

MEMORANDUM

TO: Missouri Public Service Commission
Official Case File, Case No. EO-2020-0328
Ameren Missouri's 2019 Renewable Energy Standard Compliance Report

FROM: Cedric E. Cunigan, Engineering Analysis

/s/ Claire Eubanks, PE / 06-12-2020 /s/ Nicole Mers / 06-12-2020
Engineering Analysis / Date Staff Counsel's Office / Date

SUBJECT: Staff Report and Conclusion on Ameren Missouri's 2019 Renewable Energy Standard Compliance Report

DATE: June 12, 2020

SUMMARY

Staff has reviewed the Union Electric Company, d/b/a Ameren Missouri ("Company" or "Ameren Missouri") 2019 RES Compliance Report. Staff utilized the North American Renewables Registry ("NAR") to independently verify the retirement of the renewable energy credits ("RECs") by the Company. Ameren Missouri has retired sufficient RECs to satisfy the 2019 RES requirements. However, Staff notes several deficiencies with Ameren Missouri's reporting related to third party REC purchases per 20 CSR 4240-20.100(8)(A)1.I. The purpose of this subsection is to properly identify the RECs being used for compliance. Ameren Missouri has stated that it does not have access to all the information required by 20 CSR 4240-20.100(8)(A)1.I., because the RECs were purchased through a third party. Ameren Missouri also states that the RECs were registered in a reliable manner and approved by NAR and the Missouri Department of Natural Resources, Division of Energy ("MDNR-DE"). Ameren Missouri purchased RECs that originated in the Pennsylvania-New Jersey-Maryland Interconnection Generation Attribute Tracking System ("PJM GATS") and North Carolina Renewable Energy Tracking System ("NC-RETS") registries. Staff has verified that the operating procedures of the PJM GATS and NC-RETS are substantially similar, if not identical to those of NAR. Ameren Missouri was previously granted a waiver of the requirements of 20 CSR 4240-20.100(8)(A)1.I. in Case No EO-2012-0150.¹ Staff suggests that Ameren Missouri apply for a similar waiver in this case.

¹ Previously 4 CSR 240-20.100(7)(A)1.I.

OVERVIEW

On April 15, 2020, Ameren Missouri filed its Renewable Energy Standard (“RES”) Compliance Report (Compliance Report) for calendar year 2019 (Case No. EO-2020-0328), in accordance with 20 CSR 4240-20.100(8), 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 RES compliance report no later than April 15 to report on the status of both its compliance with the RES and its compliance plan as described in this section for the most recently completed calendar year.” Subparagraphs 20 CSR 4240-20.100(8)(A)1. A. through P. provide the minimum requirements for the Compliance Report. Subsection 4 CSR 240-20.100(8)(D) requires that Staff examine the Company’s Compliance Report and file a report within forty-five (45) days of the filing.

Staff utilized NAR to independently verify the retirement of the RECs and S-RECs by the Company.

DISCUSSION

Staff reviewed the Company’s Compliance Report in accordance with the established requirements to verify the Compliance Report contains the information required. The results of this review are detailed below, with appropriate rule subparagraphs A. through P. identified and quoted.

A. “Total retail electric sales for the utility, as defined by this rule:”

The Company provided the total retail electric sales for 2019 expressed as total megawatt-hours (“MWh”) sold to Ameren Missouri consumers consistent with the amount of 32,119,373 MWh listed within the 2019 FERC Form 1 submitted in EFIS on April 27, 2020.²

² Page 301 of 2019 FERC Form 1, Line 10.

B. “Total jurisdictional revenue from the total retail electric sales to Missouri customers as measured at the customers’ meters;”

The Company provided the total retail electric sales for 2019 expressed as annual operating revenues (dollars) from Ameren Missouri consumers as \$3,090,668,836 in the RES report. However, the Company reported revenues of \$2,711,289,088 from sales to ultimate customers and \$2,949,302,341 total electric operating revenues in the 2019 Annual Report.³ The \$3,090,668,836 figure can be reached after adding back \$141,366,495 of gross receipts tax.⁴

C. “Total retail electric sales supplied by renewable energy resources, as defined by section 393.1025(5), RSMo, including the source of the energy;”

The Company utilized four (4) company-owned renewable energy generating facilities during 2019: the Keokuk Hydroelectric Generating Station (“Keokuk”), the Maryland Heights Renewable Energy Center (“MHREC”); the O’Fallon Renewable Energy Center (“OREC”), and the Ameren Missouri headquarters office building. The Company also acquired energy through a power purchase agreement (“PPA”) with Pioneer Prairie II Wind Farm (“Pioneer Prairie”). The total amount of energy generated in 2019 for the above listed renewable energy facilities was ** _____ **.

D. “The number of RECs and S-RECs created by electrical energy produced by renewable energy resources owned by the electric utility. For the electrical energy produced by these utility-owned renewable energy resources, the value of the energy created. For the RECs and S-RECs, a calculated REC or S-REC value for each source and each category of REC;”

The Company reported the following information on pages 7 and 8 of its Compliance Report:

³ Page 300 of 2019 FERC Form 1, Lines 10 and 27.

⁴ Page 300 of 2019 FERC Form 1, Line 9.

Facility	Number of RECs	Compliance Equivalency for In-State ⁵	Value of Energy	Value of RECs (\$/REC)
Keokuk	782,420	n/a	\$26,691,959	Not assigned
Ameren Headquarters	82	102.5	Not assigned ⁶	Not assigned
MHREC	52,483	65,603.75	** _____ **	Not assigned
OREC	6,151	7,688.75	\$151,007	Not assigned

The Company does not assign a value to RECs created by renewable generation assets that have been fully placed into rate base. Ameren Missouri treats the RECs as a government incentive. Staff believes there is a value to the RECs and S-RECs created by the Company's owned generation though that value is not transparent.

E. "The number of RECs acquired, sold, transferred, or retired by the utility during the calendar year;"

The Company provided the following information regarding the number of RECs acquired in 2019:

Source	Pioneer Prairie II	Customer Solar ⁷	3 rd Party Solar Purchase	3 rd Party Non-Solar Purchase
RECs/ S-RECs	** _____ **	57,263 (71,578.75)	37,196	3,063,312

⁵ Renewable resources located in Missouri qualify for the one and twenty-five hundredths (1.25) credit multiplier allowed by statute and regulation; 393.1030.1., RSMo; 20 CSR 4240-20.100(3)(G).

⁶ The full output of this facility is consumed on site at the Company's headquarters building, therefore no values for the energy or S-RECs have been assigned.

⁷ The 57,263 figure comes from NAR. The (71,578.75) figure represents the final value for compliance after the 1.25 credit for in state generation is applied.

The Company provided the following information regarding the number of RECs retired during the calendar year:

Resource	2017 vintage	2018 vintage	2019 vintage	Total
Keokuk			149,753	149,753
MHREC			56,565	56,565
Pioneer Prairie II		45,146	172,987	218,133
3 rd party Non-Solar Purchased RECs	921,974	1,029,397	634,617	2,585,988
3 rd party Solar Purchased RECs	18,507	18,689		37,196
Customer Solar	75,231	24,833		100,064 ⁸
Total				3,147,699

Solar Compliance

Resource	2017 vintage	2018 vintage	2019 vintage	Total
OREC	7,429	7,685	2,243	17,357
Customer Solar		46,882		46,882 ⁹
Total				64,239

Staff verified that the Company retired the amount of RECs listed above. These RECs were registered and retired in the electronic tracking system¹⁰ utilized for compliance purposes. In accordance with statute and regulation, a certified renewable energy resource produced these RECs and they were banked and utilized appropriately.¹¹

Ameren stated that there were no RECs sold during the calendar year.

⁸ S-RECs from Ameren Missouri customers were used to meet solar and non-solar requirements. Total Ameren Missouri customer S-RECs used for compliance were 117,557 with a compliance equivalency of 146,946.25. 100,064 was used toward non-solar compliance and the remaining 46,882 were used toward solar compliance.

⁹ 37,506 S-RECs with a compliance equivalency of 46,882 S-RECs.

¹⁰ North American Renewables Registry: <http://narecs.com/>.

¹¹ Renewable Energy Resource per Section 393.1025.(5), RSMo and 20 CSR 4240-20.100(1)(N); Banked RECs per Section 393.1030.2., RSMo and 20 CSR 4240-20.100(1)(M).

F. “The source of all RECs acquired during the calendar year;”

The Company acquired RECs from Pioneer Prairie, third party REC purchases, and its customer-generators during 2019. See Sections D, E, and I of the report for the amounts. See Section I for more discussion of the third party REC purchases.

G. “The identification, by source and serial number, or some other identifier sufficient to establish the vintage and source of the REC, of any RECs that have been carried forward to a future calendar year;”

The Company provided a listing of RECs carried forward for future year(s) as Exhibit 1 of the Compliance Report. Exhibit 1 includes the serial numbers for RECs generated by Keokuk, MHREC, OREC, ** _____ **, third party REC purchases, and aggregated customer S-RECs.¹²

H. “An explanation of how any gains or losses from sale or purchase of RECs for the calendar year have been accounted for in any rate adjustment mechanism that was in effect for the utility;”

Ameren states that there were no sales of RECs and all purchased RECs will be used to meet future compliance requirements. Ameren Missouri stated the following in an email to staff regarding accounting for RECS in the RESRAM:

** _____

_____ **

¹² Aggregated S-RECs include customer generated S-RECs and Ameren Headquarters.

I. “For acquisition of electrical energy and/or RECs from a renewable energy resource that is not owned by the electric utility, the following information for each resource that has a rated capacity of ten (10) kW or greater:”

“(I) Facility name, location (city, state), and owner;”

The Company provided the necessary information for Pioneer Prairie. The information was not provided for the third party REC purchases, however Staff was able to identify the facilities through NAR and MDNR-DE. Staff proposes that Ameren Missouri apply for a waiver of this requirement for its third party purchased RECS.

“(II) That the energy was derived from an eligible renewable energy technology and that the renewable attributes of the energy have not been used to meet the requirements of any other local or state mandate;”

The Company provided an affidavit for Pioneer Prairie as Exhibit 2 of the Compliance Report which indicates it was derived from an eligible technology and that the renewable attributes have not been used for other purposes.

No affidavit was provided for the third party REC purchases. Staff confirmed through NAR that the RECs purchased from third parties were on the list of MDNR-DE’s list of certified renewable energy generation facilities. Staff proposes that Ameren Missouri apply for a waiver of this requirement for its third party purchased RECS.

“(III) The renewable energy technology utilized at the facility;”

The affidavit for Pioneer Prairie includes the technology type used. Ameren Missouri provided the type of generation as solar or non-solar for 3rd party purchases. Staff was able to identify through NAR the technology for individual purchase. Staff proposes that Ameren Missouri apply for a waiver of this requirement for its third party purchased RECs.

“(IV) The dates and amounts of all payments from the electric utility to the owner of the facility;”

The dates and amounts for the payments to Pioneer Prairie were provided in Exhibit 3 of the Compliance Report. Trade dates were reported for third party REC purchases and purchase amounts were provided in response to Staff Data Request 001.

“(V) All meter readings used for the calculation of the payments referenced in part (IV) of this paragraph;”

The meter readings and payments were provided for Pioneer Prairie in Exhibit 3 of the Compliance Report.

Ameren Missouri provided the payments and amount of RECs in each third party purchase in response to Staff Data Request 001. Staff proposes that Ameren Missouri apply for a waiver of this requirement for its third party purchased RECs.

The purpose of this subparagraph is to demonstrate the validity of RECs and/or S-RECs obtained from sources that are not owned by the electric utility. Generation of renewable energy at company-owned resources is typically monitored by revenue quality meters and/or reported through an independent system operator. Resources in which this subparagraph applies to are not necessarily monitored by the utility that seeks to retire the associated RECs for compliance purposes. This subparagraph compensates for the lack of utility ownership/control of the renewable energy resource. In the past, Staff has recommended a waiver based on the availability of a reasonable substitute to the meter readings, such as invoices. In this instance, invoices would not have been paid by Ameren Missouri and the transaction information was provided instead.

J. “For acquisition of electrical energy and/or RECs from a customer-generator:

(I) Location (zip code);

(II) Name of aggregated subaccount in which RECs are being tracked in;

(III) Interconnection date

(IV) Annual estimated or measured generation; and

(V) The start and end date of any estimated or measured RECs being acquired;”

Ameren Missouri provided the required information in its 2019 RES Compliance Report, Exhibit 6. Ameren Missouri did note that some projects associated with 2019 and 2018 solar rebate payments have not yet been certified by MDNR-DE, and that those projects have not yet been recorded in NAR.

K. “The total number of customers that applied and received a solar rebate in accordance with section (4) of this rule;”

The Company paid seven hundred (700) solar rebates during calendar year 2019.

L. “The total number of customers that were denied a solar rebate and the reason(s) for denial;”

The Company stated that no customers were denied a solar rebate.

M. “The amount expended by the electric utility for solar rebates, including the price and terms of future S-REC contracts associated with the facilities that qualified for the solar rebates;”

The Company paid \$7,840,373.75 in solar rebates for calendar year 2019.

The Company included the Solar Rebate and Solar Rebate RSMO 393.1030 Tariffs in Exhibit 4 of the Compliance Report and the Solar Renewable Energy Credit Purchase Tariff in Exhibit 5.

N. “An affidavit documenting the electric utility’s compliance with the RES compliance plan as described in this section during the calendar year;”

The Company filed the affidavit in Exhibit 7 of the Compliance Report. The dates and compliance year were incorrect. The Company filed a Corrected Exhibit 7 on June 8, 2020 with the correct dates and compliance year.

O. “If compliance was not achieved, an explanation why the electric utility failed to meet the RES.”

Ameren Missouri has achieved compliance with the 2019 RES requirements.

P. “A calculation of its actual calendar year retail rate impact.”

The Company provided a calculation of its actual calendar year retail rate impact¹³ in its 2019 RES Compliance Report. The 2019 actual calendar year retail rate impact was reported as 0.40%.

¹³ Total RES Compliance Cost divided by the Adjusted Revenue Requirement. Adjusted Revenue Requirement is the Revenue Requirement less the fixed costs associated with of existing renewable resources.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company)	
d/b/a Ameren Missouri's Filing of its)	Case No. EO-2020-0328
Renewal Energy Standard Compliance)	
Plan and Renewal Energy Compliance)	
Report Pursuant to 20 CSR 4240-20.100)	
)	

AFFIDAVIT OF CEDRIC E. CUNIGAN

STATE OF MISSOURI)	
)	ss.
COUNTY OF COLE)	

COMES NOW Cedric E. Cunigan and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Report* in memorandum form; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiants sayeth not.

/s/ Cedric E. Cunigan
Cedric E. Cunigan