

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EE-2024-0376, Request for Variance and Waiver of 60-Day
Notice Requirement

FROM: Malachi Bowman, Engineering Analysis

/s/ Malachi Bowman / 11/7/2024
Engineering Analysis / Date

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

DATE: November 7, 2024

SUMMARY

Staff has reviewed Ameren Missouri's Request for Variance, filed August 26, 2024. Based on its review, Staff recommends the Commission grant a variance from 20 CSR 4240-20.100(3)(J) for the 2024 compliance year¹.

OVERVIEW

On August 26, 2024, Ameren Missouri filed its request under 20 CSR 4240-20.100(11)² for a variance from a portion of the Missouri Public Service Commission's ("Commission") Renewable Energy Standard ("RES") rules, pertaining to Renewable Energy Credits³ ("RECs"), 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

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 A Renewable Energy Credit ("REC") represents (1) megawatt-hour of electricity has been generated from renewable energy resources.

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 2024 and provided the following reasons as to why the Company believes good cause exists:

- 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 2024 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 the North American Renewables Registry (“NAR”)⁴ until the month following receipt of MISO settlement data (“MISO S55 data”). If the Company needs to retire RECs generated in October, November or December 2024, 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 2025, 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 approximately \$2,500,000.

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

⁴ NAR is a web based platform used to register and track RECs and S-RECs. <https://apx.com/about-nar/> - APX

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 three (3) years from the date the renewable energy was generated⁵. Ameren Missouri uses the commission-approved tracking system, 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 and solar RECs (“S-RECs”) that Ameren Missouri has registered in NAR. Ameren Missouri anticipates that it will need to retire

** [REDACTED].⁷ Based on Ameren Missouri’s forecasted 2024 requirement, Ameren Missouri would need to retire approximately ** [REDACTED] 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]

[REDACTED]

[REDACTED] **

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

⁵ 20 CSR 4240-20.100(1)(M),

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

⁷ EO-2024-0231, filed April 15, 2024, Tables 1, page 9

	Estimated REC Requirement for 2024	90% Requirement
RECs	** [REDACTED] **	** [REDACTED] **
S-RECs	** [REDACTED] **	** [REDACTED] **
Total	** [REDACTED] **	** [REDACTED] **

	Banked RECs ⁸
Solar	** [REDACTED] **
Non-Solar ⁹	** [REDACTED] **
** [REDACTED] **	** [REDACTED] **
Total	** [REDACTED] *

But Ameren anticipates generating an additional ** [REDACTED] ** RECs and ** [REDACTED] ** S-RECs before the end of the year bringing its totals to ** [REDACTED] ** RECs and ** [REDACTED] ** S-RECs as shown in Ameren Missouri’s 2024-2026 RES Compliance Plan.¹⁰

CONCLUSION

Staff agrees that purchasing ** [REDACTED] ** RECs for the 2024 compliance year is avoidable. Ameren Missouri is relying on RECs generated within the 2024 compliance year to comply with the 90% requirement. However, there is a 60-90-day lag, between the date the REC is generated and the date it is available in the tracking system that causes the Company to be unable to meet the 90% requirement for the 2024 compliance year without purchasing ** [REDACTED] ** RECs. Granting a variance would allow Ameren Missouri (and ultimately, its customers) to avoid incurring unnecessary RES compliance costs. Staff recommends the Commission grant a variance from 20 CSR 4240-20.100(3)(J) for the 2024 compliance year.

⁸ Obtained from NAR data as of October 9, 2024. Includes 1.25 multiplier for RECs generated in-state, rounded down to whole number.

⁹ ** [REDACTED] **

¹⁰ Ameren Missouri RES Compliance Plan 2024-2026, Tables 2 and 3, page 9

