Respondents' Exhibit 29.0

ILLINOIS COMMERCE COMMISSION

DOCKET NOS. 06-0070, 06-0071 and 06-0072

REBUTTAL TESTIMONY
OF
RICHARD VOYTAS

Submitted On Behalf

Of

CENTRAL ILLINOIS LIGHT COMPANY d/b/a AMERENCILCO,
CENTRAL ILLINOIS PUBLIC SERVICE COMPANY d/b/a AMERENCIPS and
ILLINOIS POWER COMPANY, d/b/a AMERENIP

May 26, 2006

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Q. Please state your name and business address.

A. My name is Richard Voytas. My business address is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri, 63103.

Q. What is your relationship to the Ameren Companies in this case?

A. As the Manager of Corporate Analysis for Ameren Services Company, I present testimony regarding the position of the Ameren Companies (Central Illinois Light Company d/b/a AmerenCILCO, Central Illinois Public Service Company d/b/a AmerenCIPS and Illinois Power Company d/b/a AmerenIP) on certain demand response issues raised by Commissioners Ford and Lieberman.

Q. Please describe your educational background.

A. I obtained a Bachelor of Science degree in Mechanical Engineering from the University of Missouri-Rolla in 1975 and a Masters In Business Administration from St. Louis University in 1979.

Q. Please describe your qualifications.

A. I am a registered professional engineer in the state of Missouri. I serve as Ameren Corporations' representative on the United States Demand Response Coordinating Committee ("DRCC"), the Association of Edison Electric Illuminating Companies ("AEIC") Load Research Committee, and the National Electric Reliability Council ("NERC") Resource Issues Subcommittee. I also have 31 years of extensive professional work experience with Ameren Services Company and the former Union Electric Company.

Q. Please describe your professional work experience.

A. I have been a full-time employee of Union Electric since May of 1975, assuming employment with Ameren Services Company when Union Electric Company and Central Illinois Public Service Company merged into the Ameren Corporation. I began employment at Union Electric as an Assistant Engineer in the Engineering and Construction function. In 1977, I was promoted to Fuel Buyer in the Supply Services Function. I transferred to the Engineering Department at Union Electric's Rush Island Plant in 1981. In 1982, I accepted a position in the coal marketing department at Cities Service Company in Tulsa, OK. I left Cities Service Company in late 1982 and returned to Union Electric as an Engineer in the Corporate Planning Department. From 1982 through 1992, I worked as an Engineer in the Corporate Planning Department, Engineer in the Quality Improvement Department and Engineer in the Rate Engineering Department. I was promoted to Senior Engineer in the Corporate Planning Department in 1993. In 1995, I was promoted to Supervising Engineer in the Demand-Side

Management section of Corporate Planning. When the Resource Planning, Forecasting, Load Research and Demand-Side Management sections were combined into one section of Corporate Planning in July 1998, I was named Supervisor of that section known as the Corporate Analysis department. Today, Corporate Analysis is divided into three subgroups, which are Resource Planning, Regulatory Compliance – Economic Assessment, and Load Analysis. I was promoted to my present position as Manager-Corporate Analysis in October 2001.

Q. Please describe your duties and responsibilities as Manager of Corporate Analysis.

A. My duties as Manager of Corporate Analysis include the following: overseeing the preparation of the Ameren capacity position on a weekly and annual basis; preparing resource plans; developing and evaluating requests and proposals for capacity and energy; preparing annual customer, revenue, sales and peak demand forecasts for all commodities; evaluating the impact of weather on both sales and peak demand; collecting, editing, analysis and reporting of monthly load research data; and assessing the economic impacts of emissions related regulatory compliance.

Q. Have you previously presented testimony before this or any other regulatory commission?

A. I have submitted testimony concerning resource planning analyses and/or weather normalization of sales before the Missouri Public Service Commission, the Illinois Commerce Commission, and the Federal Energy Regulatory Commission.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my testimony is to respond to the questions posed by the Illinois Commerce Commission (the "Commission" or "ICC") members, Commissioners Lula Ford and Robert Lieberman in their letter of April 24, 2006, addressed to the Administrative Law Judges. Wilbon Cooper and Leonard Jones will also address certain aspects of the Commissioners' questions.

Q. Please summarize the conclusions of your testimony.

A. The Ameren Companies agree that demand response has the potential to provide benefits to commodity providers, reliability organizations, transmission companies, distribution companies, and electric retail customers, as noted in the International Energy Agency ("IEA") Task XIII: Demand Response Resources Task Status Report dated January 6, 2006. The challenge to all stakeholders that may benefit from demand response is to develop a framework or stakeholder collaboration process that will lead to the development of meaningful, cost effective, long-term, sustainable demand response initiatives. The Ameren Companies have been at the forefront of efforts to devise such a framework or collaborative process in Illinois, as I discuss further below. The Ameren Companies believe strongly that the complex challenges presented by the demand response issue cannot be fully addressed and implemented with a sole focus on delivery services pricing – that is, through the instant delivery services rate case. Rather, demand response challenges must be addressed with a larger focus on the entirety of the electricity industry in Illinois, through an appropriate Illinois rulemaking procedure.

Q. Do the Ameren Companies agree with Federal Energy Regulatory Commission ("FERC") Chairman Kelliher, that demand and price response programs must focus on the retail consumer?

A. Certainly, retail pricing and price signals play a critical role in implementing an effective demand response program. However, an effective demand response program must be implemented in such a way that both wholesale and retail markets can respond to and benefit from changes in price. Wholesale and retail markets are intertwined. The states can play a critical role in defining the relationship between those two markets. As a result of the Commission's order in the consolidated auction dockets (05-0160, 05-0161, and 05-0162), the Ameren Companies, as load serving entities (LSEs) will procure power through an auction process in order to meet their demand. The Ameren Companies will be entering into bilateral (1-, 2-, or 3-year) contracts, according to auction results. Thus, except where the LSE must access day-ahead or real time markets, fluctuations in the wholesale market will not affect Illinois short-term retail pricing

Q. Setting aside the issue of wholesale market price volatility, does Ameren recognize that there may be a risk premium associated with bilateral contracts bid into the Illinois auction process?

A. Yes. To the extent that potential bidders bear the risk of any fluctuations in load requirements (i.e., customer switching, weather), and to the extent that bidders bear the risk of wholesale price volatility, bidders will proportionately reflect those risks in their bid offers, accordingly.

Q. Based on the possibility of a risk premium, does Ameren recognize that Illinois retail customers who choose a real time pricing tariff may have opportunities to reduce their electricity costs through consumption management, relative to opportunities under a bilateral contract?

A. Yes. Hourly wholesale electric market prices do not have a risk premium. Consequently, they are expected to be lower during some hours of the day and higher in others relative to the pricing resulting from bilateral contracts. To the extent that customers can leverage the low prices by shifting consumption from on-peak to off-peak hours, customers have the potential to lower their monthly electric bills by opting for a real-time pricing structure.

Q. Based on the preceding question and answer, what are the policy implications for the ICC?

A. An appropriate workshop and rulemaking process must take place before demand response can be successfully implemented. The workshops should define goals, objectives, and criteria; identify a proposed rate treatment; establish program cost effectiveness metrics; and identify interactions with other efforts that impact demand response. Demand response policies need to be aligned and consistent with those of the applicable regional transmission organizations ("RTO's") in Illinois, *i.e.*, PJM and MISO. The ICC should also consider revisiting its recommendations concerning the Illinois Sustainable Energy Plan to include metrics that give equal weight to demand response initiatives as well as energy efficiency initiatives.

Q. What policies do the wholesale markets (MISO and PJM) have in place to address demand response?

A. MISO has a Demand Response Task Force (DRTF) addressing Demand Response Resources (DRRs). It appears that within the context of MISO's Energy Only Market (EOM), DRRs will play an important role. MISO's implementation of the DA/RT markets is based on an energy-only market delivering resource adequacy comparable to what we have today. When generation is in short supply, price responsive demand (PRD) set market prices in more hours. Without PRD, an EOM would incur many more hours of high prices. In order to deliver resource adequacy and lower price volatility, the EOM requires a substantial amount of PRD. The DRTF is developing ways to accomplish these objectives.

Q. In MISO, who (or what) are DRRs?

A. A DRR is any price responsive demand. A DRR could be an individual customer, a DR aggregator, or LSE. Of course, any of these demand response resources would need to register with the system operator, such as MISO, and meet the criteria of a DRR.

Q. Would any customer be able to register as a DRR in MISO?

A. This is not an option that would be available to every customer. In order to register as a DRR, customers (or aggregators) will need to meet specific requirements, such as 1 MW load reduction per participant or verifiable reduction, which will eliminate smaller customers. However, smaller consumers may be able to participate in demand-management programs through third-party vendors, aggregators, or local utilities (LSE's).

Q. What role, if any, should a distribution company take in promoting demand response programs to its retail customers?

Regarding the ability of an LSE to promote demand response programs to retail customers, I would defer to the testimony of Mr. Wilbon Cooper who addresses that issue in his rebuttal testimony.

Q. How have the Ameren Companies addressed demand and price response issues in this and other rate proceedings?

A. Ameren has addressed price response on multiple fronts. First, the Ameren Illinois Companies received approval from the ICC for RTP tariffs in the Procurement Docket Orders (Docket Nos. 05-0160-0162), available to any retail customer. Additionally, the rate translation Prism, also approved in those same dockets, delineates energy prices by season and by time-of-use for the BGS tariffs. In ICC-sponsored workshops last year, the Ameren Companies expressed their support for the Illinois sustainable energy plan – including the demand response component of the plan. On May 17, 2006, the Commission opened a docket for a Rulemaking on demand response. The Ameren Companies intend to fully participate in that proceeding

Q. Please comment on the February 2006 U.S. Department of Energy ("DOE") report entitled, "Benefits of Demand Response in Electricity Markets and Recommendations for Achieving Them," and its recommendations.

A. Although I agree with the policy recommendations in the report, the recommendations should not be considered either new or innovative. The recommendations imply enhancements to the existing LSE infrastructure which

imply additional costs. The method for determining the benefit-to-cost ratios for proposed enhancements and the cost-recovery mechanisms for the enhancements are issues that Ameren expects that the ICC will address in forthcoming demand response rulemaking proceedings. The DOE report issued the following five recommendations:

1. Foster price-based demand response by making available time-varying pricing plans that let customers take control of their electricity costs.

The ICC approval of an hourly energy pricing default service for the largest customers is a step in the right direction. However, pricing plans based on actual hourly pricing require significant investment in metering, billing, technology, and customer information and education.

2. Improve incentive-based demand response to broaden the ways in which load management contributes to the reliable, efficient operation of the electric system.

I believe that improvements should focus on market based options as opposed to "command and control" options. Market based options allow customers to determine when they can participate as opposed to an electric utility telling customers when to participate and possibly initiating penalties for noncompliance.

3. Strengthening demand response analysis and valuation so that program designers, policymakers and customers can anticipate how demand response delivers benefits.

This issue will command a high level of discussion at the ICC rulemaking proceedings. Issues include: role of the concept of capacity equivalence in the

analysis process, the role of dynamic pricing products in the contest of reliability planning, choice of model(s) to simulate price-based products, choice of models to estimate customer participation, appropriate benefit-to-cost tests for demand response program implementation, consideration for "free riders" and "free drivers" in the benefit-to-cost calculation.

4. Integrate demand response into resource planning so that the full impacts of demand response are recognized and the maximum level of resources benefits are realized.

This issue may be more applicable to vertically integrated electric utilities.

5. Adopt enabling technologies to realize the full potential for managing usage on an ongoing basis.

Technologies adopted should be a function of having positive benefit-to-cost characteristics as defined in the ICC rulemaking proceedings.

6. Enhancing Federal demand response actions to take advantage of existing channels for disseminating information and forming public-private collaboratives.

Illinois demand response stakeholders may want to consider joining the United States Demand Response Coordinating Committee to efficiently network with both public and private demand response practitioners.

Q. How should the ICC promote demand response programs?

A. The ICC should take a balanced perspective. To the extent that there are perceived market barriers to the proliferation of the offering of dynamic pricing options in the Illinois retail electricity market, the ICC may want to assume the

role of catalyst to inform and educate retail customers about dynamic pricing. However, when the market develops to the point that aggregators and marketers are actively offering dynamic pricing options, the ICC role as catalyst should diminish.

Q. How should the Ameren Companies promote demand response programs?

A. The Ameren Companies' role in promoting future demand response actions depends, to a large extent, on the outcome of the rulemaking proceedings.

Q. What overall system benefits would result from promoting demand response activities?

A. It is premature to assess potential system benefits resulting from the promotion of demand response since actual data is not available. It is certainly reasonable to consider the following categories in which net benefits can be estimated once actual data and the analysis parameters are known:

- Lower electricity prices
- Reduced price volatility
- Increased efficiency in one of the most capital intensive industries
- Risk management
- Increased customer choice
- Possible environmental benefits
- Market power mitigation

None of the potential benefits in the preceding list should be considered a "slam dunk". For example, lower electricity prices are not a certainty. There will be costs associated with increased demand response initiatives. The risk premium

associated with post-2006 bilateral contracts is yet to be determined. There could be incremental environmental detriments if electricity consumption is moved from on-peak periods where natural-gas fired generation is on the margin to off-peak periods where coal generation may be on the margin.

Q. What are other considerations in the assessment of the potential benefits of demand response initiatives?

A. It is important to keep a balanced perspective. There are valid reasons to be both excited as well as concerned about potential demand response initiatives. Demand response opportunities present many questions that must be addressed through the rulemaking process. For example, in terms of potential energy savings and distribution system benefits associated with demand response, will the rebound or "snap-back" effect erode most of the savings? Do demand response initiatives that include "high tech" provisions (i.e., smart thermostats, web access) imply an unfair rate subsidy that hurts non-participants and low-income households? How accurately can we identify potential demand reductions? Would customers respond similarly to electric rate increases absent new demand response initiatives?

Q. How should any benefits from a demand-side program be captured?

A. Ameren anticipates that this issue will be discussed and answered at the ICC demand response rulemaking proceedings. The DOE highlights the need for universally applicable protocols and methods to accommodate valuing demand response resources routinely and consistently, and calls upon a variety of regulatory, stakeholder and academic parties to coordinate their efforts to

establish them. Shortcomings that require attention include: developing standardized methods to evaluate demand response potential, performance and benefits, identifying appropriate benefit-cost tests for foreseeable programs, and developing methods to document the impact of price-based demand response on wholesale market electricity prices and reliability.

Q. Please state whether you agree, or disagree, with the following quote from the DOE study:

> **While the cost of electric power varies on very short time scales (e.g., every 15 minutes, hourly), most consumers face electricity rates that are fixed for months or years at a time, representing average electricity production (and transmission and distribution) costs.**
>
> **This disconnect between short-term marginal electricity production costs and retail rates paid by consumers leads to an inefficient use of resources. Because customers don't see the underlying short-term cost of supplying electricity, they have little or no incentive to adjust their demand to supply-side conditions. Thus flat electricity prices encourage customers to over-consume – relative to an optimally efficient system in hours when electricity prices are higher than the average rates, and under-consume in hours when the cost of producing electricity is lower than the average rates. As a result, electricity costs may be higher than they would otherwise be because high cost generation must sometimes run to meet the non-price responsive demands of consumers. The lack of price-responsive demand also gives generators the opportunity to raise prices above competitive levels and exercise "market power" in certain situations.**

A. The preceding quote appears to be grounded more in economic theory than in real world applications. While most dynamic pricing pilots at electric utilities across

the country suggest that the pilot test groups tend to respond to price signals, the response rates (reduction of consumption) show that there are limits as to how much a limited segment of the retail customer base will reduce their electricity consumption. To put it as succinctly as possible, there is not enough data to estimate whether electricity costs may be higher or lower with or without the proliferation of dynamic pricing options. The preceding quote does not capture the increase in infrastructure costs due to dynamic pricing and the associated increase in electricity costs.

Q. Does this conclude your rebuttal testimony?

A. Yes.

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