

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

In the Matter of an Investigation Into the	)	
Possible Methods of Mitigating Identified	)	
Harmful Effects of Entergy Joining MISO on	)	File No. EW-2014-0156
non-MISO Missouri Utilities and Their	)	
Ratepayers and Maximizing the Benefits	)	
for Missouri Utilities and Ratepayers Along	)	
RTO and Cooperative Seams.	)	

**AMEREN MISSOURI'S RESPONSE TO THE COMMISSION'S  
ORDER DATED NOVEMBER 26, 2013**

COMES NOW, Union Electric Company d/b/a Ameren Missouri (the "Company" or "Ameren Missouri"), and for its responses<sup>1</sup> to the Commission's Questions Regarding Seam Issues Between MISO and SPP, states as follows:

In responding to the Commission's questions, Ameren Missouri has interpreted them to apply only to the Missouri MISO-SPP-AECI<sup>2</sup> seams, and has prepared its answers accordingly.

**Questions**

1. Are Missouri state policies related to seams issues providing Missouri utilities and ratepayers all possible benefits and reducing all possible detriments stemming from Missouri's position on the seam? If not, are there potential policy changes that could increase the benefits or reduce the detriments of Missouri being on the seams to Missouri utilities and ratepayers? If so, please provide a list of potential changes and the benefits and detriments of those potential changes.

**Response: Benefits and detriments arising from seams are largely if not entirely a function of the Federal Energy Regulatory Commission's "FERC's") decisions under the Federal Power Act since the FERC has exclusive jurisdiction over these matters. Missouri's impact on those issues depends on**

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<sup>1</sup> Ameren Missouri's responses were compiled by Ajay K. Arora, Senior Director Corporate Development and Market Risk Management and Greg M. Gudeman, Financial & Regulatory Services.

<sup>2</sup> "MISO" – Midcontinent Independent System Operator, Inc.; "SPP" – Southwest Power Pool; and "AECI" – Associated Electric Cooperative, Inc.

**its input through RTO stakeholder processes and through FERC proceedings.**

2. Are any RTO policies related to seam issues providing Missouri utilities and ratepayers all possible benefits and reducing all possible detriments stemming from Missouri's position on the seam? If not, are there potential policy changes that could increase the benefits or reduce the detriments of being on the seams to Missouri utilities and ratepayers? If so, please provide a list of potential changes and the benefits of those potential changes.

**Response: Ameren Missouri does not believe that current seams management policies and procedures provide all possible benefits or reduce all possible detriments arising from the State's position on the seam. Nor does Ameren Missouri believe that it is reasonable to believe that properly designed policies and procedures should by design seek to maximize benefits and minimize detriments for such a sub-segment of the overall market.**

**Ameren Missouri representatives have actively participated in the seams management working group and the joint and common market initiatives from their inception. We continue to support the development of seams management policies and procedures which improve overall market efficiency and believe that the MISO-PJM Joint and Common Market process is an appropriate starting point for the development of similar processes with SPP (and potentially AECI, if AECI and the RTOs undertake such an effort.)**

3. What would be the effect of SPP and MISO merging on Missouri utilities and ratepayers?

**Response: Ameren Missouri is uncertain as to what the overall effect on Missouri utilities and ratepayers of SPP and MISO merging would be.**

**Determining the effects of such a merger on a sub-set of the market would be an extremely complex and resource intensive endeavor likely best undertaken jointly by MISO and SPP. Ameren Missouri is not aware of any studies or analysis which quantifies the impact of SPP and MISO merging on Missouri utilities and ratepayers.**

4. What are the economic advantages or disadvantages to Missouri utilities and ratepayers from the state's position on a seam? Please quantify either the advantages or disadvantages providing a detailed explanation of methodology used.

a. What parties, both inside and outside of Missouri, are currently paying the MISO-SPP Regional Through and Out Rates (RTOR) for transactions originating in either MISO or SPP and terminating in the other RTO?

**Response:** Ameren Missouri does not possess this information. This question is best answered by MISO and SPP. Ameren Missouri would note that each Regional Transmission Organization (“RTO”) maintains a separate Regional Through and Out Rate.

- b. Identify all of the currently scheduled transactions between MISO and SPP paying the RTOR?

**Response:** Ameren Missouri does not possess this information. This question is best answered by MISO and SPP.

- c. What would the benefits be to Missouri utilities and ratepayers from the elimination of the MISO-SPP RTOR?
  - (i) What additional off system sales opportunities would be available to generators and transmission owners in Missouri if there was an elimination of the MISO-SPP RTOR?
  - (ii) What additional purchases of energy or capacity would be available to Missouri utilities if the MISO-SPP RTOR was eliminated? What would be the benefit of those purchases – would those purchases save Missouri ratepayers money?
  - (iii) Quantify the amount, and identify the sources, of savings to Missouri consumers that would occur as a result of the elimination of the MISO-SPP-RTOR.

**Response:** In general, Ameren Missouri would expect that the elimination of both the MISO RTOR and the SPP RTOR would (1) reduce costs for transactions between the two RTOs and (2) transfer those lost revenues to other transmission customers within the effected zones.

Ameren Missouri is not aware of any studies or analyses which have addressed this issue, in particular the question of how such a change would impact any specific group of customers, e.g. Missouri utilities and ratepayers. Such studies would be a complex and resource intensive endeavor likely best undertaken jointly by MISO and SPP.

**The preceding applies to items (i), (ii) and (iii) as well.**

5. What are the safety and reliability advantages or disadvantages to Missouri utilities and ratepayers from its position on a seam? Please provide a detailed explanation of the methodology used to determine issues of safety and reliability issues on the seam.

**Response:** The existence of an RTO-to-RTO seam or an RTO-to-External Entity seam does not materially impact the ability of Ameren Missouri to continue to provide safe and reliable service.

**The Ameren Missouri system is designed and maintained to provide safe and reliable service for its customers in compliance with North American Reliability Council (“NERC”) requirements and Ameren Transmission Planning Criteria and Guidelines. The analysis performed to maintain a safe and reliable grid includes the Eastern Interconnection systems (both RTO and non-RTO systems) and the expected energy flows.**

6. How are loop flow operational issues currently communicated between MISO, SPP, and AECI. What are the top obstacles to reaching an agreement on seams-related issues between SPP and MISO?

**Response: The question of how loop flow operational issues are currently communicated is best answered by MISO and SPP.**

**The primary obstacle to reaching agreement on seams related issues between MISO and SPP is the issue of compensation for various uses of each other’s transmission system.**

**On 1/28/14, SPP filed a formal complaint (FERC docket number EL14-21-000) against MISO pursuant to sections 206 and 306 of the Federal Power Act alleging that MISO is violating the Joint Operating Agreement (JOA) between SPP and MISO and SPP’s Open Access Transmission Tariff. Alternatively, SPP requests that the FERC find that the JOA is no longer just, reasonable, and not unduly discriminatory to the extent it does not provide a mechanism by which SPP may assess charges for MISO’s use of the SPP transmission system. SPP further requested that the Complaint proceeding be consolidated with the remand proceeding in Docket No. EL11-34-001 and Docket No. ER14-1174-000 in which SPP filed the MISO Service Agreement under section 205 of the FPA. On March 28, 2014 FERC accepted, subject to refund and settlement proceedings, SPP's proposal to limit flows between MISO south and MISO North/Central to 1000 MW. Settlement proceedings continue at FERC.**

7. Would some or all Missouri utilities and ratepayers be better off in the middle of an RTO versus being on the seam or edge of multiple RTOs?

**Response: Determining the benefits or detriments for any particular entity or group of entities arising from their position relative to the seam would be an extremely complex and resource intensive endeavor. Ameren Missouri is not aware of any studies or analyses which have addressed this issue.**

8. What would be the effects on Missouri utilities and ratepayers of having all Missouri utilities in the same RTO?

(a) Differences in RTO transmission planning.

**Response:** Ameren Missouri's response is limited to the question of all Missouri Utilities being in either MISO or SPP RTO. Many of the transmission planning requirements are substantially independent of RTO membership because the same set of FERC requirements and NERC standards must be met. Correspondingly there are many similarities in how the MISO and SPP transmission planning processes are performed. Both processes have many opportunities for stakeholder review and input. Both RTOs use a similar transmission project classification system (MISO - Baseline Reliability, Market Efficiency, Multi-Value, etc.) (SPP – Reliability, Economic, etc.) and both RTOs produce a transmission plan that satisfies the FERC and NERC requirements. Therefore the impact on transmission planning of having all Missouri utilities and ratepayers in the same RTO would be minor.

(b) Differences in Market Operations.

**Response:** Ameren Missouri cannot speculate on the effects of such a consolidation on other Missouri utilities.

Ameren Missouri's transfer of functional control of its transmission system to MISO has been reviewed by the MoPSC twice since the Commission's original Order in 2004.

As part of the first review, Ameren Missouri commissioned a study by Charles River Associates for a cost-benefit analysis, which included an examination of alternatives including operating as an ITC or joining SPP. This analysis indicated that continued participation in MISO vis-à-vis the alternative of operating as an ITC or joining SPP was favorable.

As a result of the second review, Ameren Missouri is required to commission a similar study in 2014/15. This study will address the relative benefits and detriments of participation in either of the two markets for Ameren Missouri and its customers.

(c) Differences in the price of purchasing energy and capacity from neighboring utilities.

**Response:** The consolidation of all Missouri utilities into a single RTO would reduce transactional hurdles between buyers who were previously in a separate RTO from the seller and increase transactional hurdles between buyers who were previously in the same RTO as the seller but are now in a different RTO.

(d) Differences in consideration of loop and market flows when an RTO is determining optimal dispatch of generators.

**Response:** Consolidation of all Missouri utilities into one RTO would result in a shifting of the RTO seam and thus may result in a change in which specific loop and market flows require joint coordination. It would be expected that such a shift would result in both the elimination of the need for joint coordination for certain flows and the creation of a need for joint coordination for others.

9. What would be the effect of requiring all Missouri Load Serving Entities under Commissioner jurisdiction to join the same RTO (in dollars and construction projects)?

**Response:** Ameren Missouri is not aware of any studies or analyses which have addressed this issue. As noted in Ameren Missouri's response to question number 8 above, the benefit of continued participation in the MISO, or alternatively SPP, will be studied in 2014/2015. This study will address the relative benefits and detriments of participation in either of the two markets for Ameren Missouri and its customers.

(a) What would the exit fees be of a Missouri utility departing their existing RTO?

**Response:** The calculation of an RTO exit fee is a complex and resource intensive calculation and based on observations of those entities which have exited MISO, is likely to be resolved through litigation.

(b) What would be the legal ramifications of such a position?

**Response:** Ameren Missouri does not believe that the Commission has the authority to require a particular utility to transfer functional control of its transmission system to a particular RTO. An attempt to impose such a requirement would present issues arising from the FERC's exclusive jurisdiction over wholesale power sales and transmission in interstate commerce.

10. What, if any, information and analysis from the PJM-MISO "Joint and Common Market" process can be used to improve the situation of utilities along the Missouri MISO-SPP-AECI seams?

**Response:** As noted in its response to question number 2 above, Ameren Missouri believes that the MISO-PJM Joint and Common Market process is an appropriate starting point for the development of similar processes with SPP. By providing for a more efficient dispatch optimization between RTOs, the adoption of a substantially similar process by MISO-SPP would be expected to benefit entities along these seams.

11. What will be the effect to Missouri utilities and ratepayers of MISO and SPP's expected implementation in Spring 2015 of a "Market-to-Market" process of handling congestion to utilities along the Missouri seam?

**Response:** Ameren Missouri is uncertain as to what the overall effect of SPP and MISO implementing a Market to Market process to handle congestion would be on Missouri utilities and ratepayers. While we would certainly expect to see a more efficient approach to the mitigation of congestion on the seam as a result of such a process, we are not aware of any studies or analyses quantifying these benefits to the overall market or any segment thereof.

12. What are all of the currently scheduled transactions between the Entergy and SPP regions that are expected to pay the MISO RTOR if and when Entergy integrates into MISO? Does the answer to this question change depending on which Entergy facilities integrate into MISO? If so, how?

**Response:** Ameren Missouri does not possess this information. This inquiry would be best addressed by the applicable RTO.

13. Would there be other Missouri non-MISO utility and ratepayer impacts as a result of changes in the MISO-SPP RTOR? If so, what are they?

**Response:** As noted in response to question 4C, the elimination of both the MISO RTOR and the SPP RTOR would (1) reduce costs for transactions between the two RTOs and (2) transfer those lost revenues to other transmission customers within the effected zones. Ameren Missouri is not aware of any studies or analyses which have addressed this issue, in particular the question of how such a change would impact any specific group of customers. Such studies would be a complex and resource intensive endeavor likely best undertaken jointly by MISO and SPP.

14. If the MISO-SPP RTOR was eliminated, what are the types of possible replacements?

- (a) How would TOs recover their costs if the RTOR were replaced with a “license plate” rate, where a rate for service that would vary based on the zone where the power was delivered?
- (b) What replacement would provide the most benefit for Missouri utilities and ratepayers?
- (c) What information would be needed to support any replacement to the RTOR?

**Response:** Ameren Missouri believes that the discussion of potential replacements for the respective RTOs RTORs is more appropriately addressed through the open stakeholder processes of the RTOs.

15. What are the possible ways to eliminate the MISO-SPP RTOR? What information would be necessary to gain FERC approval of a MISO-SPP RTOR elimination?

**Response:** The replacement of the respective RTO’s RTOR would require a filing with FERC to modify the tariff. Such a filing may be made by the RTO under

**Section 205, in which case the applicants would need to demonstrate that the rate is just and reasonable, or under Section 206, in which case the complainant would need to first demonstrate that the existing rate is not just and reasonable and subsequently propose an alternative that meets that standard.**

16. How does FERC Order 1000, with its emphasis of interregional coordination, including interregional transmission planning, affect the future need for the current MISO-SPP RTOR?

**Response: Ameren Missouri does not believe that FERC Order 1000, including the interregional planning requirements, will directly impact the need or desirability of any RTO's RTOR in the future.**

Respectfully submitted:

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d/b/a Ameren Missouri

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