

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

In the Matter of a Determination of Special	)	
Contemporary Resource Planning Issues to be	)	
Addressed by Ameren Missouri in its Next	)	File No. EO-2012-0039
Triennial Compliance Filing or Next Annual	)	
Update Report.	)	

**AMEREN MISSOURI’S COMMENTS ON PROPOSED LIST OF  
SPECIAL CONTEMPORARY ISSUES**

COMES NOW Union Electric Company d/b/a Ameren Missouri (Ameren Missouri or Company), and for its Comments on Proposed List Of Special Contemporary Issues states as follows:

1. 4 CSR 240-22.080(4) requires Missouri’s electric utilities to consider and analyze special contemporary issues in their Integrated Resource Plan (IRP) triennial compliance filings and in their annual update reports.

2. On or about September 15, 2011, the Missouri Public Service Commission Staff (Staff), the Office the Public Counsel (OPC), the Missouri Department of Natural Resources (DNR), Missouri Industrial Energy Consumers (MIEC) and Natural Resource Defense Counsel (NRDC) each filed a proposed list of special contemporary issues for Ameren Missouri’s next annual update and/or its next triennial filing.

3. The language of 4 CSR 240-22.080(4) describes the purpose of the special contemporary issues list as “...to ensure that evolving regulatory, economic, financial, environmental, energy , technical, or customer issues are adequately addressed by each utility in its electric resource planning.” The rule continues, “Each special contemporary issues list will identify new and evolving issues but may also include other issues such as unresolved deficiencies or concerns from the preceding triennial compliance filing.”

4. Ameren Missouri has reviewed each of the proposed special contemporary issues lists proposed by other parties and agrees with certain recommendations, as set forth in Attachment A.

5. Ameren Missouri believes this process has the potential to provide valuable input for its next triennial compliance filing and/or the next annual update. However, Ameren Missouri is concerned that some parties view this process as a way to propose any issue they are interested in seeing analysis about, without regard to whether it is a “new and evolving issue” or is an unresolved deficiency or concern.

6. Ameren Missouri’s current IRP case has not yet been resolved and hearing is not scheduled to occur until December 15<sup>th</sup> and 16<sup>th</sup>. Accordingly, the Commission has not yet determined there to be any deficiency or concern; there are only allegations of deficiencies or concerns in the Company’s 2011 IRP filing. To include alleged deficiencies or alleged concerns would require the Company to undertake analysis to address matters which have not been ruled deficiencies and to deny Ameren Missouri the opportunity to defend its current filing. The purpose of special contemporary issues list is not to resolve disputes in the ongoing IRP case.

7. Finally, many of the suggestions offered are not new or evolving issues and so should not qualify as a special contemporary issue under the Commission’s rules. To include additional issues without regard to the requirements set forth in the rules renders the language of the regulation meaningless.

8. The Commission should carefully consider which proposed issues it determines are special contemporary issues. Otherwise, the process becomes nothing more than a wish list of the non-utility parties and fails to capture the stated intent of this portion of the Commission’s revised IRP rules.

WHEREFORE, Ameren Missouri respectfully submits its comments on the proposed contemporary issues list.

Respectfully submitted,

UNION ELECTRIC COMPANY,  
d/b/a Ameren Missouri

/s/ Wendy K. Tatro

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## **CERTIFICATE OF SERVICE**

The undersigned certifies that true and correct copies of the foregoing have been e-mailed or mailed, via first-class United States Mail, postage pre-paid, to the service list of record this 30<sup>th</sup> day of September, 2011.

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/s/ Wendy K. Tatso

## **2011 Special Contemporary Issues Ameren Missouri Comments**

### **Introduction and Summary**

In early 2011 the Missouri Public Service Commission (“PSC” or “Commission”) adopted revised Chapter 22 rules governing electric utility resource planning. The revised rules include new requirements for Annual Updates by utilities {4 CSR 240-22.080(3)} and consideration of special contemporary issues {4 CSR 240-22.080(4)} as ordered by the Commission. 4 CSR 240-22.080(4) characterizes special contemporary issues generally as, “evolving regulatory, economic, financial, environmental, energy, technical, or customer issues,” that utilities must adequately address in their resource planning. Staff and other parties have filed proposed special contemporary issues pursuant to 22.080(4)(A). Ameren Missouri provides these comments pursuant to 22.080(4)(B), which allows the subject utility and other parties to file comments on the proposals of the parties.

In making its decision about what specific issues utilities must address, the Commission must consider the significance and urgency of issues and the time available in which to address them, both individually and in total. As a basic test, such issues must be “special”, they must be “contemporary”, and they must, in fact, be “issues”. This means that the issues must not only meet a threshold of significance in terms of their potential effect on resource decisions, but that the potential effect must also be imminent. Based on the provisions and administration of the Commission’s Chapter 22 rules, it is reasonable to conclude that an issue that is not likely to significantly alter a utility’s current implementation plan (i.e., specific plans for resource acquisition between triennial compliance filings) does not need to be addressed.

Consideration must also be made with respect to the time available to address the various issues. 22.080(4)(C) provides that the Commission issue an order no later than November 1<sup>st</sup> listing the special contemporary issues the utility must address and document in its upcoming triennial filing or annual update. Since annual updates, by rule, are to be held on or around April 1<sup>st</sup>, and since reports must be filed by the utility at least 20 days prior to that, or early March, primary analysis of any issue that is to be addressed must largely be completed by early January. This allows time for drafting, reviewing and revising reports as well as any follow-up analyses necessary based on initial conclusions drawn from the primary analysis. That means that the utility has approximately two months in which to define, schedule, perform, validate, refine and finalize the bulk of its analysis, not only of the prescribed special contemporary issues, but also any other analysis the utility believes is significant and urgent. If the purpose of annual updates is to ensure the consideration of significant and urgent issues that could affect the utility’s acquisition of resources, then it must be truly focused on only those issues and must be unencumbered by lesser issues. Otherwise, the annual update process risks becoming a meaningless exercise that provides no insight into critical resource planning issues.

The Company's review of the suggested special contemporary issues proposed by the parties indicates that only the following proposed issues (which are followed by Ameren Missouri's proposed actions respecting them) merit actual treatment as special contemporary issues by the Commission:

- **Examination of the costs of compliance with current and pending environmental regulations** (Staff 5, NRDC 5, and concurrence by OPC) – To address this issue, Ameren Missouri will evaluate the need and options for mitigation to comply with current and pending EPA rules based on currently available assessments of the requirements of applicable rules and the cost of mitigation measures, including ranges of uncertainty for capital costs for large retrofits (e.g. FGD, SCR, etc...).
- **Examination of the impacts of reduced levels of DSM** (Staff 6 and concurrence by OPC) – To address this issue, Ameren Missouri will include evaluation of plans with reduced levels of DSM consistent with Ameren Missouri's updated preferred resource plan.
- **Examination of updated natural gas commodity prices** (NRDC 3) – To address this issue, Ameren Missouri will update forecasts for natural gas prices and include the effects of lower gas prices in scenarios used for risk analysis.
- **Examination of uncertainty for coal prices** (NRDC 4, DNR 7) – To address this issue, Ameren Missouri will evaluate coal price uncertainty as an independent uncertain factor to generally reflect uncertainties that could drive the cost of coal to Ameren Missouri. {Note: Coal price uncertainty is only part of the issues suggested by NRDC and DNR for consideration. Ameren Missouri believes other elements of those suggestions do not warrant consideration as a special contemporary issue. As such Ameren Missouri proposes that coal prices simply and specifically be analyzed as an independent uncertainty.}

In addition to these, Ameren Missouri also is planning to address two other issues raised by the parties that either do not rise to the level of special contemporary issues or are better addressed through other means. First, Ameren Missouri is including evaluation of **modular nuclear reactors** in its annual update (Staff 8, MIEC 2). While it is virtually certain that consideration of modular nuclear would not result in a change in Ameren Missouri's implementation plan (the technology is not expected to receive design certification from NRC until later this decade), it is a fairly simple matter to include consideration of this resource option and its potential to mitigate financing issues associated with large conventional nuclear power. Second, **Ameren Missouri has also indicated its intention to file for approval of DSM programs and associated cost recovery and incentives under the Commission's MEEIA rules in the first quarter of 2012.** This filing provides a more logical avenue for specifically addressing DSM cost recovery issues, as opposed to wide-ranging analyses of myriad potential solutions, and represents a constructive step toward the goal of achieving all cost effective demand side savings.

Given the relative significance of the issues outlined above and the time available to analyze them, Ameren Missouri proposes that the Commission limit its list of special contemporary issues to only these issues to ensure that they can be addressed in a meaningful way.

### **Characterization of Parties' Proposed Special Contemporary Issues**

While the provisions of Chapter 22 governing the process of identifying special contemporary issues does allow for the inclusion of unresolved deficiencies or concerns from prior triennial filings, these provisions should not be construed to provide a “back door” through which parties can re-argue issues that are currently in dispute before the Commission. Nor should the first couple of annual updates be allowed to serve as a blunt instrument by which a utility’s triennial filing under the different requirements in effect under the Commission’s prior resource planning rules is in effect now required to be retroactively modified to comply with the revised rules that didn’t even apply when the earlier triennial filing was made. It is also reasonable to expect that issues already addressed, in whole or in significant part, in a utility’s most recent triennial filing do not warrant reconsideration absent a significant change in the assumptions or planning environment that are likely to impact the results of the analysis of such issues. In light of these considerations and the previously mentioned notion that special contemporary issues must meet some threshold test of both significance and urgency, Ameren Missouri has attempted to categorize the issues proposed by the parties for consideration as follows:

- **Issues in dispute in the current IRP case** – As parties have agreed to a procedural schedule and have indicated a need for additional testimony on the issues raised in Ameren Missouri’s 2011 IRP case, it would be premature to require analysis of particular issues before the Commission has heard all relevant evidence and made a determination as to whether the issue in fact constitutes a deficiency that must be resolved. Put another way, requiring an *alleged* deficiency to be addressed now would be tantamount to *assuming* that the deficiency in fact exists, without the Commission first receiving the evidence relevant to the determination of whether the deficiency does exist.
- **Issues already addressed in the most recent IRP** – Unless conditions have changed such that the outcome of analyses are likely to change significantly, issues that have been addressed in the most recent triennial compliance filing do not warrant reconsideration in an annual update.
- **Issues that are either not significant or not urgent** – Any issue that fails to meet a threshold test of both significance and urgency should be deferred for consideration in a subsequent triennial filing or dismissed entirely.
- **Issues that are both significant and urgent** – These are issues that meet the threshold tests and should be considered for inclusion as special contemporary issues to be analyzed and documented by the utility. One simple form of this threshold test is to ask whether, absent this process, the Commission would strongly consider opening a docket to evaluate a given issue. One clear example is the Commission’s interest in the cost of compliance with current and pending environmental regulations, for which the Commission has opened a docket and directed Staff to lead discussions and prepare a report for the Commission by the second quarter of 2012.

Using the above four categories, Ameren Missouri has classified each of the proposed issues of the parties and summarized them in Attachment A. Following is a discussion of each of the proposed issues, by category.

### **Issues Currently in Dispute**

The issues listed below have been raised in Ameren Missouri's 2011 IRP case. Parties to the case, including those who have suggested these issues for consideration, have made a joint filing indicating no agreement has been reached on any alleged deficiencies or concerns. The same parties have agreed to a procedural schedule which allows for additional rounds of testimony in late October and late November and hearings in mid-December. It is premature to ask the Commission to order further analysis (i.e., to assume an unproven, alleged deficiency exists) on these issues before it has heard all relevant evidence in the case. As such, these issues should be dismissed or tabled for consideration in the current IRP case if and only if the Commission finds a deficiency that requires such analysis for resolution.

- **Staff 7: Cost and Schedule for Conventional Nuclear Generation** – This issue has been raised by other parties in Ameren Missouri's 2011 IRP case (OPC and NRDC). Ameren Missouri's position continues to be that its assumptions and range of uncertainty are reasonable.
- **NRDC 7: Condition Assessment for All Coal Plants** – This issue has been raised by NRDC in the current IRP case. Ameren Missouri maintains that it is not necessary to evaluate plants other than Meramec at this time due to the low cost and high efficiency of its other "uncontrolled" plants (i.e., Labadie and Rush Island).
- **NRDC 8: Evaluation of Long-term Costs for All Coal Plants** – This issue has been raised by NRDC in the current IRP case. Ameren Missouri's position is the same as that listed for NRDC 7 above.
- **NRDC 11: Emerging DSM Technologies** – This issue has been raised by NRDC in the current IRP case. Ameren Missouri contends that it has evaluated cutting edge demand-side technologies and has not, as NRDC claims, assumed widespread implementation of developing carbon capture and sequestration (CCS) technology on the supply side.
- **DNR 1: Planning Objectives** – DNR has raised this issue in the current IRP case. Ameren Missouri position continues to be that its planning objectives are complete, sufficiently defined, and accurately reflect the decision process and factors considered by management in making resource decisions.
- **DNR 2: Decision Factors** – DNR has raised this issue in the current IRP case. Ameren Missouri maintains that the decision factors are complete, sufficiently defined, accurately reflect the decision process used by management and are entirely consistent with the IRP rules.
- **DNR 3: Purchased Power Resource Option** – DNR has raised this issue in the current IRP case. Ameren Missouri maintains that the exclusion of purchased power as a resource is reasonable.



- **DNR 4: Evaluation of Non-generic Wind Resources** – DNR has raised this issue in the current IRP case. Ameren Missouri maintains that its characterization of wind is reasonable and is supported by reliable third-party evidence.
- **DNR 5: Combined Heat and Power Resources** – DNR has raised this issue in the current IRP case. Ameren Missouri maintains that its treatment of CHP is reasonable and appropriate based on analysis performed by Navigant Consulting.
- **DNR 6: Small-scale Renewables** – DNR has raised this issue in the current IRP case. Ameren Missouri maintains that its exclusion of renewable resources less than 2MW in capacity is reasonable and consistent with the language of the rules at the time of Ameren Missouri’s IRP filing (i.e., that utilities consider resource options that they can reasonably expect to develop on their own or as a major participant). DNR’s assertion that because the revised IRP rules no longer include such language utilities are required to consider such resources is both nonsensical (should utilities now be required to consider resources they can’t reasonably expect to develop?) and demonstrates a desire to abuse the transition from the prior rules to the current rules.
- **DNR 7: Evaluation of the “Upper Boundary” of Costs for Coal Plants** – DNR has raised this issue in the current IRP case. Ameren Missouri maintains that its evaluation of existing and new coal resources is reasonable and appropriate and that evaluation of all possible theoretical extreme values for coal-related assumptions is neither appropriate nor required by the rules.
- **DNR General 1: Coal Plant Retirements** – DNR and NRDC have raised this issue in the current IRP case. Ameren Missouri holds that its evaluation of options for Meramec, its oldest coal generating plant, is reasonable and provides sufficient information regarding the viability of its existing coal fleet.
- **DNR General 2: Aggressive DSM** – DNR and others have raised this issue in the current IRP case. Ameren Missouri maintains that it has evaluated a wide range of DSM portfolios, including a very aggressive 2% annual load reduction portfolio defined by DNR.
- **DNR General 7: Behavior Modification Programs** – This issue has been raised by Staff in the current IRP case. Ameren Missouri maintains that there is more that is unknown than is known about the sustainable benefits of such programs and that there is no requirement to evaluate such specific programs.

#### **Issues Already Addressed in the Current IRP**

The following issues have been evaluated in Ameren Missouri’s 2011 IRP filing to an extent that further analysis as proposed would not add any meaningful insight. These issues should be dismissed or deferred to such time as conditions have changed to a degree that reevaluation is warranted.

- **Staff 2: Aggressive RES with No Rate Cap** – Ameren Missouri evaluated a potential federal RES as part of its 2011 IRP analysis. It included requirements for renewable energy of 20% starting in 2025 and 25% in 2030. While it also included a 4% rate cap, the application of the rate cap was

based on the least restrictive interpretation of a cap and did not constrain the ability to comply with the renewable energy requirements. As wind is by far the most abundant resource for compliance, it comprised the vast majority of renewable resources incremental to those used to comply with the Missouri RES (biomass co-firing was also added). The analysis showed both that costs were higher and that the only impact on resource decisions would be a slight delay in timing due to the 8% capacity credit received by wind resources in MISO. Evaluations of more aggressive standards would simply show more of the same.

- **Staff 3: Aggressive DSM with No Rate Cap** – Ameren Missouri evaluated a 2% annual load reduction portfolio, defined by DNR, as part of its 2011 IRP analysis. The analysis showed that, in addition to exceeding the economic potential identified in Ameren Missouri’s DSM Market Potential Study, the costs of such a portfolio would far outweigh its benefits. Ameren Missouri also evaluated a Maximum Achievable Potential (MAP) portfolio, which was agreed by DNR to be equivalent to a 1% annual load reduction portfolio. No rate caps were applied in the evaluation of any DSM portfolios.
- **Staff 4: Loss of Significant Load** – Ameren Missouri evaluated both broad impacts of slower economic recovery and loss of its largest customer, Noranda, as part of its 2011 IRP analysis. The slower economic recovery was a primary driver for Ameren Missouri’s low load forecast case. Loss of Noranda starting in 2020 was evaluated at the integration stage and was shown to have minimal impact on the relative performance of supply side resource options. Evaluations of other load loss scenarios would be expected to yield similar results. OPC has proposed that declining use per customer and other drivers be considered in defining load loss scenarios. The drivers of load loss would not meaningfully impact the nature of the analysis. As the most direct impact of such events would be a delay in the need for new resources and as Ameren Missouri’s preferred resource plan shows no need for new resources until the late 2020’s, there is also no urgency in evaluating such a scenario at this time.
- **Staff 5: Aggressive Environmental Regulations** – Ameren Missouri specifically evaluated the potential impact on resource decisions of more aggressive environmental regulations and explicitly included that possibility in its contingency planning. While knowledge regarding EPA rules has advanced since the time of the IRP analysis, the conclusions with respect to the impact of potential requirements for environmental retrofits on resource decisions are still valid. Ameren Missouri is updating its view on environmental compliance as part of its 2012 IRP annual update.
- **DNR General 5: Interdependence of Uncertain Factors** – Ameren Missouri evaluated both dependent and independent uncertain factors as part of its 2011 IRP analysis and is continuing to do so for its 2012 IRP annual update. As such, DNR’s proposal would have no practical effect on Ameren Missouri’s analysis.

### **Non-significant or Non-urgent Issues**

The following issues are characterized as either non-significant or non-urgent or both as they would have no meaningful impact on resource decisions made or implemented before the next triennial compliance filing. These issues should be dismissed or deferred to such time as conditions and potential decisions warrant their consideration.

- **Staff 1: Impact of ARC's on Load** – Because the value of demand response is driven in the short-term by the market price of capacity and since the market for capacity is currently severely depressed and is expected to remain so for the next several years, Ameren Missouri does not expect to see significant impacts from ARC activity even if it were unconstrained by regulation. As such, this issue should continue to be monitored, but not be made the subject of immediate rigorous analysis.
- **Staff 6: Reduced DSM in Preferred Resource Plan** – Ameren Missouri fully intends to both notify the Commission of its decision to change its preferred resource plan and include the new preferred plan in its annual update analysis. Staff's proposal seeks to add to the requirements for changes in a utility's preferred plan under 4 CSR 22.080(12) and to exploit the transition from the prior rules to the current rules in a way that adds little, if anything, to the insights that can be drawn from the analysis that can be performed for the 2012 annual update.
- **Staff 8: Modular Nuclear Reactors** – Ameren Missouri is already including evaluation of modular nuclear reactors in its 2012 IRP annual update analysis. While information on these potential resources is not as rigorous as that available for conventional resources, Ameren Missouri believes it is worthwhile to begin evaluating these options primarily due to the financing flexibility and project risk mitigation they may afford compared to conventional nuclear plants. At the same time, these resources are not expected to be available for commercial use until at least near the end of this decade. As such, they do not warrant inclusion as a special "contemporary" issue.
- **MIEC 1: Penetration of Solar Panels** – Ameren Missouri's evaluation of solar DG showed only very minor penetration after the end of this decade, and only then if existing tax credits are perpetually extended. While we continue to monitor developments in the solar industry, including direct observations of performance of several solar technologies installed at Ameren's General Office Building, the current economics do not indicate the potential for significant penetration in the near future. As such, evaluation of this issue at this time is not expected to yield meaningful insights.
- **NRDC 1: Wind Integration** – With plans for MVP projects in MISO to address integration of renewables and the expectation that Ameren Missouri's first need for wind resources to comply with the Missouri RES will not be until late in this decade, there is no urgency for consideration of wind integration issues for Ameren Missouri in its IRP annual update. MISO continues to evaluate potential issues with respect to wind integration, and Ameren Missouri is following these efforts.

- **NRDC 2: Tracking Solar and Wind Cost Data** – Ameren Missouri relies on a range of sources for updating cost data for a number of resource options, including solar and wind. This is a basic function of resource planning and does not require separate explicit tracking by the utility of resource costs. Such an effort would be duplicative and provide no additional insight with respect to resource planning.
- **NRDC 6: Transmission Reliability for Coal Retirements** – Ameren Missouri evaluated the need for transmission projects associated with the options for Meramec analyzed in the 2011 IRP. As no other units are expected to be candidates for imminent retirement, there is no imminent need to evaluate transmission issues at other coal plant sites.
- **NRDC 9: Compare Costs of All Coal Plants to DSM** – This issue is based on the belief that 1) the cost of DSM is lower than the ongoing cost of existing coal generation, and 2) if DSM is lower cost, then coal plants should be retired to the extent there is sufficient DSM to replace them as resources. In their comments on Ameren Missouri’s IRP, NRDC points to a chart that shows that the cost of Ameren Missouri’s existing generation is about 5 cents/kwh and compares this to a levelized cost of DSM that is lower. However, the cost of existing generation includes all generation, not just coal, and includes both ongoing costs and capitalized costs to date that are already in rate base. The belief that DSM should result in immediate retirement of plants that might be higher cost ignores the fact that they could still be producing benefits for ratepayers that outweigh the ongoing costs. Ameren Missouri’s evaluation of Meramec in the 2011 IRP supports the notion that as long as highly expensive environmental controls are not required, the plant will continue to provide benefits to ratepayers that outweigh the costs. As such, this issue should be dismissed.
- **NRDC 10: Evaluation of Future Test Year** – Whether or not using future test years is a desirable solution to regulatory lag, evaluations of this kind are better left to another forum rather than piling the work into an IRP annual update with no prospect of advancing the cause of energy efficiency, as a MEEIA filing would. This issue should be dismissed.
- **DNR General 3: DSM/DG/CHP with Water Treatment and Waste Facilities** – While there may be interest in looking at such possibilities, and while Ameren Missouri did evaluate the potential for very small projects as part of its evaluation of renewable resource potential, it certainly does not rise to a level of significance or urgency that warrants inclusion in the scope of an IRP annual update. This issue should be dismissed.
- **DNR General 6: Agricultural DSM** – As with the prior issue, while it may be interesting to consider, it does not meet a threshold test for significance or urgency to the exclusion of other issues that must be addressed in an annual update. This issue should be dismissed.

### **Issues that are Significant and Urgent**

The issues listed below are those Ameren Missouri believes meet the threshold tests of significance and urgency to be considered potential special contemporary issues for consideration by the Commission.

Ameren Missouri has noted which of these issues it believes should be included as special contemporary issues and which should not, including the rationale for each recommendation.

- **Staff 6: Reduced DSM** – While Staff’s suggestion includes requirements that Ameren Missouri believes go beyond what is necessary and useful, the evaluation of a reduced level of DSM in response to cost recovery issues is both significant and urgent. Ameren Missouri fully intends to include evaluation of a reduced DSM portfolio as part of its 2012 IRP annual update analysis, in addition to making the required notification to the Commission regarding a change in Ameren Missouri’s preferred resource plan. This issue should be included as a special contemporary issue.
- **NRDC 3: Natural Gas Prices** – As various parties have noted and as Ameren Missouri has acknowledged, the outlook for natural gas markets has undergone a significant transformation since the time Ameren Missouri performed the bulk of the analysis for its 2011 IRP filing. As natural gas prices affect the market for electricity, they affect the performance of all resources, not just gas-fired resources. As such, Ameren Missouri intends to update its analysis to reflect the impact of lower future gas prices in its 2012 IRP annual update analysis and reporting. This issue should be included as a special contemporary issue.
- **NRDC 4/DNR 7: Coal Price Uncertainty** – Ameren Missouri maintains that the treatment of coal price uncertainty as a dependent output variable of the scenarios modeled by CRA for the 2011 IRP is appropriate and reasonable. At the same time, Ameren Missouri believes that further investigation of coal prices as an independent uncertain factor may be useful as a check on the impacts of potential variability in Ameren Missouri’s coal prices apart from general market drivers. As the variability would be tested specifically for Ameren Missouri coal costs, it will necessarily reflect the terms and conditions included in contracts for coal commodity and transportation already in place. This issue, limited to evaluation of coal prices as an independent uncertain factor, could be included as a special contemporary issue.
- **NRDC 5: Cost of Environmental Compliance for Coal Plants** – As NRDC points out, there are numerous EPA rules, both enacted and pending, that may require costly mitigation measures for existing coal facilities. Ameren Missouri provided an evaluation of two scenarios, moderate and aggressive, in its 2011 IRP filing. Ameren Missouri has continued to evaluate the potential costs of environmental compliance as draft rules have been released for comment. Ameren Missouri intends to include an evaluation of compliance costs and the potential impact on resource choices in its 2012 IRP annual update based on the best information currently available with respect to the rule requirements and the options and costs for mitigation measures. This issue should be included as a special contemporary issue.
- **DNR General 4: Evaluation of Low Probability / High Impact Events** – The possibility of such events, which pose potentially serious threats to energy production and delivery, cannot be dismissed out of hand. While such issues by their nature are significant and carry some degree of urgency, given that such events are largely unpredictable, a generic request to identify and analyze any and all such issues as part of a short-term resource planning update is out of place.

Rather than suggest that this issue be dismissed, Ameren Missouri encourages the Commission to specify for evaluation any such event(s) that it believes are of particular and immediate concern, while recognizing the time constraints of the overall analysis for the annual update.

### **Overall View on Evaluation of Significant/Urgent Issues**

As mentioned earlier in these comments, the time available to perform analysis for an annual update must be considered in determining how many issues can be reasonably addressed and the depth to which they can be analyzed. In light of this constraint, Ameren Missouri believes that all of the issues identified in the previous section can be addressed, provided that evaluation of low probability / high impact events are limited in scope with respect to both subject matter and depth of evaluation. As an example, Ameren Missouri could evaluate and render an initial opinion on the potential impact of such an event, but full evaluation of the potential impact on resource choices would require deeper analysis than can be performed in 2-3 months while also evaluating other issues like those identified here.

Because of the short timeline and emergent nature of special contemporary issues, it is also important that the action to be taken by the utility to satisfy each issue be clearly defined. This does not mean that step-by-step instructions must be specified, but that the action to be taken simply be clear enough that there is no question after the fact as to whether or not the utility has addressed each issue as expected by the Commission.

Setting aside consideration of potential low probability / high impact events for evaluation, Ameren Missouri believes the following can be included in its 2012 IRP annual update analysis to address the other significant and urgent issues identified in the previous section:

- Evaluate the need and options for mitigation to comply with current and pending EPA rules based on currently available assessments of the rule requirements and costs of mitigation measures, including ranges of uncertainty for capital costs for large retrofits (e.g. FGD, SCR, etc...)
- Include evaluation of plans with reduced levels of DSM consistent with Ameren Missouri's updated preferred resource plan
- Update forecasts for natural gas prices and include the effects of lower gas prices in scenarios used for risk analysis
- Evaluate coal price uncertainty as an independent uncertain factor to generally reflect uncertainties that could drive the cost of coal to Ameren Missouri

Ameren Missouri looks forward to the Commission's decision on this matter and to preparing its first IRP annual update.