

Exhibit No.:
Issue(s): Variable Fuel and Power Issues
Witness: Mark J. Peters
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Union Electric Company
File No.: ER-2024-0319
Date Testimony Prepared: January 17, 2025

MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. ER-2024-0319

REBUTTAL TESTIMONY

OF

MARK J. PETERS

ON

BEHALF OF

UNION ELECTRIC COMPANY

D/B/A AMEREN MISSOURI

**St. Louis, Missouri
January 2025**

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REBUTTAL TESTIMONY

OF

MARK J. PETERS

FILE NO. ER-2024-0319

I. INTRODUCTION

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2 **Q. Please state your name and business address.**

3 A. My name is Mark J. Peters. My business address is One Ameren Plaza, 1901
4 Chouteau Ave., St. Louis, Missouri.

5 **Q. Are you the same Mark J. Peters that submitted direct testimony in this**
6 **case?**

7 A. Yes, I am.

8

II. PURPOSE OF TESTIMONY

9 **Q. To what testimony or issues are you responding?**

10 A. My rebuttal testimony responds to the direct testimony of Staff Witnesses Lisa
11 Ferguson and Shawn Lange. Specifically, I will address the normalization of variable fuel prices
12 used in production cost modeling, the methodology for calculating the make-whole payment
13 margins to be included in Net Base Energy Costs ("NBEC"), and the determination of the
14 profiled output for the Atchison County Renewable Energy Center ("Atchison").

15 **Q. Please address the normalization of variable fuel prices used in production**
16 **cost modeling.**

17 A. As noted by Ameren Missouri witness Andrew M. Meyer in his rebuttal
18 testimony, the Company agrees with Staff's position that the market and variable fuel prices

1 should be normalized using a three-year average which excludes 2022 values and replaces them
2 with 2021 prices¹, for the reasons he provides.

3 As such, our true-up production cost model run inputs will be adjusted accordingly.
4 Additionally, the true-up calculation of the Real Time Load and Generation Deviation
5 adjustment will use the same 3 years.

6 **Q. Please address the issue of the calculation of normalized make-whole**
7 **payment ("MWP") margins to be included in NBEC.**

8 A. A difference was noted between the normalized value for this item filed by Staff
9 and that filed by Ameren Missouri. As a result of a review of Staff's workpapers, it was
10 determined that Staff was making its calculation using all MWP types for all Ameren Missouri
11 units, whereas our calculation only applied to the real time ("RT") RSG MWPs received by the
12 Company's combustion turbine units.

13 **Q. Why did Ameren Missouri limit the calculation to only the MWPs received**
14 **by combustion turbines.**

15 A. This method of calculation is consistent with our past practice. The original
16 normalization adjustment for MWP margins dates back to File No. ER-2008-0318, when Staff
17 first proposed the adjustment to recognize that combustion turbines were offered with an adder
18 to cost. In Staff's Cost of Service report in that case (pages 23-25), Staff noted that:

19 *To the extent that AmerenUE made offers that are above its costs, the RSG*
20 *payments more than cover costs, they also include a contribution to profit that*
21 *is not included in the Staff's modeling of net production costs. It is the*
22 *understanding of the Staff, from discussion with AmerenUE, that offer prices of*

¹ February 2021 values will also be excluded, as they were in Case No. ER-2022-0337, due to the impact of Winter Storm Uri.

1 *generation from the Company's gas-fired combustion turbine generators*
2 *include an adder to cost. Therefore, a portion of the RSG payments related to*
3 *start-up and no-load costs should be eliminated from test year revenue because*
4 *they relate to recovery of the Company's costs, but the portion related to the*
5 *difference between the costs and offer prices should not be removed as this*
6 *represents profit that the Company receives from its participation in the MISO*
7 *Day 2 market.*

8 Ameren Missouri witness Shawn Schukar in his rebuttal testimony (page 8-1)
9 in that Case stated "I agree that it is appropriate to recognize additional margin that
10 AmerenUE receives from the RSG Payments."

11 **Q. Is Ameren Missouri proposing a change to its methodology?**

12 A. Yes. While it is still appropriate to limit this adjustment to payments received
13 by combustion turbine units, following a review of the original testimony and a discussion with
14 Staff, the Company has determined that it is appropriate to make two changes to the
15 methodology.

16 The first change is to include non-fuel variable operations and maintenance costs in the
17 calculation, as these are an essential part of the unit offers made to MISO. The second change
18 is to calculate the margin for all MWPs received by the combustion turbine units, not just the
19 RT RSG MWP.

20 RT RSG MWPs represent the vast majority of MWPs received by the combustion
21 turbines. In the test year, MWPs to the combustion turbine units were \$2.4 million. \$2.2 million
22 (92%) of those were RT RSG MWPs. As such, and given the complexity of the calculations,
23 the Company proposes to first calculate the margin on RT RSG MWPs, and to then apply the

1 percentage of that margin to total RT RSG MWPs, to all MWPs received by the combustion
2 turbine units. For example, if there are \$2 million in RT RSG MWPs received by the combustion
3 turbine units, and the margin is determined to be \$1 million, then the margin on RT RSG MWPs
4 would be 50%. If the total MWPs received by the combustion turbines was \$2.2 Million, then
5 the calculated MWP margin to be included in the NBEC would be \$1.1 million (\$2.2 million x
6 50%).

7 This will provide a reasonable representation of the normalized margins on MWPs to
8 be included in NBEC.

9 **Q. Please address the issue of the normalized profile for the Atchison County**
10 **Renewable Energy Center.**

11 A. Ameren Missouri utilized an energy assessment for Atchison that was prepared
12 by wind consultant DNV-GL, which included an 8760-hours normalized profile, in the
13 normalization of RESRAM² energy, Production Tax Credits ("PTC") and Renewable Energy
14 Credits ("REC") revenues for the facility. This assessment was based on more than a decade of
15 actual weather observations.

16 Staff used the same methodology for normalizing Atchison's output that both Company
17 and Staff have previously used for normalizing the output of Keokuk and Osage. That
18 methodology uses historical actuals to calculate a historical average for each calendar month.
19 In File No. ER-2022-0337, I objected to Staff's use of that methodology for Atchison, given the
20 very short operating history of the facility, at that time.

² Renewable Energy Standard Rate Adjustment Mechanism (since Atchison is a renewable energy standard compliance facility, its costs and benefits are reflected in the RESRAM).

1 While the Company continues to believe that the profile we used in our direct case is a
2 reasonable representation of the normalized output of the facility, we do not object to the use of
3 Staff's approach, as Atchison now has at least three years of operating history.

4 Accordingly, our normalization of RESRAM energy, PTC and REC revenues for the
5 facility will use Staff's approach.

6 **Q. Does this conclude your rebuttal testimony?**

7 A. Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Tariffs to Adjust) Case No. ER-2024-0319
Its Revenues for Electric Service.)

AFFIDAVIT OF MARK J. PETERS

STATE OF MISSOURI)
) **ss**
CITY OF ST. LOUIS)

Mark J. Peters, being first duly sworn states:

My name is Mark J. Peters, and on my oath declare that I am of sound mind and lawful age; that I have prepared the foregoing *Rebuttal Testimony*; and further, under the penalty of perjury, that the same is true and correct to the best of my knowledge and belief.

/s/ Mark J. Peters
Mark J. Peters

Sworn to me this 10th day of January, 2025.