July 15, 2023
Illinois Power Agency ("IPA")
Anthony Star - Director
105 West Madison Street
Suite 1401
Chicago, Illinois 60602
VIA EMAIL

Dear Mr. Star:

June 2024 through May 2029 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
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 the IPA, or its consultant, should independently verify all calculations.

In March 2023, following the guidance of the IPA, Staff, and the ORMD, AIC developed three energy forecasts that included a forecasted switching scenario profile representative of the total amount of estimated load leaving AIC supply due to the beginning of several community municipal aggregation contracts occurring in February 2023 and July 2023. The three forecasts represented the following scenarios: a low load/high switching scenario, a mid-load/mid-switching scenario, and a high load/low switching scenario. The switching factors formulated through our research and analysis are listed below. For the forecasts that included communities switching back to AIC fixed price supply, AIC also provided forecast scenarios that included either switching for communities with expiring ARES contracts in the summer months only or switching for communities with expiring contracts occurring in both the summer

and non- summer months. After reviewing each forecast, the IPA accepted the forecast that contained the midpoint switching for contracts expiring in summer months only.

Switching Scenario	Feb-2023	Mar-2023	June 2023	July 2023
Low-Load/High-Switch	11.76%	2.70%	1.75%	12.66%
Mid-Load/Mid-Switch	11.76%	2.65%	1.63%	9.45%
High-Load/Low-Switch	11.76%	2.62%	1.57%	7.84

Prior to the July 2023 forecast update beginning, AIC filed it's Spring rate update for our fixed price supply tariff in May 2023 to become effective starting June 1, 2023. This tariff rate came in significantly lower than AIC's rate in the 2022 Planning Year resulting in an added challenge to the forecast as AIC's Price-to-Compare (PTC) came in lower than many of the municipal aggregation agreements that are commencing in July and August 2023. As a result, AIC expects that switching will occur in both directions, to and from AIC's fixed price supply, whereas historically, AIC has observed switching primarily in a single direction. Through research of publically available information presented on Plug In Illinois and communications with the ORMD regarding pricing and renewal/expiration dates as well as analysis of actual meter data and switching statistics, AIC has estimated the portion of load expected to depart from AIC supply in July and August 2023, and the portion of individual switching back to AIC supply in August and September 2023. These factors were discussed with the IPA, Staff, and Levitan who provided agreement on the use of those factors.

In the following forecasts listed below, AIC has included a switching scenario for factors presented in the accepted March 2023 forecast adjusted to reflect any updates to the Plug In Illinois website regarding expiration dates and other pertinent information such as price comparison between AIC and specific municipal aggregation. The months under this switching scenario, along with their estimated load, are as follows: August 2023 (~15%) and September 2023 (~-3%). Furthermore, AIC has again identified a sizeable amount of future load with the potential to return to AIC supply due to expiring contracts in December 2023 and January 2024. However, as agreed in discussions with the IPA, Staff and Levitan, AIC is forecasting under the assumption that expiring contracts will be renewed with ARES as these suppliers will have the ability to negotiate more competitive prices at that time if market pricesremain stable.

1) AIC Expected Energy 2024 through 2029 Final.xlsx

The before switching forecast (eligible retail load including distribution losses) is filtered by expected switching to create the after switching forecast. Approximately 43% of residential load has switched away from the AIC fixed price tariffper MISO S55 data as of April 30, 2023. As mentioned above, the summer municipal aggregation estimated switching scenario factors included in the accepted March 2023 forecast are included again in this forecast. However, for the non-summer portion of the 2023 planning year, no municipal aggregation load has been forecasted to come back to AIC supply. In addition, the switching assumptions for June 2024 through May 2029 are kept flat because AIC has no compelling information at this time that can indicate one direction or another. AIC feels it would be more prudent to address those

switching scenarios in the March 2024 forecast update when more up to date information is available.

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

Plan Year	Hedge Percentage
2024	40%
2025	13%
2026	9%

2) AIC High Energy 2024 through 2029 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 number of customers that previously left the AIC fixed price tariff will return. Similar to the forecast scenario mentioned above, the summer municipal aggregation factors are included again in this forecast. These updated municipal aggregation factors overlays are normal high growth factor of -0.6% to provide the highest potential load that could return to AIC fixed price supply. 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 Percentage
2024	29%
2025	9%
2026	5%

3) AIC Low Energy 2024 through 2029 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 will occur in the planning horizon and that switching outside of municipal aggregation will continue. However, similar to the forecasts above, the summer municipal aggregation factors included in the accepted March forecast are included again in this forecast. 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 Percentage
2024	52%
2025	20%
2026	16%

4) AIC Capacity 2024 through 2029 Final.xlsx (includes the Expected Energy, High Energy, and Low Energy scenarios)

Ameren Illinois has existing bilateral purchases for the 2022 and 2023 Planning years. Per the 2023 Procurement Plan, there will be a Fall 2023 Capacity procurement that should result in higher hedge ratios with the goal being 75% hedged for the 2024 Planning year and 25% hedged for 2025 Planning year.

It should also be noted, to account for MISO's implementation of the seasonal capacity construct, the capacity forecast for Expected, High, and Low Energy were also based on a seasonal capacity construct. Each season, Summer, Fall, Winter, and Spring, now carry their own specific capacity requirement for a given planning year instead of a one annual requirement that the IPA would use in their solicitations.The hedge ratios for Planning Year 2024 and 2025 for the Expected Energy Capacity forecast , as well as the High and Low Energy Capacity forecasts, for each season are listed below.

2024/25 PY	Summ Hedge %	Fall Hedge %	Win Hedge %	Spr Hedge %
Expected Energy	15%	13%	12%	12%
High Energy	11%	10%	9%	9%
Low Energy	18%	16%	16%	17%

2025/26 PY	Summ Hedge %	Fall Hedge %	Win Hedge %	Spr Hedge %
Expected Energy	0%	3%	0%	0%
High Energy	0%	2%	0%	0%
Low Energy	0%	4%	0%	0%

Forecasting Methodology

5) AIC Forecasting Methodology July 2023.docx

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 October 2022 through May 2023

The approved IPA plan has a requirement to provide an updated forecast for the period October 2023 through May 2024 for use in determining the balance of year energy procurement quantities during the September 2023 solicitation. The details of this forecast are provided below.

6) AIC Expected Energy October 2023 through May 2024 Final.xlsx

Following the same logic used in the forecast scenarios above, the summer municipal aggregation factors occurring in July and August 2023 and included in the accepted March 2023 forecast are included again in this forecast. This forecast scenario does not include potential returning customers to the AIC fixed price supply for expiring ARES contracts occurring in December 2023 and January 2024. However, its does incorporate the potential return of customers we forecasted for August and September 2023. The resulting balance of year forecast shows an approximate 5% increase in load relative to our March 2023 forecast. Residual energy quantities are provided for the IPA's information; however, the IPA or its consultant should independently confirm these quantities.

Summary

The advent of municipal aggregation has created considerable uncertainty to the forecasting process, and this will continue through this planning horizon. AIC reviewed Plug In Illinois and noticed the majority of municipal aggregation contracts that are set to expire in this planning cycle occur in December 2023 and January 2024. AIC has no definitive information to suggest these municipalities will come back to Ameren Illinois, and in our conversations with the ORMD, our analysis of the switching in March 2023 and July 2023, and the monitoring of current power markets suggest that these communities will likely return to the ARES. The challenge now lies in predicting the level of returning load from individual customer switching for Fall 2023 procurement purposes as approximately 15% of AIC residential supply enters unfavorable ARES contracts. Faced with this challenge, AIC participated in a meeting with the IPA, Staff, and Levitan to discuss the challenges faced and asked for consensus on a methodology to use to address these challenges. The IPA then gave their approval of the methodology AIC recommended. As such, AIC believes the forecasts attached and described in this letter represent reasonable estimates. The advent of government aggregation, the addition of community solar and the ever-changing market dynamics has created considerable complexities to the forecasting process and AIC cautions that actual results could vary considerably.

Following the guidance from the meeting with the IPA, Staff, and Levitan, AIC is submitting these five forecasts that represent the Expected Energy forecast, High Energy forecast, Low Energy forecast, the Bal Year forecast, and the Capacity forecast that the IPA, Staff, and Bates White can contemplate and then come to a consensus on which one they will use to set the Fall 2023 procurement amounts. Regarding the impact that these forecast changes have on the actual procurement quantities to be pursued; our understanding is that you or your

consultant will confirm the revised procurement quantities. For your convenience, Ameren Illinois has provided indicative quantities in our revised forecasts.

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. 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 447-287-8679 or rgordon@ameren.com and Justin Range can be reached at 618-623-3168 or jrange@ameren.com.

Sincerely,

Richard Gordon
Power Supply Specialist, Power Supply Acquisition

cc: Anthony Star, Brian Granahan Adam Groner and Hannah McCorry - IPA
Torsten Clausen, Jim Zolnierek - ICC Staff
Vince Musco – Bates White
John Bitler – Levitan
Justin Range, Brice Sheriff, Ray Saunders – AIC