

# UNDERSTANDING TODAY'S ENERGY CHALLENGE



Wholesale power prices (energy supply) are going up. The causes are varied: Global market issues, inflation, post-pandemic demand, and higher natural gas prices (the principal source of energy that powers electricity generation plants). Plus, renewable generation is not filling the gap being left as fossil fuel plants close or plan to close. All these factors are driving power prices higher and increasing the risk for temporary power outages.

**IMPORTANT:** Ameren Illinois does not profit from energy supply. Supply costs are passed to customers directly, dollar-for-dollar, with no mark up.

- **Two components of the energy bill: Supply & Delivery**
  - The main components to the energy bill are the *delivery* charge, which covers the costs of Ameren Illinois' wires and poles, our technology and operating systems, maintenance and modernization of the grid, and the people who do the work. As a delivery-only utility, Ameren Illinois earns a profit on energy delivery as set each year in rates approved by the Illinois Commerce Commission.
  - The other element of the bill is the *power supply* charge – or the cost of electricity itself. Ameren Illinois does not generate power; it is purchased for us to deliver by a state agency.
- **How are supply prices set?**
  - In Illinois, the Illinois Power Agency (IPA) procures **wholesale electricity** for residential and small commercial customers who have not made the switch to an alternative supplier. Utilities are required to fulfill the IPA's pricing contracts and deliver that power to customers.
  - A subcomponent of supply, the **capacity charge**, is paid to electricity generators to ensure that there is enough power available on days when demand is high (like on extremely hot days). Capacity prices are set according to an annual auction conducted by the federal grid operator – Midcontinent Independent System Operator (MISO).
  - Important: Ameren Illinois does not profit from energy supply. The costs of energy supply are passed through directly to our customers, dollar-for-dollar.
- **Why are power supply prices going up?**
  - The IPA released the results of their annual power procurement and MISO released the results of their capacity auction. Inflation, increased demand for energy, insufficient renewable generation, and high natural gas prices have caused an energy shortage, causing power supply prices to spike.
- **How much more will the typical customer pay for power supply?**
  - The typical Ameren Illinois residential customer will see a \$626 annualize increase in their energy bill, or approximately \$52 per month. (Comparatively, a modest delivery service rate increase that went into effect in January added only \$2.50 to the monthly bill). These additional supply charges took effect in June.
- **How does this affect customers whose power is supplied by a third-party?**
  - The answer would depend on the terms of the agreement between the customer and retail supplier which Ameren Illinois does not have knowledge of. Approximately 60 percent of Ameren Illinois customers are served by a third-party supplier.
  - Neither Ameren Illinois nor the IPA establishes prices for third-party suppliers.
  - As a delivery-only company, Ameren Illinois supports electric supply choice as another option for our customers to lower their energy costs.
  - Customers can visit the Illinois Commerce Commission website at [pluginillinois.org](https://www.pluginillinois.org) to learn more about electric choice.

# BACKGROUND ON RISING POWER SUPPLY PRICES



- **What about the potential for periodic power outages this summer?**
  - The regional grid operator, MISO, said regions without sufficient generation could face an increased risk of temporary, controlled outages this summer.
  - “Ameren Illinois is confident that our delivery system is stable and reliable and that the power will be there when it is needed. In response to the MISO advisories indicating the potential for capacity shortfalls, Ameren Illinois has developed an energy savings plan. If we are directed by MISO to reduce energy, our approach will minimize interruptions to residential customers, health care facilities and other critical customers.”
- **How will the change in power supply prices impact commercial customers?**
  - The changes in the power supply market will affect small commercial (less than 150 kW peak demand customers) in a similar way as residential customers, with an approximately 55% increase in total bill due to power supply charges beginning June 1.
- **Some special interests are claiming that downstate customers should be receiving rebates from the Carbon Mitigation Program. Is this true?**
  - These claims are blatantly false. Ameren Illinois was never involved in the negotiations of the Carbon Mitigation Credit and was never given a choice to opt in or out.
  - This Carbon Mitigation Credit provision was written specifically to subsidize the Exelon nuclear facilities in Chicago, which are in a separate energy market from downstate. Again, the law specifically applies to "electric utilities serving at least 3,000,000 retail customers" in the state. Ameren Illinois has 1.2 million customers.
- **What can customers do to prepare for higher power supply prices?**
  - We are encouraging our customers to prepare. Applying for financial assistance, enrolling in flexible payment programs, and implementing energy efficiency measures can help customers manage their monthly bills.
- **Bill assistance programs**
  - LIHEAP: State funding is available for qualified customers through the Low-Income Home Energy Assistance Program (LIHEAP). Customers whose incomes are at or below 200% of the Federal Poverty Level are eligible for assistance. For example, a family of four whose income is less than \$4,417/month may qualify. Visit [HelpIllinoisFamilies.com](https://www.helpillinoisfamilies.com).
  - Ameren Illinois Military Support (AIMS): The AIMS program provides active-duty military and disabled veterans with a one-time grant of \$100 to help pay their Ameren Illinois bill, while funds are available. To apply for this grant, visit [AmerenIllinois.com/EnergyAssistance](https://www.AmerenIllinois.com/EnergyAssistance).
  - Residential Hardship Program: Beginning in July, Ameren Illinois will apply direct bill credits of \$160 each to the accounts of more than 3,000 middle to moderate-income customers who are behind on their bills and do not qualify for Low Income Home Energy Assistance Program (LIHEAP) funding. No action is required; qualified customers will be notified by letter and the credits will be automatically applied.
  - Non-residential Hardship Grants: 501(c)3-designated organizations or small businesses with an active Ameren Illinois electric account can receive a one-time grant. Applications will open in September. To apply visit [AmerenIllinois.com/EnergyAssistance](https://www.AmerenIllinois.com/EnergyAssistance).
  - Qualified Ameren Illinois customers who are behind on their energy bills can now establish a 12-month repayment plan by making a 10% down payment. The offering is available for customers who apply by July 31. After July 31, most customers with outstanding balances will be required to make a 25% down payment before they can establish a monthly payment plan.

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- Through July 31, payment agreements are being offered to LIHEAP customers at 0% down with an 18-month repayment period.
- In addition to this Ameren Illinois funded assistance and through collaboration with the Illinois Department of Commerce and Economic Opportunity, eligible LIHEAP customers will receive a summer supplemental credit of up to \$200 on their July bill.
- **Energy Efficiency**
  - Reducing your energy usage is the single best way to lower your monthly bill. Ameren Illinois offers a variety of energy efficiency programs. Explore our Energy Savings Center at [AmerenIllinoisSavings.com](https://www.AmerenIllinoisSavings.com).
  - Home Efficiency Income Qualified: Households whose incomes are at 200% to 300% percent of the poverty level can receive instant incentives to offset a portion of the costs of installing insulation, air sealing, and some HVAC systems. In addition, there are cash bonuses offered through the Energy Assistance Foundation that greatly reduce customer co-pay to weatherize their home. Eligible customers can receive a FREE Home Energy Assessment. To learn more, visit [WarmNeighborsCoolFriends.org](https://www.WarmNeighborsCoolFriends.org) and [AmerenIllinoisSavings.com/SaveMoney](https://www.AmerenIllinoisSavings.com/SaveMoney).
- **Budget Billing**
  - Budget Billing helps customers level out seasonal changes in their energy bill by dividing the previous year's usage into predictable baseline monthly payments. Existing Budget Billing customers will see an increase in their monthly payments reflective of the higher supply prices. However, this continues to be a good option for customers who are looking for predictability in their monthly energy payments.