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Witness: *Shawn E. Lange*
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MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENGINEERING ANALYSIS DEPARTMENT

REBUTTAL TESTIMONY

OF

SHAWN E. LANGE

**UNION ELECTRIC COMPANY,
d/b/a AMEREN MISSOURI**

CASE NO. ER-2019-0335

*Jefferson City, Missouri
January 2020*

Staff Exhibit No. 114
Date 3/4/20 Reporter JMB
File No. ER-2019-0335

Rebuttal Testimony of
Shawn E. Lange

1 Q. What is Staff's position on Ameren Missouri's retention policy as it pertains to
2 Unit Commitment analysis?

3 A. Staff is in favor of the Sierra Club's recommendation¹ to require Ameren
4 Missouri to retain the analyses underlying its unit commitment decisions for a period of at least
5 two years.

6 Q. What is the second point Staff would like to address?

7 A. Starting on pg. 26, and continuing through pg. 42, Sierra Club witness Avi
8 Allison discusses Ameren Missouri's unit commitment and dispatch practices. Much of that
9 discussion focuses on the practice of utilizing "must-run" commitment status for its units, in
10 particular coal units.

11 Q. What is Staff's position on "must-run" commitment status?

12 A. In File No. EW-2019-0370, Staff was tasked with investigating the self-commit
13 and self-scheduling practices of Missouri's investor owned electric utilities in their respective
14 Regional Transmission Organization ("RTO") energy markets to determine if such practices
15 benefit their ratepayers. Staff's resulting investigatory report on Ameren Missouri can be found
16 in the EW-2020-0032 case docket.

17 Q. Have any of the RTOs/ISOs looked at the effect "must-run" or "self-commit"
18 commitment status has on the respective market?

19 A. Yes. In December 2019, the Southwest Power Pool ("SPP") Market Monitoring
20 Unit published a report entitled "Self-Committing in SPP markets: Overview, impacts, and
21 recommendations."

¹Avi Allison Direct filed December 4, 2019 page 5, lines 6-8.

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1 Q. What impact did eliminating self-committing have in SPP markets?

2 A. "On average in every hour of the study period, system marginal prices were
3 higher when all units market-committed... The average system marginal price over all hours
4 increased more than seven percent, about \$2/MWh on average."²

5 Q. What was their recommendation(s)?

6 A. "[S]imply eliminating self-commitment without any additional changes could
7 result in an increase in total production costs. This would not necessarily be an improvement
8 when compared to today's results. However, when lead times were shortened to reflect an
9 additional day in the market optimization and self-commitment was eliminated, producers were
10 paid more and production costs declined."³ "Specifically, we recommend that SPP and its
11 stakeholders consider a multi-day commitment period of two days to allow units to commit
12 long lead time resources."⁴

13 Q. In your opinion, are the conclusions of the SPP Market Monitoring Unit
14 generally applicable to Ameren Missouri's participation within Midcontinent Independent
15 System Operator ("MISO")?

16 A. "MISO analyses show that multi-day market forecasts can improve economic
17 commitment decisions."⁵ However, the mix of generation resources, load, and the geographic
18 location of generation and transmission assets is different between MISO and SPP. In addition,
19 MISO has a capacity market, and SPP does not. These differences make the extent of the exact
20 effect that the SPP MMU recommendation would have in MISO unclear.

² <https://www.spp.org/documents/61118/spp%20mmu%20self-commit%20whitepaper.pdf> pg. 39.

³ <https://www.spp.org/documents/61118/spp%20mmu%20self-commit%20whitepaper.pdf> pg. 42.

⁴ <https://www.spp.org/documents/61118/spp%20mmu%20self-commit%20whitepaper.pdf> pg. 43.

⁵ <https://www.ferc.gov/CalendarFiles/20180626080726-T2%20-%202%20-%20Hansen%20-%20MISO%20PowerGEM%20MultiDay%20FINAL.pdf> pg. 2.

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1 Q. Has Staff committed to continue to monitor the situation?

2 A. Yes, in Staff's Second Supplemental Report submitted November 8, 2019,
3 "Staff maintain[ed] that in order to fully understand the economic impact of self-scheduling on
4 a given unit's profitability, an analysis at the RTO level would need to be conducted." Further
5 noting, "Due to the highly confidential nature of utilities' market bidding strategies, it is highly
6 unlikely that any party other than SPP or MISO have the raw data, modeling software access,
7 and resources to conduct such an extensive analysis of market trends." Having noted the
8 constraints, Staff indicated its plans to monitor Ameren Missouri's self-commit and
9 self-scheduling strategies in fuel adjustment clause prudence reviews. Further, when discussing
10 special contemporary issues for each utility's integrated resource planning, the Commission
11 included self-scheduling/self-commit as a special contemporary issue that should be addressed
12 in IRPs.

13 Q. Does this conclude your rebuttal testimony?

14 A. Yes, it does.

