

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 19th day of
August, 2015.

In The Matter of the Application of Union Electric)
Company, d/b/a Ameren Missouri for Authorization to)
Manage Sulfur Dioxide Emission Allowance Inventory) **File No. EO-2015-0320**

**ORDER APPROVING APPLICATION TO MANAGE SULFUR DIOXIDE
AND NITROGEN OXIDE EMISSION ALLOWANCES INVENTORY**

Issue Date: August 19, 2015

Effective Date: September 18, 2015

On June 2, 2015, Union Electric Company, d/b/a Ameren Missouri filed an application seeking authority to manage its Cross-State Air Pollution Rule (CSAPR) sulfur dioxide (SO₂) and nitrogen oxide (NO_x) emission allowances inventory. The application explains that since 1998, Ameren Missouri has had authority from the Commission to sell or trade its SO₂ emission allowances under the Acid Rain Program (ARP) and the Clean Air Interstate Rule (CAIR). Since 2011, the company has also had authority from the Commission to sell or trade its NO_x allowances under CAIR. In granting that authority, the Commission required Ameren Missouri to file quarterly and annual reports regarding its sales or trades of SO₂ and NO_x allowances.

As of January 1, 2015, CAIR was replaced by the Cross-State Air Pollution Rule (CSAPR). The ARP remains in place. Existing SO₂ emission allowances and future allocations used for compliance with ARP and CAIR cannot be used to comply with CSAPR, and now can only be used to comply with ARP. CAIR NO_x allowances cannot be

used to comply with CSAPR, have no remaining value, and consequently will no longer be sold or traded.

Ameren Missouri now seeks authority to sell or trade CSAPR SO₂ and NO_x allowances in 2015 and in subsequent years. The company offers to once again file quarterly and annual reports about sales and trades under CSAPR, as it has for sales and trades under CAIR. Finally, it asks to be relieved of reporting requirements related to CAIR sales and trading.

In response to Ameren Missouri's application, the Commission directed its Staff to file a recommendation, which Staff did on July 31. Staff recommends the Commission grant Ameren Missouri the authority it seeks to manage its SO₂ and NO_x allowances in 2015 and all future years, subject to certain specified conditions. Staff also advises the Commission to modify the reporting requirements to which Ameren Missouri is subject. No other party filed a recommendation about Ameren Missouri's application.

Because Staff's recommendation advises the Commission to impose certain conditions on its approval of Ameren Missouri's application, the Commission directed the company to reply to Staff's recommendation. Ameren Missouri replied on August 10 and indicated its general agreement with the conditions recommended by Staff. However, the company asks the Commission to clarify that when proceeds from the sale of SO₂ and NO_x emission allowances flow through Ameren Missouri's fuel adjustment clause, such costs would be handled in the same way as all other costs: that is, subject to a 95%/5% sharing factor. Staff confirmed its agreement with Ameren Missouri's proposed clarification in a reply filed on August 18.

Based on Ameren Missouri's verified application and Staff's uncontested recommendation regarding that application, the Commission will grant that application, subject to the conditions described in Staff's recommendation and set forth in this order.

THE COMMISSION ORDERS THAT:

1. The Application of Union Electric Company d/b/a Ameren Missouri for Authorization to Manage its Sulfur Dioxide Emission and Nitrogen Oxide Allowance Inventory is granted, subject to the following conditions:

(A) Ameren Missouri shall be limited to selling and/or trading up to one-half of its issued SO₂ and NO_x allowances, respectively, without seeking specific Commission approval. Ameren Missouri may request authorization to sell additional allowances above these levels through a filing with the Commission. All proceeds from the sale of SO₂ and NO_x emission allowances issued under CSAPR shall flow through Ameren Missouri's fuel adjustment clause, subject to the same conditions applied to all other revenues flowing through the fuel adjustment clause;

(B) Ameren Missouri shall be required to submit quarterly and annual reports for SO₂ and NO_x allowances under CSAPR as a non-case related submission in the Commission's electronic filing information system (EFIS), in the same manner, to the extent applicable, as those reports Ameren Missouri is already submitting to the Commission for previous emission allowance programs under CAIR;

(C) Ameren Missouri shall maintain and make available to Staff Ameren Missouri's database that supports all of its allowance transactions and inventory balances under CSAPR.

(D) For all sales in combination with other transactions, such as power contracts, Ameren Missouri shall record resulting profits from these sales of SO₂ and NO_x emission allowances at an amount at least equal to the current market values as established by the monthly price index published by Argus Air Daily. If Argus Air Daily ceases publication, or for other reasons Ameren Missouri wishes to switch to a different reputable third-party publication, then Ameren Missouri shall provide notice in EFIS, in the same non-case related repository in which it is providing its quarterly and annual reports, before selecting and utilizing a different third-party publication. Thereafter, Ameren Missouri shall explain in a meeting with Staff why such a change is necessary. Staff shall ask the Commission to resolve any disagreement regarding such a change that cannot be resolved within a reasonable period of time.

2. Ameren Missouri is authorized to discontinue submitting quarterly and annual reports for NO_x emission allowances the Environmental Protection Agency issued under the previously existing CAIR program.

3. Ameren Missouri shall continue to submit in EFIS, as a non-case related submission, quarterly and annual reports for SO₂ emission allowances under the Environmental Protection Agency's Acid Rain program, proceeds from such transactions shall continue to flow through Ameren Missouri's fuel adjustment clause, and Ameren

Missouri shall continue to adhere to all items previously stipulated to and ordered in all other cases with regard to SO₂ emission allowances.

4. This order shall become effective on September 18, 2015.
5. This file shall be closed on September 19, 2015.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Hall, Chm., Stoll, Kenney, Rupp,
and Coleman, CC., concur.

Woodruff, Chief Regulatory Law Judge