

Blount, Will

From: McCartney, Richard L [RMcCartney@ameren.com]
Sent: Thursday, April 02, 2015 4:08 PM
To: PPB
Cc: Range, Justin J; Fitzhenry, Edward C
Subject: IPA Communication Report
Attachments: IPA Communication Report - Ameren Illinois 040215.PDF

To Whom It May Concern,

Please find attached an IPA Communication Report. My contact information is provided below should need additional information.

Sincerely,

RICH MCCARTNEY :: Director, Power Supply Acquisition :: 314-613-9181 :: C 636-579-1962
Ameren Illinois :: 1901 Chouteau Avenue :: St Louis, MO 63166

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REPORT OF COMMUNICATIONS WITH THE ILLINOIS POWER AGENCY

This form must be completed and submitted to the Illinois Procurement Policy Board within 30 days for each communication report required by 30 ILCS 500/50-39. Submit reports to:

PROCUREMENT POLICY BOARD
511 W. CAPITOL AVENUE, SUITE 102
SPRINGFIELD, IL 62704

Or you may send a signed, scanned copy via email with "IPA Communication Report" in the Subject line to: ppb@illinois.gov

Date of Communication: 3/11/15

Time of Communication:

Type of Communication:

- Telephone
 In Person
 Electronic (Email, Fax, Etc.) – Attach A Complete Copy of the Entire Communication String
 Written – Attach Copy
 Other

Initiator:

Initiator of Communication:

Justin Range

Representing:

Ameren Illinois

Location:

St Louis MO

Email Address (if communication was via email)

jrange@ameren.com

Telephone Number (if telephonic):

Duration of Call or In-Person Communication:

Is this person a Lobbyist required to register under the Lobbyist Registration Act

Yes No

Recipient(s): (If there are additional persons involved in the communication, attach an additional sheet that lists the other participants' names, job titles, which entity they represent, email address and/or telephone number, if applicable)

Recipient One Name:

Anthony Star

Recipient Title:

Director

Representing:

IPA

Location:

Chicago

Email Address (if communication was via email)

anthony.star@illinois.gov

Telephone Number (if telephonic):

Recipient Two Name:

See attached cover letter for list of recipients

Recipient Title:

Representing:

Location:

Email Address (if communication was via email)

Telephone Number (if telephonic):

Recipient Three Name:

Recipient Title:

Representing:

Location:

Email Address (if communication was via email)

Telephone Number (if telephonic):

If any of these additional participants are lobbyists required to register under the Lobbyist Registration Act, they must submit a written report to be submitted with this communications report to the Procurement Policy Board that memorializes the communication that includes, but is not limited to (i) the date and time of each communication; (ii) the identity of each person from whom the written or oral communication was received, the individual or entity represented by that person, and any action the person requested or recommended; (iii) the identity and job title of the person to whom each communication was made; (iv) if a response is made, the identity and job title of the person making each response; (v) a detailed summary of the points made by each person involved in the communication; (vi) the duration of the communication; (vii) the location or locations of all persons involved in the communication and, if the communication occurred by telephone, the telephone numbers for the callers and recipients of the communication; and (viii) any other pertinent information.

Communication Details:

Provide a detailed summary of the points made by each person involved in the communication:

Summary of the updated Ameren Illinois forecast for the period June 2015 through May 2020 as required to be provided to the IPA.

Was a response made? If so, complete the following for each person making the response (attach an additional sheet that lists the other respondents' names, job titles, which entity they represent, email address and/or telephone number, if applicable):

Respondent Name: Anthony Star
Respondent Title: Director IPA
Location: Chicago
Telephone Number (if telephonic):

Provide a detailed summary of the response:
Confirmed receipt.

Other pertinent information:

Richard L. McCartney
SIGNATURE

4/2/15
DATE

American Illinois Company
Director Power Supply
Richard L. McCartney



March 11, 2015
Illinois Power Agency ("IPA")
Anthony Star
160 N. LaSalle
Suite C-504
Chicago, Illinois 60601
VIA EMAIL

Updated Forecast for Docket Number 14-0588

Dear Mr. Star:

The approved IPA Procurement Plan ("Plan") requires that Ameren Illinois provide an updated base case forecast during March 2015 to you, Staff of the Illinois Commerce Commission ("Staff"), Boston Pacific and National Economic Research Associates ("NERA"). The Plan also states these same parties will review the updated forecast and if consensus is reached, the updated forecast will supersede the July 2014 forecast and therefore update the quantities of energy and the renewable budget associated with the spring 2015 procurements.

In our updated forecast, we first incorporated the estimated impact of the incremental cost effective energy efficiency programs in the before switching delivery service forecast. Whereas the inclusion of incremental energy efficiency was previously provided to you as an *alternative* scenario, given the Commission approval of such programs in its Final Order, the inclusion of incremental energy efficiency is now reflected in our base case. We did make a small adjustment to the original incremental energy efficiency numbers provided in July based on the *actual* energy efficiency approved in the Plan. This results in an approximate hourly increase of 0.8 MWhs for the 2015 and 2016 planning years. These changes are now reflected in our March 2015 update.

We also updated actual switching statistics through the most recent month of availability. It is noteworthy that switching from Alternative Retail Electric Suppliers ("ARES") back to the Ameren Illinois fixed price tariff occurred at a quicker rate than anticipated in the July 2014 forecast. Our last month of available meter data, December 2014, shows that 58.25% of DS1 and 64.09% of DS2 load is not supplied by the fixed price tariff. In the July 2014 we had forecasted that 60.91% of DS1 and 67.45% of DS2 load would not be supplied by the fixed price tariff. Regarding the sizeable amount of customers that have existing ARES contracts associated with prior municipal aggregation events; our analysis suggests that about 17% of residential delivery service load will have contracts expire in 2015 with the majority expiring this summer. In our July 2014 forecast, we assumed a portion of this load would return to our fixed price tariff. Regarding the updated forecast, it is difficult to assess what course of action these municipals will take since our base tariff price will not be established until after the pending IPA procurements. Furthermore, both ARES and municipals may desire to wait until our base price is published before finalizing negotiations surrounding contract renewal. That being said, it

appears reasonable to assume that these municipals will renew contracts with ARES since our current hedges are slightly out of the money relative to current market conditions. In addition, the 2014 planning year was characterized by a higher than normal Purchased Electricity Adjustment ("PEA") credit, whereas as of this writing the PEA over recovery balance has declined to near zero. Therefore our updated forecast includes an assumption that all of the municipal aggregation contracts expiring in 2015 will renew with ARES. Regarding future years, in mid-2016, approximately 31% of residential delivery service load will have municipal contracts expire; we have no means at this time to assess what course of action will transpire.

Overall, our switching forecast is characterized by a slight return of load to our tariff through May 2015 driven by the attractiveness of our current base price. However, starting in June 2015, AIC believes it is reasonable to flat line our switching assumptions because we have no compelling data that would lead us to believe that municipal aggregation customers would leave their ARES contracts to return to the fixed price tariff. Conversely, we are not aware of incremental municipal aggregation initiatives and therefore we have no evidence to suggest that sizeable incremental load would migrate away from the fixed price tariff to ARES. This lack of compelling evidence regarding future switching trends puts the IPA in difficult position. However, pursuant to the approved Plan, Ameren Illinois has been instructed to provide another forecast in July. This affords another opportunity to adjust the forecast higher should we see evidence that load is returning or adjust the forecast lower should we see evidence that load is leaving the fixed price tariff. This updated forecast would apply to the IPA's September 2015 procurement and would adjust quantities applicable to the periods November 2015 through May 2016 and the 2017 and 2018 planning years.

Taking all of these factors into consideration, our updated forecast for the 2015 planning year is approximately 7.5 million MWH when compared to our previous forecast of approximately 7.6 million MWH. This forecast update results in a slight decrease in the quantity of energy to be procured by the IPA in the spring procurement.

Regarding the impact that these forecast changes have on the actual procurement quantities to be pursued; our understanding is that you or your agent will calculate the revised procurement quantities. Ameren Illinois will provide independent confirmation of these quantities.

The forecast change also results in a decrease in the estimated quantity of capacity to be procured via the MISO auction for the 2015 planning year. Regarding the other years of the planning horizon, the IPA has elected to pursue a fall 2015 bilateral procurement for 50% of capacity requirements for the 2016 Planning year and 25% of requirements for the 2017 Planning year (only if consensus is reached among the IPA, ICC Staff, Ameren Illinois, NERA and Boston Pacific). The capacity quantities associated with the fall 2015 bilateral procurement also decrease slightly from what was forecasted in July.

In regards to renewables, the targeted quantities were not impacted by the updated forecast because these quantities are based on historical load, not forecasted load. However, the budget for the 2015 planning year is a function of the prompt year forecast and the updated forecast reduces the remaining budget from \$3.86 million in July 2014 to \$3.69 million in March 2015.

For the forecast update referenced in this letter, AIC provided the expected scenarios for energy, capacity and renewables. In the past we also provided high and low scenarios, but per your instructions these have not been provided. Please let us know should change your mind and we can provide the high and low scenarios.

Finally, consistent with the approved Plan, we remind the IPA that as of May 31, 2014 we held \$5,556,579.87 in a liability account which was previously collected from customers on our hourly price tariffs. Pursuant to the Plan, these funds will be earmarked by the IPA for a Distributed Generation ("DG") REC procurement in fall 2015.

The advent of government aggregation and ever changing market dynamics has created considerable complexities to the forecasting process. While we believe our updated forecasts represent reasonable estimates, we caution that actual results could vary considerably.

We welcome the opportunity to discuss our updated forecast with you and the other parties copied in this correspondence and hope to come to mutual agreement regarding how to proceed. Assuming consensus is reached; Ameren Illinois will subsequently provide an informational filing to the Commission which includes updated tables associated with energy, capacity and renewables forecasts. Pursuant to the Final Order, this compliance filing is not subject to litigation, but instead allows other interested parties to be made aware of the forecast changes.

Once you review the forecasts, I can be reached at 314-613-9463 or jrange@ameren.com and Rich McCartney can be reached at 314-613-9181 or rmccartney@ameren.com.

Sincerely,


Justin Range

Cc: Mario Bohorquez and Brian Granahan, IPA
Richard Zuraski, Staff
Katherine Gottshall and Vincent Musco, Boston Pacific
Chantale LaCasse and Ben Chee, NERA
Rich McCartney, Jim Blessing and Ed Fitzhenry Ameren Illinois