



July 15, 2016

Illinois Power Agency (“IPA”)
Anthony Star - Director
160 N. LaSalle
Suite C-504
Chicago, Illinois 60601
VIA EMAIL

Dear Mr. Star:

June 2017 through May 2022 Forecasts

Energy and Capacity

In the attached files and as described below, Ameren Illinois Company (“AIC”) provides forecast scenarios for customers who take supply from AIC fixed price tariffs:

- Expected Forecast
- Expected Forecast with Incremental Energy Efficiency
- High Forecast
- Low Forecast

In each of the forecast scenario files, AIC has included the existing hedges for energy and capacity and a calculation of the hedging position based on the IPA strategy associated with the prior plan. AIC has provided this data and calculations solely to ensure the IPA has all of the pertinent information it needs in preparing its next procurement plan. These calculations do not imply any recommendation from AIC and all calculations should be independently verified by the IPA or its consultant.

- 1) AIC Expected Energy 2017 through 2022 Final.xlsx

The before switching forecast (eligible retail load including distribution losses) is filtered by expected switching to create the after switching forecast. Approximately 62% of residential load has switched away from AIC fixed price tariffs. Although the impact of municipal aggregation referenda has been substantial in recent years, our expected forecast assumes no additional aggregation referenda in the near term. However, our forecast acknowledges that the vast majority of municipals have renewed with alternative suppliers as prior contracts previously expired. Regarding switching other than municipal aggregation, uncertainty in our future tariff price as compared to the price offered by alternative suppliers provides no compelling evidence that customers will migrate away from our tariff nor return to our tariff. The result is that we continue to forecast flat switching across the planning horizon.

The expected forecast suggests existing energy hedges account for the following:

Plan Year	Hedge Percentage
2017	37%
2018	17%
2019	9%

2) AIC Expected Energy Extra EE 2017 through 2022 Final.xlsx

This forecast is identical to that provided above; with the exception that incremental energy efficiency measures are included (the impact of *existing* energy efficiency measures was already considered in the forecast under item 1). More details regarding the energy efficiency analysis is provided below and in the files attached.

The expected forecast with incremental energy efficiency suggests existing energy hedges account for the following:

Plan Year	Hedge Ratio
2017	40%
2018	17%
2019	9%

3) AIC High Energy 2017 through 2022 Final.xlsx

The before switching forecast (eligible retail load including distribution losses) is based on a high growth scenario which is then filtered by a low switching scenario to calculate an after switching forecast which is higher than the expected case. The low switching scenario assumes that the AIC fixed price tariff will become more attractive relative to ARES options and thus a more substantial amount of customers that previously left the AIC fixed price tariff under municipal aggregation will return as existing aggregation contracts expire. The result of the low switching scenario is a forecast where fixed price load eventually returns to levels in proximity to those seen before municipal aggregation.

The high forecast suggests existing energy hedges account for the following:

Plan Year	Hedge Ratio
2017	27%
2018	10%
2019	5%

4) AIC Low Energy 2017 through 2022 Final.xlsx

The before switching forecast (eligible retail load including distribution losses) is based on a low growth scenario which is then filtered by a high switching scenario to calculate an after switching forecast which is lower than the expected case. The high switching scenario assumes that additional municipal aggregation referenda will occur in the planning horizon and that switching outside of municipal aggregation will also continue. The result of the high

switching scenario is a forecast where little eligible retail load remains at the end of the planning horizon.

The high forecast suggests existing energy hedges account for the following (not including the impact of any partial curtailment of long term renewable contracts that may occur under this scenario):

Plan Year	Hedge Ratio
2017	55%
2018	29%
2019	19%

- 5) AIC Capacity 2017 through 2022 Final.xlsx (includes expected, expected with incremental energy efficiency, high and low scenarios)

Regardless of the forecast scenario, Ameren Illinois has no existing bilateral purchases which results in the following hedge percentages.

Plan Year	Hedge Ratio
2017	0%
2018	0%
2019	0%

Renewables

In the attached files and also described below, AIC provides our expected, expected with incremental energy efficiency, high and low forecasts associated with renewables for eligible retail customers on our fixed price tariff. Each scenario includes a yearly calculation of the targeted renewable quantities and an associated budget cap (Renewable Resource Budget or “RRB”) for the planning horizon. In addition to the forecasts, AIC has included the existing renewable purchase quantities and associated dollars and further used this data to calculate the remaining renewable target and RRB. AIC has provided this data and calculations solely to ensure the IPA has all of the pertinent information it needs in preparing its next procurement plan. These calculations do not imply any recommendation from AIC and all calculations should be independently verified by the IPA or its consultant.

In addition, AIC continues to collect and hold Alternative Compliance Payment (“ACP”) funds collected from real time pricing tariffs. At the end of May 2016, AIC held \$12,665,468.66 in a liability account which includes consideration of the \$504,527.28 from a contract previously executed in 2015. More recently, the IPA has held another DG REC procurement and Ameren Illinois has executed a contract with a value of \$316,544.00; this more recent contract is not considered in the dollar total at the end of May.

- 6) AIC Expected RPS 2017 through 2022 Final.xlsx

Plan Year	Remaining RRB	Remaining Target RECs
2017	\$2,315,147	0 (but PV and DG subtargets remain)

2018	\$3,754,961	353,765
2019	\$3,762,534	437,920

The forecast suggests that existing purchases do not cause the budget to be exceeded. However, we caution that the driver of these calculations is our assumption of flat switching and given that this could change quickly we suggest a tempered approach to forward hedging be considered by the IPA.

Assuming the IPA continues its past practice of seeking updated forecasts in March 2017, if such updates reach the same conclusion as outlined above, proportional curtailment of the long term renewable contracts would not be warranted (however see RPS low forecast below for an illustration of uncertainty).

7) AIC Expected RPS Extra EE 2017 through 2022 Final.xlsx

Plan Year	Remaining RRB	Remaining Target RECs
2017	\$2,211,418	0 (PV & DG subtargets remain)
2018	\$3,655,657	353,765
2019	\$3,660,738	428,727

8) AIC High RPS 2017 through 2022 Final.xlsx

Plan Year	Remaining RRB	Remaining Target RECs
2017	\$7,247,003	0 (but PV and DG REC subtargets remain)
2018	\$11,121,623	353,765
2019	\$13,559,301	874,996

9) AIC Low RPS 2017 through 2022 Final.xlsx

The low RPS scenario is indicative of the budget being exceeded and therefore a partial curtailment of the long term renewable contracts.

Plan Year	Remaining RRB	Remaining Target RECs
2017	(\$981,186)	~12% Partial Curtailment of LTPPAs
2018	(\$945,429)	~12% Partial Curtailment of LTPPAs
2019	(\$2,320,208)	~29% Partial Curtailment of LTPPAs

Forecasting Methodology

10) AIC Forecasting Methodology.doc

This file provides a description of the methodology used by Ameren Illinois in preparing its forecasts for the IPA. The document was included as an Appendix in past procurement plans.

Updated Forecast for November 2016 through May 2017

- 1) AIC Expected Energy October 2016 through May 2017 Final.xlsx

The approved IPA plan has a requirement to provide an updated forecast for the period November 2016 through May 2017 for use in determining the balance of year energy procurement quantities during the September 2016 solicitation. We have provided this updated forecast in a separate file relative to the forecasts for the period June 2017 through May 2022. The resulting balance of year forecast shows minimal change in load change relative to our March 2016 forecast. Residual energy quantities are provided for the IPA's information; however these quantities should be independently confirmed by the IPA or its consultant.

Energy Efficiency Compliance with 220 ILCS 5/Section 16-111.5B

AIC personnel in the Energy Efficiency department have completed considerable analysis so as to be in compliance with the statutory requirements. The following files are provided in this regard:

- 1) AIC EE 2017 IPA Submission document which contains a summary of the findings. Included with the document are the following appendices. In accordance with the IPA's confirmation that the information marked confidential will be treated as such, please note the confidential nature of some appendices so that they will be treated in accordance with applicable laws:

Appendix 1 Section 5/16-111.5B

Appendix 2 NTG Recommendations

Appendix 3 Third Party RFP

Appendix 4 Bidder Confirmations (CONFIDENTIAL)

Appendix 5 Bidder Program Descriptions (CONFIDENTIAL)

Appendix 6 Detailed Bid Analyses (CONFIDENTIAL AND PROPRIETARY)

- 2) In order to reduce the volume of information included with the submission, the Energy Efficiency department provided all third party bids electronically to the IPA on April 15, 2016. Likewise, the potential study was provided on June 28, 2016. As agreed to by the IPA, the bids and potential study are not being resubmitted as appendices to the document.

Summary

The advent of municipal aggregation has created considerable uncertainty to the forecasting process and this will continue through this planning horizon. AIC believes the forecasts

attached and described in this letter represent reasonable estimates, however, we caution that actual results could vary considerably.

Please let us know if you have questions or wish to discuss any of the files. For matters pertaining to Power Supply, 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. For matters pertaining to Energy Efficiency, please contact Keith Goerss at 309-677-5708 or kgoerss@ameren.com.

Sincerely,



Justin Range
Power Supply Consultant

cc: Mario Bohorquez, Brian Granahan - IPA
R. McCartney, J. Blessing, K. Martin, K. Goerss, K. Simms, M. DeMonte – AIC
Richard Zuraski - ICC Staff
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