

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EE-2023-0127, Request for Variance and Waiver of 60-Day Notice Requirement

FROM: Amanda Coffey, Engineering Analysis

/s/ Amanda Coffey 11/10/2022
Engineering Analysis / Date

/s/ Jeffrey A. Keevil 11/10/2022
Staff Counsel's Office / Date

SUBJECT: Staff Report and Conclusion on Ameren Missouri's Request for Variance and Waiver of 60-Day Notice Requirement

DATE: November 10, 2022

SUMMARY

Staff has reviewed Ameren Missouri's Request for Variance and Waiver of 60-Day Requirement, filed October 10, 2022. Based on its review, Staff recommends the Commission grant a variance from 20 CSR 4240-20.100(3)(J) for only the 2022 compliance year¹, and a waiver of the 60-day notice requirement in 20 CSR 4240-4.017(1).

OVERVIEW

On October 10, 2022, Ameren Missouri filed its request under 20 CSR 4240-20.100(11)² for a waiver of the 60-day notice requirement in 20 CSR 4240-4.017(1)³ and a variance from

¹ RES compliance is determined on a calendar year basis pursuant to 20 CSR 4240-20.100(2), which states in part, "Requirements. Pursuant to the provisions of this rule and sections 393.1025 and 393.1030, RSMo, all electric utilities must generate or purchase RECs and S-RECs associated with electricity from renewable energy resources in sufficient quantity to meet the RES portfolio requirements (renewable and solar) on a calendar year basis..."

² "Upon written application, and after notice and an opportunity for hearing, the commission may grant a variance from any provision of this rule for good cause shown."

³ "Any person that intends to file a case shall file a notice with the secretary of the commission a minimum of sixty (60) days prior to filing such case. Such notice shall detail the type of case and issues likely to be before the commission and shall include a summary of all communication regarding substantive issues likely to be in the case between the filing party and the office of the commission that occurred in the ninety (90) days prior to filing the notice. The filing of such notice shall initiate a new noticed case and be assigned an appropriate case designation and number. If the expected case filing is subsequently made, it shall be filed in the noticed case. If the expected case filing is not made within one hundred eighty (180) days, the noticed case shall close."

a portion of the Missouri Public Service Commission's ("Commission") Renewable Energy Standard ("RES") rules, specifically a portion codified at 20 CSR 4240-20.100(3)(J), which states in part,

For compliance purposes, electric utilities shall retire RECs in sufficient quantities to meet the RES portfolio requirements of this rule. The RECs shall be retired during the calendar year for which compliance is sought. Electric utilities may retire RECs from January 1 through April 15 of the following year, following the calendar year for which compliance is being sought and designate those retired RECs as counting towards the requirements of that previous calendar year. Any RECs retired in this manner shall be specifically annotated in the registry designated in accordance with subsection (F) of this section and the annual compliance report filed in accordance with section (7) of this rule. RECs retired from January 1 through April 15 of the following year, to be counted towards compliance for the previous calendar year in accordance with this subsection **shall not exceed ten percent (10%)** of the total RECs necessary to be retired for compliance for that calendar year.

The rule requires that Ameren Missouri retire at least 90% of the RECs needed to comply with the RES requirements during the compliance year. The remainder, no more than 10%, can be retired the following year, prior to April 15th. Ameren Missouri requests the Commission find there exists good cause to grant the Company a variance from the 90% requirement for renewable energy credit ("REC") retirements for the compliance year 2022.

- Ameren Missouri does not have a large REC bank and expects to use RECs generated during the compliance year.
- Ameren Missouri will need to retire RECs generated during the 2022 compliance year to meet the RES requirements. RECs are not immediately available for use at the moment of generation. RECs are not transferred to the Company account in NAR⁴ until the month following receipt of MISO settlement data ("MISO S55 data"). If the Company needs to

⁴ The North American Renewables Registry (NAR) is a web based platform used to register and track RECs and S-RECs. <https://apx.com/about-nar/> - APX

retire RECs generated in October, November or December 2022, it will not be able to until the RECs have been created and transferred into Company inventory, which is not possible until January, February and March, 2023 respectively.

- If the requested variance is not granted, Ameren anticipates it could purchase RECs to build up its REC bank, around ** [REDACTED] ** RECs for ** [REDACTED] ** per REC, for a total expenditure of \$970,000.

DISCUSSION

A Renewable Energy Credit (REC), means a tradable certificate, that is either certified by an entity approved as an acceptable authority by the commission or as validated through the commission's approved REC tracking system or a generator's attestation. Each REC represents that one (1) megawatt-hour of electricity has been generated from renewable energy resources. Electric utilities must generate or purchase RECs and S-RECs associated with electricity from renewable energy resources in sufficient quantity to meet the RES portfolio requirements for that reporting year. The RES portfolio requirements are based on total retail electric sales of the utility. RECs can be retired either for compliance or voluntary purposes. A retired REC is removed from circulation and may no longer be traded, sold, or reused in any way. RECs expire 3 years from the date the renewable energy was generated⁵. Ameren Missouri uses NAR for REC tracking and retirement. RECs are issued in NAR within 14 days after generation data has been received and validated by the NAR administrator⁶. However, RECs are not transferred to the Company account in NAR until the month following receipt of MISO S55 data. There is an approximate 60-day lag in obtaining MISO S55 data.

Staff has confirmed the amount of banked RECs that Ameren Missouri has registered in NAR. Ameren Missouri anticipates that it will need to retire ** [REDACTED] [REDACTED] ** for the 2022 compliance year.⁷ Based on Ameren Missouri's

⁵ 20 CSR 4240-20.100(1)(M),

⁶ [NAR-Operating-Procedures-November-2018.pdf \(apx.com\)](#)

⁷ EO-2022-0283, filed April 14, 2022, Tables 1, page 7

forecasted 2022 requirement, Ameren Missouri would need to retire approximately ** [REDACTED] ** RECs and S-RECs before the end of 2022 to meet the 90% requirement per 20 CSR 4240-20.100(3)(J). Staff will note that the 60-90 day lag does not appear to occur for ** [REDACTED] **

Ameren Missouri does not currently have enough banked RECs to meet the 90% requirement as shown in the tables below:

	Estimated REC Requirement for 2022	90% Requirement
RECs	** [REDACTED] **	** [REDACTED] **
S-RECs	** [REDACTED] **	** [REDACTED] **
Total	** [REDACTED] **	** [REDACTED] **

	Banked RECs ⁸
Solar	** [REDACTED] **
Non-Solar	** [REDACTED] **
Purchased RECs	** [REDACTED] **
Total	** [REDACTED] **

Additionally, Ameren anticipates generating roughly ** [REDACTED] ** RECs that will be available in NAR before the end of the year and ** [REDACTED] ** that will not be available in NAR until after the end of the year.⁹

⁸Obtained from NAR data as of November 2, 2022. Includes 1.25 multiplier for RECs generated in-state.

⁹ Ameren workpaper, 2022-2023 Estimated RES Compliance 10.14_variance.

CONCLUSION

Staff agrees that purchasing RECs for the 2022 compliance year is avoidable as Ameren's currently banked RECs along with its anticipated generation for the remainder of the year will likely be enough to cover compliance for 2022. Staff recommends the Commission grant a variance from 20 CSR 4240-20.100(3)(J) for the 2022 compliance year, and a waiver of the 60-day notice requirement in 20 CSR 4240-4.017(1).

