

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of a Repository File Concerning)	
Ameren Missouri's Submission of its 2011 RES)	<u>File No. EO-2011-0275</u>
Compliance Plan)	

STAFF REPORT AND RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through the undersigned counsel, and respectfully submits this *Staff Report and Recommendation* to the Commission stating the following:

1. On April 15, 2011, Union Electric Company, d/b/a Ameren Missouri (Ameren Missouri or Company) filed its Renewable Energy Standard (RES) Compliance Plan for calendar years 2011 through 2013. Concurrent with its RES filing, Ameren Missouri also filed a request for a waiver from a portion of 4 CSR 240-20.100(7)(B)1.F.

2. Commission rule 4 CSR 240-20.100(7) states:

Annual RES Compliance Report and RES Compliance Plan. Each electric utility shall file an RES compliance report no later than April 15 to report on the status of the utility's compliance with the renewable energy standard and the electric utility's compliance plan as described in this section for the most recently completed calendar year. The initial annual RES compliance report shall be filed by April 15, 2012, for the purpose of providing the necessary information for the first RES compliance year (2011)....

3. 4 CSR 240-20.100(A) and (B) specify what information the RES Compliance Report shall provide and what information the RES Compliance Plan shall provide, respectfully.

4. 4 CSR 240-20.100(D) provides that:

The staff of the commission shall examine each electric utility's annual RES compliance report and RES compliance plan and file a report of its review with the commission within forty-five (45) days of the filing of the annual RES compliance report and RES compliance plan with the commission. The staff's report shall identify any deficiencies in the electric utility's compliance with the RES.

5. In its *Memorandum*, attached hereto and labeled as Attachment A, the Staff reports on its review of the Company's Annual RES Compliance Report and RES Compliance Plan.

6. While the Company did include a RES retail impact limit calculation as required by 4 CSR 240-20.100(7)(B)1.F., it was not at the level of detail contemplated by the rule. The Staff does not view this as a deficiency. As the Company's costs for these compliance periods are significantly below the one percent (1%) retail rate impact limit, performing the detailed netting calculation serves no purpose in this instance.

7. Ameren Missouri has requested a waiver from 4 CSR 240-20.100(7)(B)1.F. 4 CSR 240-20.100(10) allows the Commission to waive or grant a variance from a provision of this rule for good cause shown. The Staff asserts that the calculation would serve no purpose in this instance, and as such, this instance meets the good cause requirement. The Staff recommends that the Commission grant the Company's waiver from 4 CSR 240-20.100(7)(B)1.F., if the Commission deems it necessary to do so.

8. Ameren Missouri submitted its calendar year 2010 annual report on April 15, 2011. Ameren Missouri is current on the payment of the Company's fiscal year 2011 assessment.

9. Ameren Missouri's rate case, ER-2011-0028, is currently pending before the Commission. In the rate case, certain RES recovery issues remain for the Commission's decision. The Staff does not believe that a Commission decision in this file will directly affect a resolution of the RES issues in the rate case.

WHEREFORE, the Staff submits this *Staff Report and Recommendation* for the Commission's information and consideration, and recommends the Commission grant

Union Electric Company, d/b/a Ameren Missouri's request for a waiver from 4 CSR 240-20.100(7)(B)1.F., if the Commission deems it necessary to do so.

Respectfully submitted,

/s/ Jennifer Hernandez

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via electronic mail to Tom Byrne and Wendy Tatro, attorneys for Ameren Missouri at AmerenMOService@ameren.com; and Lewis Mills, attorney for the Office of the Public Counsel at opcservice@ded.mo.gov this 31st day of May 2011.

/s/ Jennifer Hernandez

MEMORANDUM

TO: Missouri Public Service Commission Case File
Case No. EO-2011-0275, Ameren Missouri Renewable Energy Standard Compliance
Plan for Calendar Years 2011, 2012, and 2013

FROM: Michael E. Taylor, Energy Department – Engineering Analysis

/s/ Lena M. Mantle 5/31/11 /s/ Jennifer Hernandez 5/31/11
Energy Department / Date Staff Counsel's Office / Date

SUBJECT: Staff Report and Conclusion on Ameren Missouri's 2011 Renewable Energy Standard
Compliance Plan

DATE: May 31, 2011

CONCLUSION

The Staff has reviewed the Ameren Missouri 2011 Renewable Energy Standard (RES) Compliance Plan. Based on its review, Staff has not identified any deficiencies. As noted in paragraph F. of the Discussion portion of this report, Staff considers that compliance with the requirements of 4 CSR 240-20.100(7)(B)1.F would be a meaningless exercise for this filing and, therefore, only to the extent the Commission deems it necessary to do so, Staff recommends the Commission grant Ameren Missouri's request for a waiver (filed concurrently with the 2011 Renewable Energy Standard Compliance Plan).

OVERVIEW

On April 15, 2011, Union Electric Company dba Ameren Missouri (Company) filed its RES Compliance Plan for calendar years 2011 through 2013 (Case No. EO-2011-0275). The Plan was filed in accordance with 4 CSR 240-20.100(7), Electric Utility Renewable Energy Standard Requirements, Annual RES Compliance Report and RES Compliance Plan. This rule states, in part, "Each electric utility shall file an annual RES compliance plan with the commission. The plan shall be filed no later than April 15 of each year." Subparagraphs 4 CSR 240-20.100(7)(B)1.A. through G. provide the minimum requirements for the plan. Concurrent with the filing of its RES Compliance Plan, Ameren Missouri requested a waiver from a portion of this subparagraph [4 CSR 240-20.100(7)(B)1.F.]. Subsection 4 CSR 240-20.100(7)(D) requires that Staff examine the plan and file a report within forty-

five (45) days of the filing. This is the first compliance plan filing for the Missouri electric utilities required by the Missouri Renewable Energy Standard, Sections 393.1020 through 393.1030, RSMo.

DISCUSSION

Staff has reviewed the Ameren Missouri Compliance Plan in accordance with the established requirements to verify the plan contains the information required by rule. The results of this review are detailed below, with appropriate rule subparagraphs A. through G. identified and quoted.

A. “A specific description of the electric utility’s planned action to comply with the RES;”

Ameren Missouri explained in detail its completed and planned actions for compliance with the RES for 2011, 2012, and 2013. For non-solar compliance, the Company will utilize renewable energy certificates (RECs) from the Keokuk Hydro-electric Generating Station and a purchased power agreement (PPA) from the Pioneer Prairie II Wind Farm located in Mitchell County, Iowa. Beginning in 2012, the Company will also receive RECs from a landfill gas generating station in Maryland Heights, Missouri. For solar compliance, the Company will utilize solar renewable energy credits (S-RECs) purchased from brokers and net-metered customers as well as S-RECs from the multi-technology solar generation facility installed at the Company headquarters. The landfill gas generation and the net-metered and Company-owned solar generation will qualify for the Missouri in-state one and twenty-five hundredths (1.25) credit.

B. “A list of executed contracts to purchase RECs (whether or not bundled with energy), including type of renewable energy resource, expected amount of energy to be delivered, and contract duration and terms;”

The Company has a 15-year purchased power agreement (PPA) for energy and RECs from the Pioneer Prairie II Wind Farm (beginning in 2009). The Company has Standard Offer Contracts (SOCs) with a portion of its net-metered customers, has additional SOC's pending, and anticipates adding additional SOC's in the future.

C. “The projected total retail electric sales for each year;”

Ameren Missouri has provided values for projected retail electric sales. The values appear to be reasonable estimates and in agreement with its most recent preferred resource plan.

D. “Any differences, as a result of RES compliance, from the utility’s preferred resource plan as described in the most recent electric utility resource plan filed with the commission in accordance with 4 CSR 240-22, Electric Utility Resource Planning;”

Ameren Missouri filed its most recent preferred resource plan in February 2011. The RES compliance plan is consistent with the information regarding renewable resources in its February 2011 preferred resource plan.

E. “A detailed analysis providing information necessary to verify that the RES compliance plan is the least cost, prudent methodology to achieve compliance with the RES;”

Ameren Missouri provided information regarding its utilization of existing resources to comply with the non-solar portion of the RES for 2011 through 2013. The costs associated with these resources are already included in revenue requirements. Additionally, a renewable generating facility is under construction in Maryland Heights, MO. utilizing landfill gas as a fuel source. This generating facility will not be recognized as a revenue requirement component until construction is complete and the generators are fully operational and used for service. The Company may receive RECs from this facility prior to its recognition as a revenue requirement component. For compliance with the solar portion of the RES, Ameren Missouri provided information regarding purchase of solar RECs from 3rd parties, purchase of RECs from net-metered customers, and the construction of a 100 kW solar generating facility at its headquarters building. The diverse resources utilized to satisfy the solar RES requirement appear to be appropriate.

F. “A detailed explanation of the calculation of the RES retail rate impact limit calculated in accordance with section (5) of this rule. This explanation should include the

pertinent information for the planning interval which is included in the RES compliance plan.”

Concurrent with the filing of its RES Compliance Plan, Ameren Missouri requested relief from compliance from a portion of this subparagraph [4 CSR 240-20.100(7)(B)1.F.]. This subparagraph of the rule requires a detailed explanation of the calculation of the RES retail rate impact limit. Based on the projected compliance plan costs for calendar years 2011, 2012, and 2013 compared to one percent (1%) of the current revenue requirement for Ameren Missouri, the rate impact limit should not be exceeded. The calculation of the rate impact limit as specified in the RES rule is a methodology to compare RES compliance costs with costs associated with addition of a similar amount of non-renewable generation. Ameren Missouri supported its request with a comparison of its projected compliance cost with a calculated value of one percent (1%) of its current revenue requirement.

This subparagraph of the rule provides for a detailed calculation of the retail rate impact to ensure that the statutory requirement of limiting the RES impact to one percent (1%) is met. The rule requires a calculation to net the least-cost of renewable generation for RES compliance with the cost to provide an equivalent amount of generation from nonrenewable resources. This netting would effectively reduce the cost attributed to RES compliance for purposes of meeting the limit. Since Ameren Missouri’s costs for these compliance periods are significantly below the one percent (1%) retail rate impact limit, performing the detailed netting calculation literally serves no purpose.

Staff considers the level of detail required for the rate impact calculation to be subjective. For Ameren Missouri to expend significant resources to provide a more detailed calculation would serve no purpose, since the requirements for this plan period are met by its existing resources and purchases of S-RECs.

Ameren Missouri, probably out of an abundance of caution, has requested a waiver from having to comply with this rule subparagraph. Because the calculation would serve no

purpose in this instance, Staff would not seek for the Commission to enforce literal compliance with this rule provision, whether relief from it was requested or not. Staff recommends that the Commission grant the waiver, if the Commission deems doing so necessary.

G. “Verification that the utility has met the requirements for not causing undue adverse air, water, or land use impacts pursuant to subsection 393.1030.4. RSMo, and the regulations of the Department of Natural Resources.”

Ameren Missouri has stated that these requirements have been met to the best of its knowledge.

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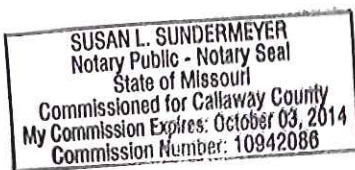
AFFIDAVIT OF MICHAEL E. TAYLOR


STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Michael E. Taylor, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Report in memorandum form, to be presented in the above case; that the information in the Staff Report was provided to him; that he has knowledge of the matters set forth in such Staff Report; and that such matters are true to the best of his knowledge and belief.


Michael E. Taylor

Subscribed and sworn to before me this 31st day of May, 2011.




Notary Public