

More Ameren Comments: July 14, 2007

Ameren would agree with many of the comments made on July 10th by the Caterpillar representative that many aspects of the Climate Change issue can be better addressed at the national level. We support a national cap and trade program, and do not believe that it will be in the State's best interests to develop its own cap and trade system. We have reviewed the comments that have been submitted by Mr. Trisko on July 6th for the UMWA and agree with the points that he has made regarding the ICF's preliminary base case, data and assumptions. We have also reviewed the comments that Mr. Trisko submitted on July 10th for the labor members of the Group and also agree with many of the points raised in that letter.

We also have some comments regarding modeling assumptions and enhancements to the consent strategy EP-20-00 Enhanced Renewable Portfolio standard.

In terms of the base case, we reviewed ICF's standard assumptions on transmission as listed in Appendix E of ICF's assumptions book and believe that we have identified either omissions or modifications of the original EPA source data. The ICF assumptions only have COMD with an interconnection with MRO (610 MW) - EPA documentation says that should be 825 MW. EPA documentation also has interconnects with ECAM (1,620 MW), ECAP (4,500 MW), MANO (2,050 MW), and WUMS (825 MW). The ICF assumptions have MANO with interconnections to MRO (320 MW) [EPA has 405 MW], SPP-N (1,200 MW) [EPA has 1,300 MW], ENTG (910 MW) [EPA has 4,200 MW], TVA (1,550 MW) [EPA has 1,812 MW]. EPA documentation also has links with COMD (1,100 MW), ECAK (200 MW), and ECAM (6,299 MW). Because the Energy 2020 model does not appear to have these interconnections it is not able to export as much power from Illinois as Illinois currently exports and this may explain why the model shows lower than actual coal generation.

In addition, we continue to question the use of historic electricity prices in Section 4.1.2, when the situation in Illinois had included a price freeze followed by the recent increases as the freeze expired. In a response to an earlier question on this issue, we were told:

"We are currently reviewing how to reflect the current state of regulation in Illinois in the model."

However, no additional discussion has been made on this issue which will have impacts on the final cost analysis.

As Mr. Trisko has already discussed in his letter of the 6th, the generation data found in Section 4.1.5 although modified still misstates the EIA data showing higher than actual gas/oil generation and a total that does not add up to the sum of the available sources.

We also note that the Assumptions book includes Appendix D., which identifies plants requiring additional emission controls, but only identifies those requirements for one

company (Midwest Generation). At a minimum, Ameren has generating plants that will be requiring additional emission controls, but they were not included. The cost of these controls has an impact as illustrated in Figure 3.6 of the Assumptions book on the final price that is charged for the electricity being generated and impacts the modeling results.

The consent strategy EP-20-00 Enhanced Renewable Portfolio standard includes an assumption that transmission capacity is not constrained and as we have already commented on, the ICF assumptions already do not seem to include all the transmission information available. We also have already raised the issue in the Group's July 10th meeting, that the presence of transmission lines does not mean that capacity is available. Based on some internal discussions, Ameren does not generally build transmission lines with excess capacity and any new generation source must first obtain access approval from the transmission line system operator (e.g., MISO) who then directs transmission line upgrades or construction based on that generation. The cost of the system modifications is then passed along to the generation developer who then passes it on in the sale price. The issue is not truly one of constraint, but of additional cost and how that will impact model results.

Sincerely,

Paul

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