



2. Communications with regard to this Application should be directed to:

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3. NO<sub>x</sub> Allowances were initially created pursuant Phase 2 of the federal NO<sub>x</sub> budget trading program (“NO<sub>x</sub> SIP Call”) and codified at 10 CSR 10-6.360 Control of NO<sub>x</sub> Emissions From Electric Generating Units and Non-Electric Generating Boilers (“NO<sub>x</sub> Program No. 1”). Amendments to the Missouri air regulations to implement the federal Clean Air Interstate Rule are codified at 10 CSR 10-6.362 (Clean Air Interstate Rule Annual NO<sub>x</sub> Trading Program) and 10 CSR 10-6.364 (Clean Air Interstate Rule Seasonal NO<sub>x</sub> Trading Program), and have created a new NO<sub>x</sub> Program (“NO<sub>x</sub> Program No. 2”) which was fully implemented effective January 1, 2009. Under both programs, NO<sub>x</sub> Allowances are issued by the United States Environmental Protection Agency (“USEPA”) and allow the recipient of the Allowance to emit

during the control period, in the year the Allowance is issued, one ton of NO<sub>x</sub> for each Allowance issued that year.

4. NO<sub>x</sub> Program No. 2, which commenced January 1, 2009, consists of two sub-programs, one that applies during the ozone season (the “Seasonal Program”) and one that applies for the entire calendar year (the “Annual Program”). Different sets of NO<sub>x</sub> Allowances will be issued for each sub-program, so that there will be Seasonal Program Allowances and Annual Program Allowances. Seasonal Program Allowances can be used during the ozone season control period and, if not used in a particular year’s ozone season control period, can be banked for use in a subsequent year’s ozone season control period. Moreover, banked allowances from NO<sub>x</sub> Program No. 1 can be used during the ozone season control period in NO<sub>x</sub> Program No. 2. Beginning in 2009, the Seasonal NO<sub>x</sub> Program No. 2 superseded the existing Seasonal NO<sub>x</sub> Program No. 1. Annual Program Allowances must be used only for the annual program and cannot be used for the seasonal program. Unused Annual Program Allowances can also be banked for use in future years under NO<sub>x</sub> Program No. 2, meaning that one NO<sub>x</sub> Allowance allows the emission of one ton of NO<sub>x</sub>. Program No. 2 was vacated by the United States Court of Appeals for the District of Columbia, but under the terms of the Court’s order, its requirements remain in place pending the Court’s requirement that the USEPA revise the program. USEPA is currently working on revising the program to meet the Court’s requirements. Consequently, Program No. 2 is currently in place, but is expected to be changed sometime over the next couple years. The precise timing of the change cannot be determined at this time since the Court did not set a timeline for changing the program. Market expectations are that Program No. 2 will remain in place for 2009 and 2010, but that a revised program will likely apply post-2011.

5. Ameren Energy Fuels and Services Company (“AFS”), which provides various support services to AmerenUE, including the management of AmerenUE’s SO<sub>2</sub> emissions allowance inventory and other environmental support services, employs personnel trained in the management of allowance inventories and in environmental compliance generally and has been managing AmerenUE’s substantial bank of SO<sub>2</sub> allowances as authorized by the Commission in Case No. EO-98-401.

6. NO<sub>x</sub> Allowances are transferable and various public and private markets have developed to facilitate allowance trading. The market supports many different trading structures, including but not limited to futures, forwards, options, vintage swaps, allowance loans and fixed for floating swaps. Transactions can be completed Over the Counter (“OTC”) through both direct transactions and through transactions using brokers, or transactions can be completed through the NYMEX Green Exchange and the Chicago Climate Futures Exchange (“CCFE”). AmerenUE is requesting the ability to manage its Seasonal and Annual NO<sub>x</sub> Allowance position using any and all available trading structures. Because the regulatory framework governing NO<sub>x</sub> emissions (and NO<sub>x</sub> Allowances) remains uncertain, it is currently impossible for AmerenUE to recommend any particular trading structure or strategy for AmerenUE’s NO<sub>x</sub> allowances. However, it is critical that AmerenUE possess the flexibility to transact quickly when rules are announced to take advantage of rapidly moving markets.

7. AmerenUE agrees to provide detailed reporting of all NO<sub>x</sub> Allowance transactions once each year, with a reporting date of August 31 for the previous 12 months ending on June 30. In this regard, AmerenUE agrees to maintain and make available to the Commission’s Staff the database supporting the Allowance transactions and inventory balance upon Staff’s request.

8. On July 24, 2009, AmerenUE filed a general rate proceeding (Case No. ER-2010-0036). Included in AmerenUE's rate case filing is an environmental cost recovery mechanism ("ECRM") tariff, and an associated request to terminate the existing sulfur/ SO<sub>2</sub> allowance tracker implemented as a result of the Report and Order issued in Case No. ER-2007-0002. Termination of that tracker would result in the tracking of quality adjustments for the sulfur content of coal being handled in the Company's existing fuel adjustment clause mechanism, and would also result in the tracking of SO<sub>2</sub> allowance revenues or costs in the proposed ECRM.

9. NO<sub>x</sub> Allowances are similar in many respects to SO<sub>2</sub> allowances in that both of them can be utilized to comply with emission limits (for NO<sub>x</sub> and SO<sub>2</sub>, respectively) applicable to the Company's power plants. Consequently, it would be appropriate to track costs and revenues associated with NO<sub>x</sub> Allowances in the proposed ECRM, as is being proposed in the pending rate case for SO<sub>2</sub> allowances.

WHEREFORE, AmerenUE respectfully requests an Order of the Commission authorizing it to manage its NO<sub>x</sub> Allowance inventory using any and all available trading structures as outlined in this Application.

Respectfully Submitted:

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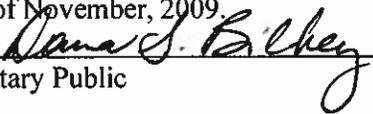
**Attorneys for Union Electric Company  
d/b/a AmerenUE**

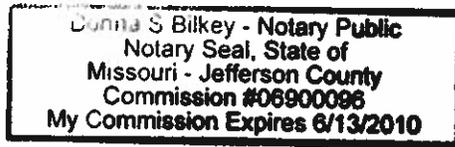
**VERIFICATION**

I, Stephen M. Kidwell, of lawful age, being duly sworn, deposes and says that: I am the Vice President of Regulatory Affairs for Union Electric Company d/b/a AmerenUE; that I am duly authorized to and did sign the foregoing Application on behalf of Union Electric Company; that I have knowledge of the facts stated in the foregoing Application; and that said facts are true to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
Stephen M. Kidwell

Subscribed and sworn to before me this 19<sup>th</sup> day of November, 2009.

  
\_\_\_\_\_  
Notary Public



**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing was served via e-mail, to the following parties on the 19th day of November, 2009.

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Missouri Public Service Commission  
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**/s/James B. Lowery**

James B. Lowery

# STATE OF MISSOURI



Robin Carnahan  
Secretary of State

CORPORATION DIVISION  
CERTIFICATE OF GOOD STANDING

I, ROBIN CARNAHAN, Secretary of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

UNION ELECTRIC COMPANY  
00040441

was created under the laws of this State on the 21st day of November, 1922, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 16th day of November, 2009

*Robin Carnahan*

Secretary of State

