

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

In the Matter of the Application of	)	
Union Electric Company for Authorization	)	
to Manage Sulfur Dioxide Emission	)	Case No. EO-98-401
Allowance Inventory.	)	

**MOTION TO FURTHER EXTEND AUTHORITY  
FOR THE DISPOSITION OF NO<sub>x</sub> ALLOWANCES**

COMES NOW Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri” or “Company”), pursuant to 4 CSR 240-2.080, and hereby submits a Motion to Further Extend Authority for the Disposition of NO<sub>x</sub> Allowances. In support thereof, the Company respectfully states as follows:

1. On December 5, 1998, the Missouri Public Service Commission (“Commission”) issued its *Order Approving Stipulation and Agreement* (“*SO<sub>2</sub> Order*”) in this case. Pursuant to the Commission’s *SO<sub>2</sub> Order*, Ameren Missouri was authorized to manage its inventory of sulfur dioxide (“SO<sub>2</sub>”) emissions allowances, which were issued under the federal Clean Air Act and administered by the United States Environmental Protection Agency (“EPA”). Under the authority issued by the Commission, the Company was permitted to sell and trade SO<sub>2</sub> allowances subject to certain restrictions. The Company was required to keep detailed records of each transaction and file an annual report with the Commission enumerating all of its transactions. The prudence of any allowance transaction was subject to review and adjustment as part of any audit and/or examination in a future rate case.

2. In 2005, the EPA issued its Clean Air Interstate Rule (“CAIR”) and created Nitrogen Oxide (“NO<sub>x</sub>”) emissions allowances. Ameren Missouri did not seek authority to sell or trade those allowances at that time. Nonetheless, under the Company’s subsequently approved fuel adjustment clause (“FAC”) tariff, all revenues from the sale of both SO<sub>2</sub> and NO<sub>x</sub> emissions

allowances were required to be included in the FAC calculation and credited 95% to customers.

3. On July 6, 2011, the EPA finalized the Cross-State Air Pollution Rule (“CSAPR”) which was designed to replace the CAIR. Under the CSAPR, new NO<sub>x</sub> emissions allowances were to be issued to replace the NO<sub>x</sub> emissions allowances created when the CAIR was adopted. The CSAPR was originally scheduled to take effect on January 1, 2012, and if it had taken effect on that date, after the compliance certification filing dates applicable to 2011 seasonal and annual NO<sub>x</sub> compliance (late November 2011 and early March 2012 respectively), NO<sub>x</sub> emissions allowances created by the CAIR would no longer have been usable.

4. In the fall of 2011, Ameren Missouri found itself with more NO<sub>x</sub> allowances than it needed to comply with CAIR. Since those allowances were scheduled to expire on October 19, 2011, the Company filed a motion requesting that the Commission extend its existing authority to sell or trade SO<sub>2</sub> allowances to include the NO<sub>x</sub> allowances issued under CAIR. Ameren Missouri agreed that it would be required to maintain detailed records of each transaction, provide such information along with the data submitted pursuant to 4 CSR 240-3.161(5), and provide an annual report similar to the report provided for its SO<sub>2</sub> emissions allowance transactions. Ameren Missouri represented that the Staff, Public Counsel and Kansas City Power & Light Company, the only parties to this case, supported the Company’s request to sell or trade its unused NO<sub>x</sub> allowances issued under CAIR. Ameren Missouri also served notice of its filing on all parties to its then most recent rate case, Case No. ER-2011-0028. On October 26, 2011, the Commission issued its *Order Granting Authority to Manage NO<sub>x</sub> Allowances* (“*NO<sub>x</sub> Order*”) granting the authority that the Company had requested.

5. Since the Commission issued its *NO<sub>x</sub> Order*, the effectiveness of the CSAPR has been stayed pending appeal of the rules in court. During the stay, CAIR remains in effect and the

EPA has issued Ameren Missouri additional NOx allowances under CAIR for 2012. Ameren Missouri faces the likelihood that the NOx allowances it has been issued under CAIR in 2012 and the NOx allowances it will be issued in future years under CAIR are/will be in excess of the NOx allowances that it needs to comply with CAIR. Consequently, Ameren Missouri requests that the Commission extend its authority to sell or trade CAIR NOx allowances to cover excess NOx allowances issued in 2012 and future years, subject to the same conditions imposed in the *NOx Order*.

6. The Office of the Public Counsel has requested that Ameren Missouri explicitly commit that it will comply with the Commission's Affiliate Transaction Rule in any NOx transactions involving any of its affiliates. Ameren Missouri hereby makes that commitment.

7. Staff has requested that the Company agree to the additional reporting requirements specified in Attachment A hereto. The Company hereby agrees to those reporting requirements.

8. Subject to the conditions set forth herein, all of the parties to this case—the Staff, the Office of the Public Counsel and Kansas City Power & Light Company—have authorized the Company to represent that they support this request. Ameren Missouri is also serving copies of this Motion on counsel for every party to its presently pending electric rate case, File No. ER-2012-0166.

9. Ameren Missouri requests that the Commission promptly grant this application, since delay will compromise its ability to negotiate the most favorable terms for the sale or trading of its excess NOx allowances for the benefit of its customers.

WHEREFORE, Ameren Missouri respectfully requests that the Commission promptly issue its order authorizing Ameren Missouri to sell or trade the excess NOx emissions allowances issued under CAIR in 2012 and future years, subject to the conditions set forth herein.

Respectfully submitted,

UNION ELECTRIC COMPANY,  
d/b/a Ameren Missouri

/s/ Thomas M. Byrne

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Dated: June 13, 2012

## Reporting Requirements for SO<sub>2</sub> and NO<sub>x</sub> Allowances

### ONCE A YEAR REPORTING

#### Regulatory Description of Allowance Trading Programs

Describe the specific regulatory regime(s) in-place during the reporting year, changes in regulatory regime from previous year, and expected changes for next year. For the initial report, provide a 5 year history of allowances which would include serial numbers, prices, and vintages. After the first year of reporting, update by providing the most current additional year of information.

#### Emission Allowance Tracking System

Describe the tracking system used to track allowances. The system should track allowances on a monthly basis by vintage year, including the quantity of allowances issued to Ameren Missouri in the past year by the EPA, by serial number, price, date of purchase, sale, or swap of emission allowances used to offset emissions. The system also tracks quantities of allowances (and value thereof) used to offset sulfur premiums paid under coal contracts, and the monthly quantities of unused allowances allocated to partners, including the monetary value received as a result of the transaction, and any expenses (such as brokerage fees) related to the transaction.

#### Average Price of Inventory

Describe the methodology for calculating the beginning year average price, monthly average price and year end average price of inventory. Methodology should include the monetary value received as a result of the transaction, and any expenses (such as brokerage fees) related to the transaction.

#### Types of Transactions

Identify and describe the type of transaction that may occur while managing allowance inventories including, purchases, sales, swaps, trades, allocations, and plant use of allowances.

#### Trading Parameters and Authorization

Describe the fundamental controls for allowance transactions as defined per Types of Transactions and identify the Company's Designated Representative and Alternate Designated Representative authorized to trade allowances.

## QUARTERLY REPORTING AT TIME OF FAC QUARTERLY REPORTING

Provide Quarterly Summary Report containing the following:

- Type of transaction by individual transaction for each month for the quarter
- Total quantity of allowances involved in the transaction
- The total quantity and vintage of any allowances received as a result of the transaction, any monetary value received as a result of the transaction, and any expenses (such as brokerage fees) related to the transaction
- Total quantity of allowances issued to Ameren Missouri in the past year by the EPA
- Total quantity and monetary value of allowances used to offset emissions for each month for the quarter
- Total quantity of allowances (and monetary value thereof) used to offset sulfur premiums paid under coal contracts for each month for the quarter
- Total quantity and monetary value of unused allowances allocated to partners for each month for the quarter
- Budgeted allowances and difference between actual number of allowances used and budgeted amount for each month for the quarter
- Beginning of each month average price for each month for the quarter
- End of each month average price for each month for the quarter
- End of month monetary total value of inventory for each month for the quarter
- End of month total monetary value of inventory for each month for the quarter.

VERIFICATION

STATE OF MISSOURI

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CITY OF ST. LOUIS

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Mike G. Mueller, of lawful age, being duly sworn, deposes and says that he is Vice President Energy Trading and Fuels Commodities for Union Electric Company d/b/a Ameren Missouri, that he is duly authorized and did sign the foregoing Motion on behalf of Union Electric Company, that he has knowledge of the facts stated in the foregoing Motion, and that said facts are true to the best of his knowledge, information and belief.

Mike G. Mueller

Subscribed and sworn to before me this 13<sup>th</sup> of June, 2012.



**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 13<sup>th</sup> day of June, 2012.

/s/ Thomas M. Byrne

Thomas M. Byrne