BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a Ameren Missouri's Notice of a Change in its Preferred Resource Plan	)))	**File No. EO-2025-0235**

STAFF'S MEMORANDUM IN RESPONSE TO AMEREN MISSOURI'S CHANGE IN PREFERRED RESOURCE PLAN

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through undersigned counsel, and for its *Memorandum in Response to Ameren Missouri's Change in its Preferred Resource Plan* respectfully states as follows:

1. On February 28, 2025, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") filed its *Notice of Change in Preferred Resource Plan* (the "2025 PRP Report").

2. Also on February 28, 2025, Ameren Missouri filed its Motion for Protective Order, which was granted by the Commission on March 14, 2025.

3. The 2025 PRP Report states that Ameren Missouri has concluded that the Preferred Resource Plan presented in its 2023 triennial compliance filing filed in Case No. EO-2024-0020 is no longer appropriate and should be revised.

4. The 2025 PRP Report further states this conclusion was reached "as a result of two key changes in the planning environment" including (1) Data Center and Large Load Potential and (2) Changes in Company-Sponsored Energy Efficiency Programs.

5. In the attached Staff memorandum, marked as Appendix A, Staff provides comments on certain concerns it has in response to the two above mentioned key changes Ameren Missouri has identified in the planning environment.

WHEREFORE, Staff respectfully submits its *Memorandum in Response to Ameren Missouri's Change in its Preferred Resource Plan* for the Commission's consideration and for such other and further relief as the Commission considers just and reasonable under the circumstances.

Respectfully submitted,

<u>/s/ Travis J. Pringle</u>
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<u>CERTIFICATE OF SERVICE</u>

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all parties and/or counsel of record as reflected on the certified service list maintained by the Commission in its Electronic Filing Information System this 14th day of May, 2025.

<u>/s/ Travis J. Pringle</u>

M E M O R A N D U M

TO: Missouri Public Service Commission Official Case File
File No. EO-2025-0235
Union Electric Company d/b/a Ameren Missouri

FROM: Brad J. Fortson, Regulatory Compliance Manager

DATE: /s/ *Brad J. Fortson* 5/14/2025
Energy Resources Department / Date

SUBJECT: Staff Comments on Ameren Missouri's Notice of Change in Preferred Resource Plan

DATE: May 14, 2025

EXECUTIVE SUMMARY

On February 28, 2025, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed its *Notice of Change in Preferred Resource Plan* ("2025 PRP Report") in Case No. EO-2025-0235. 20 CSR 4240-22.080(12) allows for updates to preferred resource plans ("PRP") and acquisition strategies if, between triennial compliance filings, the utility's business plan or acquisition strategy becomes materially inconsistent with the preferred resource plan, or if the utility determines that the preferred resource plan or acquisition strategy is no longer appropriate. Ameren Missouri has concluded that the PRP presented in its 2023 triennial compliance filing ("2023 IRP") filed in Case No. EO-2024-0020 is no longer appropriate and should be revised. The Company states it reached this conclusion as a result of two key changes in the planning environment:

- Data Center and Large Load Potential – Since the Company's 2023 IRP was filed, the Company has seen significant growth in interest of potential data center customers to locate in Ameren Missouri's service territory. Specifically, the Company has fielded interest from customers representing aggregate potential peak demand of approximately 3 GW, with signed construction contracts related to interconnecting to Ameren Missouri's system totaling 1.8 GW. While other steps remain to add these prospective customers to Ameren Missouri's system, including the approval of a new rate tariff under which such customers would be served, these developments evidence both the likelihood and magnitude of these potential load additions.
- Changes in Company-Sponsored Energy Efficiency Programs – The Missouri Public Service Commission ("MPSC") approved a non-unanimous stipulation and agreement in File No. EO-2023-0136 in November 2024 regarding the Company's Missouri Energy Efficiency Investment Act ("MEEIA") energy efficiency and

APPENDIX A

> demand response program budgets and expected energy and demand savings over the next several years. In recognition of concerns raised by the MPSC and some stakeholders, the Company has revised its long-term outlook for these programs. This change results in a reduction in expected winter peak demand savings of approximately 300 MW by 2032 and 700 MW by 2043 relative to the Company's 2023 PRP levels.[1]

Staff provides its memorandum in this case to comment on certain concerns it has in response to the two above mentioned key changes Ameren Missouri has identified in the planning environment.

CONCERNS

Concern 1 – Data Center and Large Load Potential

Ameren Missouri's 2025 PRP will support 1.5 GW of new additional demand by 2032 and 2.5 GW by 2040. In addition to the 2025 PRP, the Company has also developed and analyzed contingency plans[2] to recognize the uncertainty regarding potential data center load additions. These include an upside contingency plan to support 2 GW of new data center demand by 2032 and 3.5 GW by 2040 and a low contingency plan to support 500 MW of new data center demand by 2032 with no additional data center demand growth thereafter.[3]

The Company recognizes the uncertainty regarding potential data center load additions in its development and analysis of its contingency plans. It is that uncertainty and the analysis around it that causes Staff concern. Ameren Missouri states on page 24 in its 2025 PRP Report that, "In fact, analysis results show that alternative plans with higher data center demand result in lower levelized rates than those with lower data center demand (or none)…" The calculation of levelized rates is total revenue requirement in dollars divided by load in kWh. The larger the load, the more kWh the revenue requirement dollars are spread over and therefore lower levelized rates. However, if the Company builds/buys new generation facilities and total revenue requirement increases, but the data center load never comes to fruition and there is less kWh to spread the increased revenue requirement over, then levelized rates increase.

[1] *Notice of Change in Preferred Resource Plan*, 25 02 28 2025 Change in Preferred Plan Report, pg. 1.
[2] 20 CSR 4240-22.070(4) states, "The utility shall describe and document its contingency resource plans in preparation for the possibility that the preferred resource plan should cease to be appropriate, whether due to the limits identified pursuant to 20 CSR 4240-22.070(2) being exceeded or for any other reason.
[3] *Notice of Change in Preferred Resource Plan*, 25 02 28 2025 Change in Preferred Plan Report, pg. 5.

Staff investigated its concern in part through Staff's data request ("DR") 0003, which requested the following:

> Please refer to the following statement in the Change in Preferred Plan Report, page 24, "In fact, analysis results show that alternative plans with higher data center demand result in lower levelized rates than those with lower data center demand (or none)…" 1) Please confirm this statement is only true for Ameren Missouri if the data center(s) actually receive service under Ameren Missouri's tariffed rates. If no, please explain. 2) Please confirm that the 2025 PRP has the second highest present value of revenue requirements (PVRR) of all of the alternative resource plans modeled and/or analyzed. If no, please explain.

Ameren Missouri responded with the following:

> 1) The statement is not true. The Commission's resource planning rule requires utilities to estimate only average (and levelized average) rates (total revenue requirements ($)/load (kWh)) in the IRP, which is what the Company did and reported. Regardless of the rate structure applied to data centers, the levelized rates would be the same as long as the total revenue requirement and the total load are the same as reported in the report. What rates that will produce for each customer class or customer will depend on rate-making decisions the Commission makes over the planning horizon.
>
> 2) Confirmed, primarily because it has the second highest load growth of all of the alternative plans analyzed.

Ameren Missouri's response showed some confusion as to what Staff was actually asking, so Staff issued its supplemental DR 0003.1. That DR asked the following:

> Please refer to Ameren Missouri's response to Staff's data request 0003, which states in part that "Regardless of the rate structure applied to data centers, the levelized rates would be the same as long as the total revenue requirement and the total load are the same as reported in the report." If the revenue requirement is the same as reported in the report, but the total load is less than that reported in the report, will the result be higher levelized rates?

The Company responded with the following:

> Since it is just a division and if the numerator (revenue requirement) stays the same while denominator (load) goes down, the result of the division (rate) would be higher than the original number. However, it should be kept in mind that the revenue requirement includes costs to serve the load (e.g., energy and capacity purchases). Consequently, even if there were no changes in resources that may be needed/avoided, if the load goes down, it is highly unlikely that the revenue requirement would stay the same.

The first sentence of the response gets to the heart of Staff's concern. If, as a part of the 2025 PRP, the Company grows its generation fleet which in turn increases revenue requirement, but the load is not that of which was anticipated in the 2025 PRP, levelized rates increase for ratepayers. This is of greater concern given the 2025 PRP has the second highest PVRR of all of the alternative resource plans modeled and/or analyzed by the Company.

Concern 2 – Changes in Company-Sponsored Energy Efficiency Programs

In its 2025 PRP, Ameren Missouri has reassessed its long-term expectations regarding its MEEIA programs following the conclusion of the MEEIA Cycle 4 proceedings in Case No. EO-2023-0136. On page 15 of its 2025 PRP Report, the Company states as follows:

> While the potential for greater energy and demand savings is expected to be available in the future, given the concerns that the MPSC and stakeholders expressed in that docket regarding the degree to which such savings can be relied upon for purposes of resource planning, Ameren Missouri has assumed that energy efficiency program budgets would remain relatively constant at MEEIA Cycle 4 levels over the planning horizon… As a result, total annual demand savings for the winter season, which drives overall resource needs, are expected to be reduced by about 300 MW by 2032 and about 700 MW over the 20-year planning horizon through 2043, compared to a portfolio at the realistic achievable potential (RAP) level as was included in the Company's 2023 PRP.

Staff followed up on the Company's statement by issuing Staff DR 0002, which requested the following:

> Please refer to the following statements from the Change in Preferred Plan Report, page 15, "While the potential for greater energy and demand savings is expected to be available in the future, given the concerns that the MPSC and stakeholders expressed in that docket regarding the degree to which such savings can be relied upon for purposes of resource planning, Ameren Missouri has assumed that energy efficiency program budgets would remain relatively constant at MEEIA Cycle 4 levels over the planning horizon." … "As a result, total annual demand savings for the winter season, which drives overall resource needs, are expected to be reduced by about 300 MW by 2032 and about 700 MW over the 20-year planning horizon through 2043, compared to a portfolio at the realistic achievable potential (RAP) level as was included in the Company's 2023 PRP." 1) Please confirm that the total annual demand savings for the winter season of 300 MW by 2032 and 700 MW through 2043 are based on the "(RAP) level as was included in the Company's 2023 PRP" that led to "the concerns that the MPSC and stakeholders expressed in that docket regarding the degree to which such savings can be relied upon for purposes of resource planning". 2) Has the Company determined that, "given the concerns that the MPSC and stakeholders expressed in that docket regarding the degree to which such savings can be relied upon for purposes of resource planning", that "total annual demand savings for the winter season…" of "…about 300 MW by 2032 and about 700 MW over the 20-year planning horizon through 2043, compared to a portfolio at the realistic achievable potential (RAP) level as was included in the Company's 2023 PRP" can be relied upon for purposes of resource planning? If yes, please explain how that is not counter to "the concerns the MPSC… expressed… regarding the degree to which such savings can be relied upon for purposes of resource planning". 3) Would a MEEIA plan need to be designed with winter peak demand reductions as a primarily targeted outcome to reduce the "total annual demand savings for the winter season, which drives overall resource needs…"? If yes, how would this be done? If no, please explain.

Ameren Missouri responded with the following:

> 1) Confirmed. The reductions in winter peak demand savings are based on the RAP level that was included in the 2023 IRP.
>
> 2) Yes. It is counter to the concerns cited. Those concerns are the reason the Company has revised its outlook for MEEIA-related demand savings in its 2025 PRP.

> 3) No. It is not necessary that MEEIA programs be explicitly designed to generate winter demand savings to reduce winter peak demand so long as they do produce winter demand savings, which the Company's 2023 RAP portfolio would do. That said, the Company has initiated a new demand-side resource market potential study to support its ongoing resource planning, including its planned 2026 triennial IRP filing.

Staff's concern is the Company's reliance on the RAP level of winter peak demand savings that was included in the 2023 IRP in determining the reductions in winter peak demand savings in the 2025 PRP. As the Company confirms, the winter peak demand savings of 300 MW by 2032 and 700 MW by 2043 are based on the RAP level as was included in the Company's 2023 IRP that led to "the concerns that the MPSC and stakeholders expressed in that docket regarding the degree to which such savings can be relied upon for purposes of resource planning" as stated above.

CONCLUSION

Staff is making no recommendations in its memorandum in this case, however, Staff felt it necessary, out of an abundance of caution, to express some of its concerns through its memorandum in this case. While a utility under-building generation can lead to resource adequacy concerns, over-building can lead to affordability concerns. As mentioned above, the Company stated in the 2025 PRP Report that, "Regardless of the rate structure applied to data centers, the levelized rates would be the same as long as the total revenue requirement and the total load are the same as reported in the report." This statement seems to suggest that as long as Ameren Missouri's forecasting and analysis of total revenue requirement and total load is exactly as stated in its 2025 PRP Report, the levelized rates will be the same as that in its 2025 PRP Report. While this may be true, Staff's experience strongly suggests it will likely not be reality. The levelized rate discrepancy may be further exacerbated by relying on a peak demand savings level that has previously been questioned "given the concerns that the MPSC and stakeholders expressed in that docket regarding the degree which such savings can be relied upon for purposes of resource planning" as previously mentioned. Therefore, the Company must be extremely cautious in its planning efforts to avoid both resource adequacy concerns *and* affordability concerns.

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OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a Ameren Missouri's Notice of a Change in its Preferred Resource Plan	)))	Case No. EO-2025-0235

AFFIDAVIT OF BRAD J. FORTSON

STATE OF MISSOURI COUNTY OF COLE	)))	ss.

COMES NOW BRAD J. FORTSON and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum Form*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

BJ Fortson

BRAD J. FORTSON

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 6th day of May 2025.

Dianna L. Vaught

Notary Public

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2027
Commission Number: 15207377