

## **MEMORANDUM**

TO: Missouri Public Service Commission Case File  
Case No. EO-2012-0351, Ameren Missouri Renewable Energy Standard Compliance  
Plan for Calendar Years 2012, 2013, and 2014

FROM: Michael E. Taylor, Energy Unit – Engineering Analysis

/s/ Daniel I. Beck / 5/31/12                      /s/ Jennifer Hernandez / 5/31/12  
Energy Unit / Date                      Staff Counsel's Office / Date

SUBJECT: Staff Report and Conclusion on Ameren Missouri's 2012 Renewable Energy Standard  
Compliance Plan

DATE: May 31, 2012

## **CONCLUSION**

The Staff has reviewed the Ameren Missouri 2012 RES Compliance Plan. Based on its review, Staff has not identified any deficiencies. As noted in paragraph F. of the Discussion portion of this Memorandum, Staff considers that compliance with the requirements of 4 CSR 240-20.100(7)(B)1.F. would be a meaningless exercise for this filing and, therefore, only to the extent the Commission deems it necessary to do so, Staff recommends the Commission grant Union Electric Company d/b/a Ameren Missouri (Company) a waiver from the subparagraph.

## **OVERVIEW**

On April 16, 2012, the Company filed its Renewable Energy Standard (RES) Compliance Plan (Plan) for calendar years 2012 through 2014 (Case No. EO-2012-0351)<sup>1</sup>. The Plan was filed in accordance with 4 CSR 240-20.100(7), Electric Utility Renewable Energy Standard Requirements, Annual RES Compliance Report and RES Compliance Plan. This rule states, in part, "Each electric utility shall file an annual RES compliance plan with the commission. The plan shall be filed no later than April 15 of each year." Subparagraphs 4 CSR 240-20.100(7)(B)1.A. through G. provide the minimum requirements for the plan. Subsection 4 CSR 240-20.100(7)(D) requires that Staff examine the

---

<sup>1</sup> April 15, 2012 occurred on a Sunday; therefore the required filing date was April 16, 2012.

plan and file a report within forty-five (45) days of the filing. This is the second compliance plan filing for the Missouri electric utilities required by the Missouri Renewable Energy Standard, Sections 393.1020 through 393.1030, RSMo.

## **DISCUSSION**

Staff has reviewed the Company's Compliance Plan in accordance with the established requirements to verify the Plan contains the information required by rule. The results of this review are detailed below, with appropriate rule subparagraphs A. through G. identified and quoted.

**A. "A specific description of the electric utility's planned action to comply with the RES;"**

The Company explained in detail its completed and planned actions for compliance with the RES for 2012, 2013, and 2014. For non-solar compliance, the Company will utilize renewable energy certificates (RECs) from the Keokuk hydroelectric generating station and a purchased power agreement (PPA) from the Pioneer Prairie II Wind Farm located in Mitchell County, Iowa. Beginning in 2012, the Company will also receive RECs from a landfill gas generating station in Maryland Heights, Missouri. For solar compliance, the Company will utilize solar renewable energy credits (S-RECs) purchased from brokers and net-metered customers as well as S-RECs from the multi-technology solar generation facility installed at the Company headquarters. The landfill gas generation and the net-metered and Company-owned solar generation will qualify for the Missouri in-state one and twenty-five hundredths (1.25) credit<sup>2</sup>.

---

<sup>2</sup> Section 393.1030.1., RSMo; Rule 4 CSR 240-20.100(3)(G)

- B. “A list of executed contracts to purchase RECs (whether or not bundled with energy), including type of renewable energy resource, expected amount of energy to be delivered, and contract duration and terms;”**

The Company has a 15-year PPA for energy and RECs from the Pioneer Prairie II Wind Farm (beginning in 2009). The Company has Standard Offer Contracts (SOCs) with a portion of its net-metered customers, has SOCs pending, and anticipates adding additional SOCs.<sup>3</sup> The Company has executed purchase agreements with third parties to purchase S-RECs.

- C. “The projected total retail electric sales for each year;”**

The Company has provided values for projected retail electric sales. The values appear to be reasonable estimates and consistent with its most recent annual update for electric utility resource planning.

- D. “Any differences, as a result of RES compliance, from the utility’s preferred resource plan as described in the most recent electric utility resource plan filed with the commission in accordance with 4 CSR 240-22, Electric Utility Resource Planning;”**

The Company submitted its most recent triennial compliance filing in February 2011 and its most recent annual update report on April 27, 2012. The Plan is consistent with the information regarding renewable resources in its February 2011 preferred resource plan and its annual update for 2012.

- E. “A detailed analysis providing information necessary to verify that the RES compliance plan is the least cost, prudent methodology to achieve compliance with the RES;”**

The Company provided information regarding its utilization of existing resources to comply with the non-solar portion of the RES for 2012 through 2014. The costs associated with these resources are already included in revenue requirements. Additionally, a renewable generating facility is under construction in Maryland Heights, Missouri, utilizing landfill gas

---

<sup>3</sup> The funds available in the 2011 SOC tariff were expended. The 2012 SOC tariff remains active at this time.

as a fuel source. This generating facility will not be considered for inclusion as a revenue requirement component until construction is complete and the generator(s) are fully operational and used for service. The Company may receive RECs from this facility prior to its inclusion as a revenue requirement component. For compliance with the solar portion of the RES, the Company provided information regarding purchase of solar RECs from third parties, purchase of RECs from net-metered customers, and the construction of a 100 kW solar generating facility at its headquarters building. The diverse resource portfolio utilized to satisfy the solar RES requirement appears to be appropriate.

**F. “A detailed explanation of the calculation of the RES retail rate impact limit calculated in accordance with section (5) of this rule. This explanation should include the pertinent information for the planning interval which is included in the RES compliance plan:”**

Based on the projected Plan costs for calendar years 2012, 2013, and 2014 compared to one percent (1%) of the current revenue requirement for the Company, the rate impact limit should not be exceeded. The calculation of the rate impact limit as specified in the RES rule is a methodology to compare RES compliance costs with costs associated with addition of a similar amount of non-renewable generation.

This subparagraph of the rule provides for a detailed calculation of the retail rate impact to ensure that the statutory requirement of limiting the RES impact to one percent (1%) is met. The rule requires a calculation to net the least-cost of renewable generation for RES compliance with the cost to provide an equivalent amount of generation from nonrenewable resources. This netting would effectively reduce the cost attributed to RES compliance for purposes of meeting the limit. Since the Company’s costs for these compliance periods are significantly below the one percent (1%) retail rate impact limit, performing the detailed netting calculation literally serves no purpose.


Staff considers the level of detail required for the rate impact calculation to be subjective. For the Company to expend significant resources to provide a more detailed calculation would be meaningless, since the requirements for this plan period are met by its existing resources and purchases of S-RECs and because the costs associated with the Company's existing and planned resources are well below one percent (1%) of the current revenue requirement. The Company did not request a waiver from this rule subparagraph. Because the detailed calculation would serve no purpose in this instance, Staff would not seek for the Commission to enforce literal compliance with this rule provision, whether the Company requested relief or not. Staff recommends that the Commission grant a waiver from this subparagraph if the Commission deems it necessary to do so.

**G. "Verification that the utility has met the requirements for not causing undue adverse air, water, or land use impacts pursuant to subsection 393.1030.4. RSMo, and the regulations of the Department of Natural Resources."**

The Company states that the generating facilities utilized to meet the RES requirements have been certified by the Missouri Department of Natural Resources.<sup>4</sup>

---

<sup>4</sup> Rule 10 CSR 140-8.010(4)

  
Notary Public