- Combine paragraphs (6) through (8) and reduce to a simplified statement of the need to develop base and sensitivity (high and low) forecasts.
- Remove paragraph (9) in its entirety. Weather uncertainty is addressed through the development of Planning Reserve Margin requirements by using 50/50 load forecasts and applying forecast uncertainty in the supporting LOLE analysis.

#### **Supply-Side Resource Analysis (4 CSR 240-22.040)**

- Remove specific reference to renewable standards in paragraph (1). This is captured by a general requirement for compliance with federal and state laws and policies.
- Add costs of transmission interconnection to the list of specific characterization requirements under paragraph (1). This is the appropriate place to consider the transmission-related costs associated with specific resources, even if it must be estimated for a generic site.
- Remove sub-paragraph (B) under paragraph (2) in its entirety. The need to consider probable environmental costs is stated in sub-paragraph (C), and the additional detail in sub-paragraph (B) specifies methods that may become outdated or unnecessary.
- Remove reference to renewable energy standard in sub-paragraph (C) under paragraph (2). This is captured by a general requirement for compliance with federal and state laws and policies.
- Remove sub-paragraph (D) under paragraph (2) in its entirety. This is captured by a general requirement for compliance with federal and state laws and policies.
- Remove paragraph (4) in its entirety. These options are listed already in paragraph (1), and the additional detail is unnecessary.

- Remove paragraph (5) in its entirety. Purchased power options are listed in paragraph (1). It is not necessary to specify the other details required to support the analysis and modeling required for IRP.
- Remove paragraph (6) in its entirety. Efficiency improvements are already listed as resource options in paragraph (1).
- Remove items 1. through 3. listed under sub-paragraph (A) under paragraph (7). This is unnecessary detail.
- Similarly, remove all items specified under sub-paragraphs (B) through (D). A blanket requirement for the identification of critical uncertain factors and the development of ranges of values may be handled by a blanket statement to that effect.

#### **Transmission and Distribution Analysis (4 CSR 240-22.045)**

- Remove this section of the rule in its entirety. This is redundant to NERC standards compliance and functions performed by the respective RTO's. A simply stated consideration of future transmission expansion in 240-22.060 should suffice. Other sections of the rule already account for the need to consider transmission-related costs and impacts specific to the relevant resources (i.e. expansion and interconnect costs for supply-side resources and, although not explicitly, the need for enabling technology for demand-side resources).

#### **Demand-Side Resource Analysis (4 CSR 240-22.050)**

- While the approach embodied in the current draft of the rule represents a valid approach and one that has been standard practice, it does not allow for the kind of innovation that is necessitated by the changing market. Rather than address individual components of the draft rule, AmerenUE offers the following general observations:
  - The detail around the determination of avoided cost is outdated and must be made more flexible to allow for changes in the market and changes in methods, as well as differences in methods by utility.
  - The requirement for establishing a detailed evaluation plan at the IRP stage is impractical. The filing of specific tariffs to implement programs is a better point at which to establish such detailed plans.
  - The rule should be flexible enough to allow for both bottom-up and top-down approaches to demand-side analysis and portfolio development.
  - The demand-side rules should include consideration of distributed generation resources owned and controlled by the customer.
  - Consideration for fuel substitution (gas vs. electric) should be allowed for as well as the possibility for joint savings (e.g. structure improvements that bring both greater heating and cooling efficiency).

#### **Integrated Resource Analysis (4 CSR 240-22.060)**

- Remove specified list of performance measures in sub-paragraph (A) under paragraph (2) in favor of a more general statement of the range of performance measures to be considered.
- Remove subparagraph (A) under paragraph (3) specifying alternative plans to be analyzed. The detailed language is fixed to the current environment and likely will not reflect the environment in the future. Also, to the extent the language refers to compliance with federal or state laws or policies, such requirements are covered by a general reference to compliance with any federal or state laws and policies.
- Remove sub-paragraph (B) under paragraph (3). Analysis of load-building programs should be considered in the demand-side analysis.
- Remove sub-paragraphs (A) through (D) under paragraph (4). The language prescribes what amounts to standard practice for IRP, and while itself is not objectionable is detail that is not necessary or could be superseded by changes in accepted practices.
- Remove paragraph (5) in its entirety. Analysis of load-building programs should be considered in the demand-side analysis.

#### **Risk Analysis and Strategy Selection (4 CSR 240-22.070)**

- More than any other section of the rule, this one is subject to differences in approach by utility and changes in practice over time. Rather than identify specific elements that should be removed, we would recommend starting with the higher level objectives under review and add to that a requirement that the utility describe its approach and explain its rationale for selecting that approach. This possibility is currently contemplated in each sub-paragraph under paragraph (4), which constitutes a general “out” to use other methods than the one prescribed. The increasing complexity and accelerating pace of change necessitates flexibility and innovation to employ methods that best meet the needs of the business and the market at a given point in time.
- A few general points on the current draft:
  - Specific references to, and requirements of, analysis related to RES compliance should be removed in favor of a general compliance requirement and specification of analysis approach in the RES rule.
  - The requirements for implementation plans and resource acquisition strategies can be combined and summarized and should be focused on a shorter term (3-5 years).
  - The language proposed by OPC with respect to analysis of financing needs and alternate rate structures should be at a summary level and avoid requirements that venture into business planning and management of the utility, such as the requirement to provide steps the utility might take in the legislative arena.

#### **Filing Schedule and Requirements (4 CSR 240-22.080)**

- Please refer to the separate response on deliverables for comments on this section of the rule. In general, AmerenUE concurs with the need to provide notification of material changes in its plans, although it should be focused much more heavily on a short-term implementation plan and leave longer-term changes to subsequent IRP's. AmerenUE also does not object to the concept of an annual update as long as it is not in the form of a detailed filing subject to the same kind of review requirements as the triennial filing. The nature of this section of the rule must support the approach that is selected for IRP in general – process focus or plan focus (i.e. the objective of the Commission's Order's).