



July 11, 2019

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

Dear Mr. Star:

June 2020 through May 2025 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.

1) AIC Expected Energy 2020 through 2025 Final.xlsx

The before switching forecast (eligible retail load including distribution losses) is filtered by expected switching to create the after switching forecast. Approximately 61% of residential load has switched away from AIC fixed price tariffs. Although the impact of municipal aggregation referenda has been substantial in prior 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:

<u>Plan Year</u>	<u>Hedge Percentage</u>
2020	39%
2021	18%
2022	10%

2) AIC High Energy 2020 through 2025 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:

<u>Plan Year</u>	<u>Hedge Percentage</u>
2020	28%
2021	11%
2022	5%

3) AIC Low Energy 2020 through 2025 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 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):

<u>Plan Year</u>	<u>Hedge Percentage</u>
2020	53%
2021	29%
2022	20%

- 4) AIC Capacity 2020 through 2025 Final.xlsx (includes expected, high and low scenarios)

Ameren Illinois has existing bilateral purchases for the 2020 and 2021 Planning years. The hedge percentages below are minimal because the Spring 2019 Procurement resulted in a small fulfillment of the requirement. Per the 2019 Procurement Plan, there will be a Fall 2019 Capacity procurement that should result in higher hedge ratios with the goal being 50% hedged for the 2020 Planning year and 25% hedged for 2021 Planning year.

<u>2020 Plan Year</u>	<u>Hedge Ratio</u>
Expected	6%
High	4%
Low	8%

<u>2021 Plan Year</u>	<u>Hedge Ratio</u>
Expected	3%
High	2%
Low	5%

Forecasting Methodology

- 5) AIC Forecasting Methodology 2019.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 October 2019 through May 2020

- 1) AIC Expected Energy October 2019 through May 2020 Final.xlsx

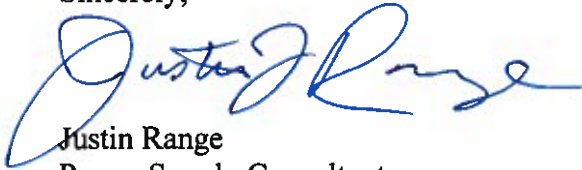
The approved IPA plan has a requirement to provide an updated forecast for the period October 2019 through May 2020 for use in determining the balance of year energy procurement quantities during the September 2019 solicitation. We have provided this updated forecast in a separate file relative to the forecasts for the period June 2020 through May 2025. The resulting balance of year forecast shows an approximate 4% reduction in load change relative to our March 2019 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 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 618-301-5206 or jrange@ameren.com and Rich McCartney can be reached at 618-301-5204 or rmccartney@ameren.com.

Sincerely,

A handwritten signature in blue ink that reads "Justin Range". The signature is fluid and cursive, with the first name "Justin" and last name "Range" clearly legible.

Justin Range
Power Supply Consultant

cc: Mario Bohorquez - IPA
R. McCartney, Ray Saunders – AIC
Torsten Clausen - ICC Staff
Vince Musco – Bates White