



Federal Grid Regulator: Global Issues, Supply Constraints Driving Higher Power prices

April 20 2022 2:10 PM



Ameren
ILLINOIS

**Alton
Operating Center**
700 OAKWOOD

COLLINSVILLE – Last week, the federal organization responsible for managing the electric grid announced the results of a power capacity auction that will increase capacity prices and may leave parts of Illinois short of the power needed to meet customer demand during extreme temperatures this summer.

The Midcontinent Independent System Operator (MISO) said that renewable generation – solar and wind – has not kept pace with the generation capacity lost as fossil fuel plants have retired, leaving the Northern Region short of the resources needed on peak demand days. The high clearing price from the MISO capacity auction could add as much as \$13 per month to the supply portion of a typical customer's electric bill.

[“The reality for zones that do not have sufficient generation to cover their load plus their required reserves is that they will have increased risk of temporary, controlled outages to maintain system reliability,”](#) said Clair Moeller, MISO’s president and chief operating officer, in a press release MISO issued on April 15. “From a consumer perspective, those zones may also face higher costs to procure power when it is scarce.”

Federal rules require utilities to procure electric capacity at the auction price from grid operators like MISO. Capacity charges are included in the overall cost of power supply. For Ameren Illinois customers the cost of power supply makes up about one-half to two-thirds of their bill and is passed on directly dollar-for-dollar without mark-up.

Later this week, the Illinois state agency responsible for buying wholesale electricity is also expected to announce steep increases in the price of power. The Illinois Power Agency (IPA) procures electricity for residential and small commercial customers who have not switched to alternative suppliers. The specific cost impacts to customers will be projected once the IPA releases their prices.

"A perfect storm of events is impacting power prices and availability," said Jim Blessing, Vice President of Regulatory Policy and Energy Supply, Ameren Illinois. "In addition to significant global events and pressures on energy markets, we have been sounding the warning bell that the transition to renewable generation must occur in a steady and measured fashion and that moving too fast could drive up prices for downstate. It is likely to have a substantial impact on heating and cooling costs starting in June."

Blessing indicated that the Ameren Illinois system is equipped to handle customer demand this summer, but hearing that MISO is suggesting the potential for controlled outages is a concern.

Questions about the capacity charge should be directed to MISO at 866-296-6476.

Questions about energy supply procurement should be directed to the IPA at 312-793-0263.

Questions about energy delivery should be directed to Ameren Illinois' communications.