

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

In the Matter of Union Electric Company, d/b/a     )  
Ameren Missouri’s 2015 RES Compliance Report    )  
and its and 2016 RES Compliance Plan            )

File No. EO-2016-0286

**MISSOURI DIVISION OF ENERGY’S RESPONSE TO THE COMMENTS OF RENEW  
MISSOURI**

COMES NOW the Missouri Division of Energy (“DE”), by and through the undersigned counsel, and for its response to the *Comments of Renew Missouri* (“Renew MO”) on the 2016 Renewable Energy Standard Compliance Plan (“RES Plan”) of the above-captioned utility, states:

1. On April 15, 2016, Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri” or “Company”) filed its RES Plan. Renew MO filed comments on the RES Plan on May 27. On June 10, the Public Service Commission (“Commission”) established time for parties to respond to the RES Plan. DE is responding to the comments of Renew MO in this filing and addressing an additional concern noted by DE.

2. Broadly, Renew MO raised four issues in its comments: 1) that the retail rate impact (“RRI”) calculation did not substitute fossil fuel resources for renewable resources, as required by the Commission’s rule at 4 CSR 240-20.100(5)(B), 2) the RRI calculation methodologies were not consistent among the various electric utilities, 3) that the current use of certain hydroelectric generation resources for RES compliance violates the intent of the RES statute, and 4) and that the current use of certain hydroelectric generation resources for RES compliance is inconsistent with how electric utilities report generation resources to the Federal Energy Regulatory Commission (“FERC”) in annual FERC FORM NO. 1 filings.

3. According to Renew MO, "... it appears that the 'No Renewables Revenue Requirement' [in Ameren Missouri's plan] is simply Ameren's 10-year projected annual revenue requirement if it made no further renewable investments." In other words, Renew MO indicates that Ameren Missouri did not replace the renewable resources removed from its current portfolio with fossil fuel-fired resources. Upon review of the applicable workpaper DE has determined that Ameren Missouri has not complied with the Public Service Commission's ("Commission") rules at 4 CSR 240.100(5)(B). Specifically, 4 CSR 240.100(5)(B)1 states, in part:

The non-renewable generation and purchased power portfolio shall be determined by adding, to the utility's existing generation and purchased power resource portfolio excluding all renewable resources, additional non-renewable resources sufficient to meet the utility's needs on a least-cost basis for the next ten (10) years.

Ameren Missouri did not include "additional non-renewable resources sufficient to meet [its] needs on a least-cost basis for the next ten (10) years" in its calculation of a non-renewable generation and purchased power portfolio. Instead, Ameren Missouri simply removed the fixed costs of renewable generation assets from its revenue requirement and added in RES carryover costs. Even if the Company required no additional generation units to cover the removed renewable resources, Ameren Missouri would still incur fuel and other variable costs as it ran its current units more often. As Renew MO states, the Company's methodology, "... results in an artificially low RRI limit and delays the renewable investments that the voters of Missouri demanded Missouri utilities make." Given Ameren Missouri's non-compliant calculation methodology and the resulting overstatement of the RRI, DE concurs with Renew MO that the Commission should order Ameren Missouri to correct this deficiency.

4. DE would also note that, under 4 CSR 240.100(5)(B)4:  
... the projected impact on revenue requirements by non-renewable energy resources shall include the expected value of greenhouse gas emissions compliance costs, assuming that such costs are made at the expected value of the cost per ton of greenhouse gas emissions allowances, cost per ton of a greenhouse gas emissions tax (e.g., a carbon tax), or the cost per ton of greenhouse gas emissions reductions for any greenhouse gas emission reduction technology that is applicable to the utility's generation portfolio, whichever is lower. Calculations of the expected value of costs associated with greenhouse gas emissions shall be derived by applying the probability of the occurrence of future greenhouse gas regulations to expected level(s) of costs per ton associated with those regulations over the next ten (10) years. The impact on revenue requirements by non-renewable energy resources shall also include consideration of environmental risks other than those related to regulation or greenhouse gases. Any costs included to reflect consideration of such risks shall be limited to those that may be included in a utility's revenue requirement for setting rates. Any variables utilized in the modeling shall be consistent with values established in prior rate proceedings, electric utility resource planning filings, or RES compliance plans, unless specific justification is provided for deviations.

It is not apparent to DE that Ameren Missouri made such a comparison of impacts on revenue requirements from avoided greenhouse gas emissions or other environmental risks. Indeed, such a comparison would not be possible under Ameren Missouri's RRI calculation methodology, which does not even account for the incremental fossil fuel-fired resources needed

to replace the removed renewable energy resources. The Commission's requirement to make this type of comparison is particularly important given the potential need for compliance by Ameren Missouri with the Clean Power Plan, as well as other looming federal environmental compliance requirements such as the Mercury and Air Toxics Standards. In view of this additional potential deficiency, DE requests that the Commission require Ameren Missouri to revise its RRI calculations to consider the avoidance of greenhouse gas emissions and other environmental risks, concurrent with the requirement for Ameren Missouri to calculate its non-renewable generation and purchased power portfolio.

5. DE also agrees with Renew MO that additional guidance from the Commission is warranted on the methodology and format to be used for calculating the RRI. Renew MO states, "While Ameren and KCP&L have limited themselves to 1% of their current revenue requirement, Empire has attempted to perform the comparison spelled out in Section (5) of the Commission's rule. Given these differing approaches, the Commission should step in to clarify what exactly is required by its rule at 4 CSR 240-20.100(5)(B)." Additional guidance from the Commission will save utilities and stakeholders significant time and money by avoiding costly complaint processes and by standardizing procedures for future compliance years.

6. Renew MO also states that the RES statute does not contemplate the interpretation of eligible hydroelectric resources which is currently in use. Specifically, §393.1025(5), RSMo. defines "renewable energy resources" to include, "...hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a **nameplate rating** of ten megawatts or less ..." (emphasis added). By contrast, the Commission's rules at 4 CSR 240-20.100(1)(N)9 define the eligibility of hydropower as follows: "Hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has

**generator nameplate ratings** of ten (10) megawatts or less ...” (emphasis added). DE’s renewable energy certification rules at 4 CSR 340-8.010(2)(A)8 similarly define this eligibility as follows:

Hydropower, not including pumped storage, that does not require a new diversion or impoundment of water and that **each generator has a nameplate rating** of ten megawatts (10 MW) or less. If an improvement to an existing hydropower facility does not require a new diversion or impoundment of water and incrementally increases the **nameplate rating of each generator**, up to ten megawatts (10 MW) **per generator**, the improvement qualifies as an eligible renewable energy resource .... (Emphases added.)

7. In its comments, Renew MO indicates that the discrepancy lies in the treatment of each generator at a hydroelectric facility as an individually eligible compliance unit, rather than the facility as a whole. The current interpretation allows large hydroelectric projects (i.e., those with a cumulative facility rating greater than 10 MW) to count towards RES compliance if each generator at the facility has a rating at or below 10 MW.

8. In addition to what Renew MO states is a violation of statutory intent – to encourage greater renewable energy resource development – Renew MO indicates that Ameren Missouri reports the generator nameplate rating of its Keokuk Hydroelectric Generation Station (“Keokuk”) to FERC on a total facility basis.

9. DE notes that page 406 of FERC FORM NO. 1, entitled HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants), states, “Large Plants are hydro plants of 10,000 Kw or more of installed capacity (**name plate ratings**)” (emphasis added). Line No. 5 of the same page then requires a utility to report the “Total installed cap (**Gen name plate Rating**

in MW)” (emphasis added). As used in FERC FORM NO. 1, the terms “name plate rating” and “generator name plate rating” are used to refer to the total or aggregate installed capacity of a hydroelectric facility, not to the individual capacity of hydroelectric generators at a hydroelectric facility. Keokuk has a total installed capacity of 127.20 MW and therefore has a name plate rating of 127.20 MW for FERC reporting purposes.

10. DE acknowledges that the definitions at 4 CSR 240-20.100(1)(N)9 and 4 CSR 340-8.010(2)(A)8 are inconsistent with the definition used for FERC reporting purposes. DE also acknowledges that a definition of “name plate rating” or “generator name plate rating” not encompassing an entire hydroelectric facility likely results in the lower penetration of renewable energy resources in utility portfolios.

**WHEREFORE**, due to this conflict in the definitions of “nameplate rating” used for FERC reporting purposes and RES reporting purposes, as well as the potential conflict with the legislative intent of the RES, DE offers that it is willing to work with the Commission to clarify the regulatory definitions of hydroelectric nameplate ratings for purposes of the RES. Additionally, DE recommends that the Commission (1) order Ameren Missouri to correct the deficiencies in its RRI calculation and (2) provide additional guidance to clarify what is specifically required by its rule at 4 CSR 240-20.100(5)(B) in terms of the methodology and format to be used for calculating the one percent RRI.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing have been emailed to the certified service list this 24<sup>th</sup> day of June, 2016.

/s/ Alexander Antal