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Ameren Corporation

Fourth Quarter 2020 Earnings Conference Call

February 19, 2021

Forward-looking Statements

Statements in this transcript not based on historical facts are considered "forward-looking" and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. These statements include (without limitation) statements as to future expectations, beliefs, plans, projections, strategies, objectives, events, conditions, and financial performance. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we are providing this cautionary statement to identify important factors that could cause actual results to differ materially from those anticipated. The following factors, in addition to those discussed under Risk Factors in Ameren's Annual Report on Form 10-K for the year ended December 31, 2019, Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, and elsewhere in this transcript and in our other filings with the Securities and Exchange Commission, could cause actual results to differ materially from management expectations suggested in such forward-looking statements:

- regulatory, judicial, or legislative actions, and any changes in regulatory policies and ratemaking determinations, that may change regulatory recovery mechanisms, such as those that may result from potential future orders and the July 2020 appeal filed by Ameren Missouri, Ameren Illinois, and Ameren Transmission Company of Illinois (ATXI) challenging the refund period related to the May 2020 Federal Energy Regulatory Commission (FERC) order determining the allowed base return on common equity (ROE) under the Midcontinent Independent System Operator (MISO) tariff, the July 2020 appeal filed by Ameren Missouri, Ameren Illinois, and ATXI challenging the FERC's rehearing denials in the transmission formula rate revision cases, Ameren Illinois' electric distribution service rate reconciliation request filed with the ICC in April 2020, Ameren Illinois' qualifying infrastructure plant rider reconciliation hearing with the ICC requested in March 2019 and requests filed with the Missouri Public Service Commission (MoPSC) in October 2020 for accounting authority orders related to Ameren Missouri's electric and natural gas services to allow Ameren Missouri to accumulate certain costs incurred related to the COVID-19 pandemic;
- the length and severity of the COVID-19 pandemic, and its impacts on our business continuity plans and our results of operations, financial position, and liquidity, including but not limited to changes in customer demand resulting in changes to sales volumes, customers' payment for our services and their use of deferred payment arrangements, future regulatory or legislative actions that could require suspension of customer disconnections and/or late fees, among other things, for an extended period of time, the health and welfare of our workforce and contractors, supplier disruptions, delays in the completion of construction projects, which could impact our planned capital expenditures and expected planned rate base growth, Ameren Missouri's ability to recover any forgone customer late fee revenues or incremental costs, our ability to meet customer energy-efficiency program goals and earn performance incentives related to those programs, changes in how we operate our business and increased data security risks as a result of the transition to remote working arrangements for a significant portion of our workforce, and our ability to access the capital markets on reasonable terms and when needed;

- the effect and duration of Ameren Illinois' election to participate in performance-based formula ratemaking framework for its electric distribution service, which, unless extended, expires at the end of 2022, and its participation in electric energy-efficiency programs, including the direct relationship between Ameren Illinois' ROE and the 30-year United States Treasury bond yields;
- the effect on Ameren Missouri of any customer rate caps pursuant to Ameren Missouri's election to use the plant-in-service accounting (PISA), including an extension of use beyond 2023, if requested by Ameren Missouri and approved by the MoPSC;
- the effects of changes in federal, state, or local laws and other governmental actions, including monetary, fiscal, and energy policies;
- the effects of changes in federal, state, or local tax laws, regulations, interpretations, or rates, and challenges to the tax positions we have taken, if any, as well as resulting effects on customer rates;
- the effects on energy prices and demand for our services resulting from technological advances, including advances in customer energy efficiency, electric vehicles, electrification of various industries, energy storage, and private generation sources, which generate electricity at the site of consumption and are becoming more cost-competitive;
- the effectiveness of Ameren Missouri's customer energy-efficiency programs and the related revenues and performance incentives earned under its Missouri Energy Efficiency Investment Act (MEEIA) programs;
- Ameren Illinois' ability to achieve the performance standards applicable to its electric distribution business and the FEJA electric customer energy-efficiency goals and the resulting impact on its allowed ROE;
- our ability to control costs and make substantial investments in our businesses, including our ability to recover costs, investments, and our allowed ROEs within frameworks established by our regulators, while maintaining affordability of our services for our customers;
- the cost and availability of fuel, such as low-sulfur coal, natural gas, and enriched uranium used to produce electricity; the cost and availability of purchased power, zero emission credits, renewable energy credits, and natural gas for distribution; and the level and volatility of future market prices for such commodities and credits;
- disruptions in the delivery of fuel, failure of our fuel suppliers to provide adequate quantities or quality of fuel, or lack of adequate inventories of fuel, including nuclear fuel assemblies from the one Nuclear Regulatory Commission-licensed supplier of Ameren Missouri's Callaway Energy Center assemblies;
- the cost and availability of transmission capacity for the energy generated by Ameren Missouri's energy centers or required to satisfy Ameren Missouri's energy sales;
- the effectiveness of our risk management strategies and our use of financial and derivative instruments;
- the ability to obtain sufficient insurance, including insurance for Ameren Missouri's nuclear and coal-fired energy centers, or, in the absence of insurance, the ability to timely recover uninsured losses from our customers;
- the impact of cyberattacks on us or our suppliers, which could, among other things, result in the loss of operational control of energy centers and electric and natural gas transmission and

distribution systems and/or the loss of data, such as customer, employee, financial, and operating system information;

- business and economic conditions, which have been affected by, and will be affected by the length and severity of, the COVID-19 pandemic, including the impact of such conditions on interest rates;
- disruptions of the capital markets, deterioration in our credit metrics, or other events that may have an adverse effect on the cost or availability of capital, including short-term credit and liquidity;
- the actions of credit rating agencies and the effects of such actions, including any impacts on our credit ratings that may result from the economic conditions of the COVID-19 pandemic;
- the inability of our counterparties to meet their obligations with respect to contracts, credit agreements, and financial instruments, including as it relates to the construction and acquisition of electric and natural gas utility infrastructure and the ability of counterparties to complete projects which is dependent upon the availability of necessary materials and equipment, including those that are affected by the disruptions in the global supply chain caused by the COVID-19 pandemic;
- the impact of weather conditions and other natural phenomena on us and our customers, including the impact of system outages and the level of wind and solar resources;
- the construction, installation, performance, and cost recovery of generation, transmission, and distribution assets;
- the effects of failures of electric generation, electric and natural gas transmission or distribution, or natural gas storage facilities systems and equipment, which could result in unanticipated liabilities or unplanned outages;
- the operation of Ameren Missouri's Callaway Energy Center, including planned and unplanned outages, such as the current outage that began in December 2020 related to its generator, and the ability to recover costs associated with such outages and the impact of such outages on off-system sales and purchased power, among other things;
- Ameren Missouri's ability to recover the remaining investment and decommissioning costs associated with the retirement of an energy center, as well as the ability to earn a return on that remaining investment and those decommissioning costs;
- the impact of current environmental laws and new, more stringent, or changing requirements, including those related to the New Source Review and carbon dioxide, other emissions and discharges, cooling water intake structures, coal combustion residuals, and energy efficiency, that could limit or terminate the operation of certain of Ameren Missouri's energy centers, increase our operating costs or investment requirements, result in an impairment of our assets, cause us to sell our assets, reduce our customers' demand for electricity or natural gas, or otherwise have a negative financial effect;
- the impact of complying with renewable energy standards in Missouri and Illinois and with the zero emission standard in Illinois;
- Ameren Missouri's ability to construct and/or acquire wind, solar, and other renewable energy generation facilities, retire energy centers, and implement new or existing customer energy efficiency programs, including any such construction, acquisition, retirement, or implementation in connection with its Smart Energy Plan, the 2020 Integrated Resource Plan, or our emissions

reduction goals, and to recover its cost of investment, related return, and in the case of customer energy-efficiency programs, any lost margins in a timely manner, which is affected by the ability to obtain all necessary regulatory and project approvals, including a certificate of convenience and necessity from the MoPSC or any other required approvals for the addition of renewable resources;

- the availability of federal production and investment tax credits related to renewable energy and Ameren Missouri's ability to use such credits; the cost of wind, solar, and other renewable generation and storage technologies; and our ability to obtain timely interconnection agreements with the MISO or other regional transmission organizations at an acceptable cost for each facility;
- advancements in carbon-free generation and storage technologies, and constructive federal and state energy and economic policies with respect to those technologies;
- labor disputes, work force reductions, changes in future wage and employee benefits costs, including those resulting from changes in discount rates, mortality tables, returns on benefit plan assets, and other assumptions;
- the impact of negative opinions of us or our utility services that our customers, investors, legislators, or regulators may have or develop, which could result from a variety of factors, including failures in system reliability, failure to implement our investment plans or to protect sensitive customer information, increases in rates, negative media coverage or concerns about environmental, social, and/or governance practices;
- the impact of adopting new accounting guidance;
- the effects of strategic initiatives, including mergers, acquisitions, and divestitures;
- legal and administrative proceedings; and
- acts of sabotage, war, terrorism, or other intentionally disruptive acts.

New factors emerge from time to time, and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statement. Given these uncertainties, undue reliance should not be placed on these forward-looking statements. Except to the extent required by the federal securities laws, we undertake no obligation to update or revise publicly any forward-looking statements to reflect new information or future events.

CORPORATE PARTICIPANTS

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PRESENTATION

Operator

Greetings and welcome to Ameren Corporation's Fourth Quarter 2020 Earnings Conference Call.

I would now like to turn the conference over to your host, Mr. Andrew Kirk, Director of Investor Relations. Thank you, you may begin.

Andrew Kirk

Thank you and good morning.

On the call with me today are Warner Baxter, our Chairman, President and Chief Executive Officer, and Michael Moehn, our Executive Vice President and Chief Financial Officer; as well as other members of the Ameren Management team joining remotely. Warner and Michael will discuss our earnings results and guidance, as well as provide a business update. Then we will open the call for questions.

Before we begin, let me cover a few administrative details. This call contains time-sensitive data that is accurate only as of the date of today's live broadcast, and redistribution of this broadcast is prohibited. To assist with our call this morning, we have posted a presentation on the amereninvestors.com homepage that will be referenced by our speakers.

As noted on Page 2 of the presentation, comments made during this conference call may contain statements that are commonly referred to as forward-looking statements. Such statements include those about future expectations, beliefs, plans, strategies, objectives, events, conditions and financial performance. We caution you that various factors could cause actual results to differ materially from those anticipated. For additional information concerning these factors, please read the Forward-Looking Statements section in the news release we issued today and the Forward-Looking Statements and Risk Factors sections in our filings with the SEC.

Lastly, all per-share earnings amounts discussed during today's presentation, including earnings guidance, are presented on a diluted basis unless otherwise noted.

Now, here's Warner.

Warner Baxter

Thanks, Andrew. Good morning, everyone, and thank you for joining us.

Before I begin our discussion of year-end results and other key business matters, I'll start with a few comments on COVID-19, as well as the steps we have taken to deliver safe and reliable electric and natural gas service to our customers during the recent period of extremely cold weather in our region.

To begin, I hope you, your families and colleagues are safe and healthy. While COVID-19 has driven a great deal of change, I can assure you that one thing that remains constant at Ameren is our strong commitment to the safety of our coworkers, customers and communities. So too is our strong focus on delivering safe, reliable, cleaner and affordable electric and natural gas service during this unprecedented time.

We recognize that millions of customers in Missouri and Illinois are depending on us. I can't express enough appreciation to my coworkers, who have shown great agility, innovation, determination and a keen focus on safety, while delivering on our mission to power the quality of life. While we are focused on addressing the challenges associated with the pandemic and achieving our mission each day, we never lose sight of our vision, leading the way to a sustainable energy future.

Despite the significant challenges presented by COVID-19, I look to the future with optimism. Not just because vaccines are now being distributed to millions around the world, but also because of how our coworkers stepped up and addressed a multitude of challenges and capitalized on opportunities in 2020 that will clearly help us achieve our vision.

Speaking of stepping up to challenges to ensure that we continue to deliver on our mission and vision, our team has been tirelessly working over the last week to ensure that we continue to deliver safe and reliable electric and natural gas services to millions of people in our service territory, despite the extremely cold weather that we are experiencing in our region.

As you know, the extremely cold weather has created significant challenges to maintain the safety and reliability of the energy grid in several areas of the country. Understandably, the cold weather has driven a significant increase in customer demand for electric and natural gas service. At the same time, the extreme weather has resulted in natural gas supply disruptions and limitations, operational issues at power plants, and transmission constraints.

Combined, these extraordinary circumstances led several region transmission organizations to implement emergency operations protocols, which included controlled interruptions of service to customers in several states, most notably in Texas. Not surprisingly, these same set of conditions resulted in significant increases in power and natural gas prices in the energy markets.

To date, we have not experienced any significant reliability issues in our Missouri or Illinois businesses, as past investments in energy infrastructure have paid off. In addition, the strong operations of our gas storage fields in Illinois and coal-fired energy centers in Missouri, as well as our robust interconnections with gas pipeline suppliers in the power markets, have played a major role as well. Rest assured, we will continue to actively manage this challenging situation for our customers.

Turning now to Page 4. Before I jump into the details of our accomplishments and strategic areas of focus, I want to reiterate the strategy that has been delivering significant long-term value to all of our stakeholders. Specifically, our strategy is to invest in a robust pipeline of rate-regulated energy infrastructure, continuously improve operating performance and advocate for responsible energy and economic policies to deliver superior value to our customers and shareholders.

As always, our customers continue to be at the center of our strategy. I am pleased to say that our actions and performance in 2020, as well as our strategic areas of focus for the future, are strongly aligned with our customers' and shareholders' expectations to lead the way to a sustainable energy future.

Which brings me to a discussion of our 2020 performance. As I said earlier, we delivered strong financial and operational performance in 2020. Yesterday, we announced 2020 earnings of $3.50 per share, compared to earnings of $3.35 per share earned in 2019. Excluding the impact from weather, 2020 normalized earnings increased to $3.54 per share, or approximately 6.6% from 2019's weather-normalized earnings of $3.32 per share. With our customers' and shareholders' expectations in mind, we made significant investments in energy infrastructure in 2020 that resulted in a more reliable, resilient, secure and cleaner energy grid, as well as contributed to strong rate-based growth at all of our business segments.

Consistent with these objectives and despite COVID-19 challenges, we successfully executed on a robust pipeline of investments across all of our businesses. In 2020, as outlined on this page, we also achieved constructive outcomes in several regulatory proceedings that will help drive additional infrastructure investments that will benefit customers and shareholders while keeping our customers' rates affordable. The bottom line is that we successfully executed our strategy in 2020, which will drive significant long-term value for all of our stakeholders.

Turning to Page 5. Here, we highlight the significant progress we made in an area that has and will continue to be a significant area of focus: sustainability. Last September, we announced a transformational clean energy transition plan that effectively balances environmental stewardship with reliability and affordability. In particular, we established a clean energy goal of net-zero carbon emissions by 2050 across all of our operations in Missouri and Illinois. We also established strong interim carbon reduction goals of 50% by 2030 and 85% by 2040, based on 2005 levels. In addition, our plan includes robust investments in new wind and solar generation while being mindful of reliability. Notably, we are targeting adding 5,400 megawatts of new renewable wind and solar generation resources to our generation portfolio by 2040.

Our plan also includes advancing the retirement of two coal-fired energy centers, extending the life of our carbon-free Callaway Nuclear Energy Center to eighty years, and partnering with the Electric Power Research Institute and assessing advanced clean energy technologies for the future. We have already executed key elements of this plan; in particular, a significant milestone toward accomplishing our net-zero carbon emissions goal was reached with the acquisition of the 400 megawatt High Prairie Renewable Energy Center in December. This was our first wind generation addition and is the largest wind facility in the state of Missouri.

Earlier this year, we also acquired our second wind generation investment, the Atchison Renewable Energy Center, which, when completed, is expected to be a 300 megawatt facility. We also have a strong long-term commitment to our customers and communities to be socially responsible and economically impactful. There has never been a more important time than now to be a leader in this area, and we are leaning forward.

In terms of COVID-19 relief, we have been continuously working to help our customers in need, including implementing disconnection moratoriums, providing special bill payment plans, and providing over $23 million of critical funds for energy assistance and other basic needs.

We hosted a virtual Diversity, Equity and Inclusion Leadership Summit in June 2020 that included over 600 community leaders and coworkers. During that Summit, Ameren made a commitment of $10 million over the next five years to nonprofit organizations focused on DE&I. We spent over $800 million with diverse suppliers in 2020, a 24% increase over 2019.

From a governance perspective, our Board of Directors oversight of sustainability risks was enhanced. In addition, we named our first Chief Renewable Development Officer to lead our continued efforts to transition toward a cleaner and more diverse generation portfolio. Further, the Board of Directors strengthened our executive compensation program by adding the 10% long-term incentive based on implementing our clean energy transition plans. Just last week, the Board approved the addition of workforce and supply diversity metrics to our short-term incentive plan for 2021.

All of these efforts are consistent with our vision, leading the way to a sustainable energy future, and our mission to power the quality of life.

Turning to Page 6. As you can see on this page, our laser-focus on executing our strategy for the last several years has delivered strong results. From a customer standpoint, our investments in infrastructure have driven power reliability to top quartile performance while at the same time our disciplined cost management has kept our electric rates among the lowest in the country. The combination of these factors has helped drive significantly higher customer satisfaction scores.

We have also delivered superior value to our shareholders, as you can see on Page 7. Our weather-normalized core earnings per share has risen 70% at an approximately 8% compound growth rate since we exited our unregulated generation business in 2013.

Our dividend rate has increased 25% over the same time period. This has resulted in a significant reduction in our weather-normalized dividend payout ratio, from over 77% in 2013 to 56% in 2020, near the bottom of our 55% to 70% targeted dividend payout range, positioning us well for continued strong infrastructure investments and rate-based growth, as well as future dividend growth.

Speaking of dividend growth, I am pleased to report that, last week, Ameren's Board of Directors approved a quarterly dividend increase of approximately 7%, resulting in an annualized dividend rate of $2.20 per share. This increase, coupled with the dividend increase of 4% in October 2020, reflects confidence by Ameren's Board of Directors and the outlook for our businesses, and Management's ability to execute its strategy for the long-term benefit of our customers and shareholders.

While I'm very pleased with our past performance, we are not sitting back and taking a deep breath. We remain focused on accelerating and enhancing our performance in 2021 and in the years ahead so we can continue to deliver superior value to our customers, communities and shareholders.

Which brings me to Page 8. Yesterday afternoon, we also announced that we expect our 2021 earnings to be in a range of $3.65 to $3.85 per share. Michael will provide you with more details on our 2021 guidance a bit later. Building on the strong execution of our strategy and our robust earnings growth over the past several years, we continue to expect to deliver long-term earnings growth that is among the best in the industry.

We expect to deliver 6% to 8% compound annual earnings per share growth from 2021 through 2025, using midpoints of our 2021 guidance, $3.75 per share, as the base. Our long-term earnings growth will be driven by continued execution of our strategy, including investing in infrastructure for the benefit of our customers while keeping rates affordable.

Another important element of our strong total shareholder return story is our dividend. Looking ahead, Ameren expects future dividend growth to be in line with its long-term earnings per share growth expectations, and within a payout ratio range of 55% to 70%. In addition to earnings growth considerations, future dividend decisions will be driven by cash flow, investment requirements and other business conditions.

Turning to Page 9, the first pillar of our strategy stresses investing in and operating our utilities in a manner consistent with existing regulatory frameworks. The strong long-term earnings growth I just discussed is primarily driven by our rate-based growth plan. Today, we are rolling forward our five-year investment plan, and, as you can see, we expect to grow our rate base in an approximately 8% compound annual rate for the 2020 through 2025 period. This growth is driven by our robust capital plan of approximately $17 billion over the next five years that will deliver significant value to our customers and the communities we serve.

Our plan includes strategically allocating capital to all four of our business segments. Importantly, our five-year earnings and rate-based growth projections do not include 1,200 megawatts of incremental renewable investment opportunities proposed in Ameren Missouri's integrated resource plan.

Our team continues to assess several renewable generation proposals from developers. We expect to file for Certificates of Convenience and Necessity for some generation projects in 2021, with the Missouri PSC. We expect to add these investments to our multiyear rate-based outlook as we finalize pending negotiations with renewable energy developers and move further along in the regulatory approval process in Missouri. Finally, we remain focused on disciplined cost management to earn as close to our allowed returns as possible in all of our businesses.

Speaking of disciplined cost management, let's now turn to Page 10. Over the last several years, we have worked hard to enhance the regulatory frameworks in both Missouri and Illinois to help drive additional infrastructure investments that will benefit customers and shareholders. At the same time, we've been very focused on disciplined cost management to keep rates affordable. Our efforts are paying off.

As outlined on this page, residential rates have decreased since opting into these enhanced regulatory frameworks for all of our Missouri Electric and Illinois Electric and Natural Gas distribution businesses. To be clear, since these constructive frameworks have been put in place, significant investments have been made, reliability has improved, rates have gone down, and thousands of jobs have been created. While this is a great win for our customers and communities, we are not done.

Turning to Page 11. As you can see from this chart, our operating expenses have decreased 14% since 2015. We will remain relentlessly focused on disciplined cost management as we look forward to the next five years and beyond. This will not only include the robust cost management initiatives undertaken to manage through COVID-19, but also several other customer affordability initiatives. These initiatives include the automation and optimization of our processes, including leveraging the benefits from significant past and future investments in digital technologies and grid modernization.

In addition, as part of the Ameren Missouri Integrated Resource Plan, we will work to responsibly retire our coal-fired energy centers over time, which includes thoughtfully managing workforce changes through attrition, transfers to other facilities, and retraining for other positions in the Company.

Turning now to Page 12. Next, I want to cover the second pillar of our strategy: enhancing regulatory frameworks and advocating for responsible energy and economic policies. An enhanced version of the Downstate Clean Energy Affordability Act legislation was filed in the past week, which if passed, would apply to both the Ameren Illinois Electric and Natural Gas distribution businesses. This legislation will allow Ameren Illinois to make significant investments in solar energy, battery storage and gas infrastructure to improve safety and reliability, as well as in transportation electrification, in order to benefit customers and the economy across Central and Southern Illinois. This important piece of legislation will also require diverse supplier spend reporting for all electric renewable energy providers.

Another key component of the Downstate Clean Energy Affordability Act is that it would allow for performance-based rate making for Ameren Illinois' Natural Gas and Electric distribution businesses to 2032. The proposed performance metric would ensure investments are aligned with, and are contributing to, reliability of the energy grid, as well as to transition to the clean energy vision of the state. Further, this legislation would modify the allowed return on equity methodology in each business to align with returns being earned by other gas and electric utilities across the nation.

This legislation builds on Ameren Illinois' efforts to invest in critical energy infrastructure, under a transparent and stable regulatory framework that has supported significant investment, improved safety and reliability, as well as created over 1,400 jobs, all while keeping electric rates well below the Midwest and national averages. This bill would also move the State of Illinois closer to reaching its goal of 100% clean energy by 2050.

By providing for performance-based rate making for both electric and gas distribution businesses, we believe the proposed legislation would further align the energy goals at Ameren Illinois and the State of Illinois for the benefit of our customers, the communities we serve, and the environment. With all these benefits in mind, we are focused on working with the key stakeholders to get this important legislation passed this year.

Moving now to Page 13 for an update on our $1.1 billion wind generation investment plan to achieve compliance with Missouri's renewable energy standard, through the acquisition of 700 megawatts of new wind generation at two sites in Missouri. As I mentioned earlier, Ameren Missouri closed on the acquisition of our first wind energy center, a 400-megawatt project in Northeast Missouri, in December. Last month, we acquired our second wind generation project, the 300-megawatt Atchison Renewable Energy Center located in Northwest Missouri. Approximately 120 megawatts are already in service. We expect a total of 150 megawatts to be in service by the end of the first quarter with the remaining expected later in 2021 upon the replacement of certain turbine blades.

We financed these projects through a combination of green first mortgage bonds and common stock issued under our forward equity sale agreement. We do not expect the construction delay on our Atchison wind facility to have significant economic consequences or reduce the production tax credits for this project because of the rule change made by the U.S. Department of Treasury last year to extend the in-service criteria by one year to December 31, 2021.

Turning now to Page 14, and an update to our Callaway Energy Center. During its return to full power as part of its twenty-fourth refueling and maintenance outage in late December 2020, Ameren Missouri's Callaway Energy Center experienced a non-nuclear operating issue related to its generator. A thorough investigation into this matter was conducted, and the decision was made to replace certain key components of the generator in order to safely and sustainably return the Energy Center to service. Work is already underway on this capital project, which we expect will cost approximately $65 million.

We are also pursuing the recovery of costs through applicable warranties and insurance. Due to the long lead time for the manufacturing, repair and installation of these components, the Energy Center is expected to return to service in late June or early July; and as announced previously, we do not expect this matter to have a significant impact on Ameren's financial results.

Turning now to Page 15. As we look to the future, the successful execution of our five-year plan is not only focused on delivering strong results through 2025, but is also designed to position Ameren for success over the next decade and beyond. We believe that a safe, reliable, resilient, secure and clean energy grid will be increasingly important, and bring even greater value to our customers, our communities and shareholders. With this long-term view in mind, we are making investments that will position Ameren to meet our customers' future energy needs and rising expectations, support our transition to a cleaner energy future, and provide safe, reliable natural gas services.

The right side of this page shows that our allocation of capital is expected to grow our Electric and Natural Gas energy delivery investments to be 82% of our rate base by the end of 2025. As a result of Ameren Missouri's investment in 700 megawatts of wind generation, combined with the scheduled retirement of the Meramec coal-fired Energy Center in 2022, we expect coal-fired generation to decline to just 7% of rate base and our renewable generation to increase to 6% of rate base by year-end 2025. As noted previously, our current five-year plan does not include 1,200 megawatts of incremental renewable generation included in Ameren Missouri's integrated resource plan by 2025.

These actions are just further examples of the steps we are taking to address our customers' and shareholders' focus on ESG matters, and achieve our net zero carbon emissions goal by 2050. The bottom line is that we're taking steps today, across the board, to position Ameren for success in 2021 and beyond.

Moving to Page 16. Looking ahead through the end of this decade, we have a robust pipeline of investments opportunities of over $40 billion that will deliver significant value to all of our stakeholders by making our energy grid stronger, smarter and cleaner. Importantly, these investment opportunities exclude any new regionally beneficial transmission projects that would increase the reliability and resiliency of the energy grid, as well as enable additional renewable generation projects. Of course, our investment opportunities will not only create a stronger and cleaner energy grid to meet our customers' needs and exceed their expectations, but they will also create thousands of jobs for our local economies. Maintaining constructive energy policies that support robust investment in energy infrastructure and a transition to a cleaner future in a responsible fashion will be critical to meeting our country's future energy needs and delivering on our customers' expectations.

Moving to Page 17. As we have outlined in our presentation today, we are focused on delivering a sustainable energy future for our customers, communities and our country. Consistent with that focus, yesterday we issued our updated ESG investor presentation called "Leading the Way to a Sustainable Energy Future". This presentation demonstrates how we have been effectively integrating our focus on environmental, social, governance and sustainability matters into our corporate strategy.

This slide summarizes our strong sustainability value proposition for environmental, social and governance matters. Throughout the course of my discussion this morning, I've already covered many of these topics. A few other notable points include the fact that we were honored to again be recognized by DiversityInc as one of the top utilities in the country for diversity, equity and inclusion, as well as be rated in the top 25 of all companies for ESG in their inaugural list. Finally, our strong corporate governance is led by a very talented and diverse Board of Directors, focused on strong oversight of ESG matters.

I encourage you to take some time to read more about our sustainability value proposition. You can find this presentation at amereninvestors.com.

Moving to Page 18. To sum up our value proposition. We remain firmly convinced that the execution of our strategy in 2021 and beyond will deliver superior value to our customers, shareholders and the environment. We believe our expectation of a 6% to 8% compound annual earnings growth from 2021 through 2025, driven by strong rate-based growth, compares very favorably with our regulated utility peers. I am confident in our ability to execute our investment plans and strategies across all four of our business segments, as we have an experienced and dedicated team to get it done. That fact, coupled with our sustained past execution of our strategy on many fronts, has positioned us well for future success.

Further, our shares continue to offer investors a solid dividend. Our strong energy growth expectations outlined today position us well for future dividend growth. Simply put, we believe our strong earnings and dividend growth outlook results in a very attractive total return opportunity for shareholders.

Again, thank you all for joining us today, and I'll now turn the call over to Michael.

Michael Moehn

Thanks, Warner, and good morning, everyone.

Turning now to Page 20 of our presentation. Yesterday, we reported 2020 earnings of $3.50 per share, compared to earnings of $3.35 per share in 2019. Ameren transmission earnings were up $0.13 per share, which reflect an increased infrastructure investments and the impact of the FERC order on the MISO allowed base return on equity.

Earnings from Ameren Illinois Natural Gas were up $0.06 per share, which reflected increased infrastructure investments and lower other operations and maintenance expenses due to disciplined cost management.

Earnings in Ameren Missouri, our largest segment, increased $0.03 per share from $1.74 per share in 2019 to $1.77 per share in 2020. The comparison reflected new electric service rates effective April 1, which increased earnings by $0.23 per share compared to 2019. Earnings also benefited from lower operations and maintenance expenses, which increased earnings $0.16 per share. This was due, in part, to the deferral of expenses related to the fall 2020 Callaway Energy Center scheduled refueling and maintenance outage, compared to recognizing all of the expenses for the spring 2019 outage at that time.

The change in the timing of our expense recognition was approved by the Missouri PSC in early 2020, and better aligned revenue with expenses. In addition, the decline in other O&M expenses were driven by disciplined cost management exercised throughout the year. These favorable factors were mostly offset by lower electric retail sales, driven by the impacts of COVID-19 and weather, which together reduced earnings by approximately $0.18 per share.

In 2020, we experienced milder than normal summer and winter temperatures compared to near-normal summer and winter temperatures in 2019. In addition, lower MEEIA performance incentives reduced earnings by $0.09 per share compared to 2019, and higher interest expense due to higher long-term debt outstanding reduced earnings by $0.04 per share. Finally, under terms of the Missouri rate review settlement and order, we recognized a one-time charitable contribution, which reduced earnings by $0.02 per share.

Moving to Ameren Illinois Electric Distribution, earnings decreased $0.01 per share, which reflected the lower allowed return on equity under performance-based rate making, mostly offset by increased infrastructure and energy efficiency investments. The allowed return on equity under formulaic rate making was 7.4% in 2020 compared to 8.4% in 2019, and was applied to year-end rate base. The 2020 allowed ROE was based on the 2020 average 30-Year Treasury yield of approximately 1.6%, down from the 2019 average of 2.6%.

Finally, Ameren Parent and Other results were lower compared to 2019 due to increased interest expense resulting from higher long-term debt outstanding, as well as reduced tax benefits, primarily associated with share-based compensation.

Turning to Page 21. Outlined on this page are electric sales trends for Ameren Missouri and Ameren Illinois Electric distribution for 2020 compared to 2019. Overall, the year-end results for Ameren Missouri are largely consistent with our expectations outlined on our call in May, in terms of impact on total sales and earnings per share for 2020 due to COVID-19. Recall that changes in electric sales in Illinois, no matter the cause, do not affect earnings since we have full revenue decoupling.

Moving to Page 22 of the presentation. Here we provide an overview of our $17.1 billion of strategically allocated capital plan expenditures for the 2021 through 2025 period by business segment, that underlies the approximately 8% projected rate-based growth Warner discussed earlier. This plan includes an incremental $1.1 billion compared to the $16 billion five-year plan for 2020 through 2024 that we laid out last February.

Turning to Page 23. We outline here the expected funding sources for the infrastructure investments noted on the prior page. We expect continued growth in cash from operations, as the investments are reflected in customer rates. We also expect to generate significant tax deferrals. Those tax deferrals are driven primarily by timing differences including financial statement depreciation, reflected in customer rates and accelerated depreciation for tax purposes. In addition to the benefits of the accelerated tax depreciation, as a result of our $1.1 billion investment in 700 megawatts of wind generation, we will generate production tax credits over this period.

From a financing perspective, while we have no long-term debt maturities in 2021, we do expect to continue to issue long-term debt at the Ameren Parent, Ameren Missouri and Ameren Illinois to fund a portion of our cash requirements. We also plan to continue using newly-issued shares from our dividend reinvestment employee benefit plan over the five-year guidance period. We expect this to provide equity funding of approximately $100 million annually.

Last week, we physically settled the remaining shares under our forward equity sale agreement to generate approximately $115 million. In order for us to maintain a strong balance sheet while we fund our robust infrastructure plan, we expect incremental equity issuances of approximately $150 million in 2021 and $300 million each year starting in 2022 through 2025. All of these actions are expected to enable us to maintain a consolidated capitalization target of approximately 45% equity.

Moving to Page 24 of our presentation, I would now like to discuss key drivers impacting our 2021 earnings guidance. As Warner stated, we expect 2021 diluted earnings per share to be in the range of $3.65 to $3.85 per share. On this page and the next, we have listed key earnings drivers and assumptions behind our 2021 earnings guidance, broken down by segment, as compared to our 2020 results.

Beginning with Ameren Missouri, earnings are expected to rise in 2021. As previously noted, the majority of the 700 megawatts of wind generation investment was placed in service at the end of 2020 and early 2021. As a result, we expect to see significant contributions to earnings from these investments in 2021. The 2021 earnings comparison is also expected to be favorably impacted in the first quarter by increased Missouri Electric service rates that took effect April 1, 2020.

We also expect higher weather-normalized electric sales and other margins in 2021 compared to 2020, as outlined by customer class on the slide, reflecting the continual improvement in economic activity since the COVID-19 lockdowns that began in the second quarter of last year. While 2021 sales expectations are much improved over 2020, we do not expect total sales to return to pre-COVID-19 levels this year. Further, we expect a return to normal weather in 2021 will increase Ameren Missouri earnings by an approximate $0.04 compared to 2020 results.

We expect the amortization expenses associated with the fall 2020 Callaway scheduled refueling and maintenance outage to reduce earnings by approximately $0.08 per share in 2021. The fall 2020 outage costs of approximately $0.12 per share was deferred pursuant to the Missouri PSC order and is expected to be amortized over approximately 17 months, starting January 2021. We also expect higher operations and maintenance expenses to reduce earnings.

Moving on, earnings from our FERC regulated electric transmission activities are expected to benefit from additional investments in Ameren Illinois and ATXI projects made under forward-looking formula rate making. This benefit will be partially offset by the absence of the impact of the 2020 FERC order on the MISO base allowed return on equity.

Turning to Page 25. For Ameren Illinois Electric distribution, earnings are expected to benefit in 2021 compared to 2020 from additional infrastructure investments made under Illinois performance-based rate making. Our guidance incorporates a formula-based allowed ROE of 7.75% using a forecasted 1.9% 2020 average yield from the 30-Year Treasury bond, which is higher than the allowed ROE of 7.4% in 2020. The allowed ROE is applied to year-end rate base.

For Ameren Illinois Natural Gas, earnings will benefit from higher delivery service rates based on a 2021 future test year, which were effective late last month, as well as from infrastructure investments qualifying for the rider investment treatment.

Moving now to Ameren-wide drivers and assumptions. We expect increased common shares outstanding as a result of the issuance and the forward equity sale agreement, our dividend reinvestment employee benefit plans, and additional equity issuance of approximately $150 million to unfavorably impact earnings per share by $0.12. Of course in 2021, we will seek to manage all of our businesses to earn as close to our allowed returns as possible while being mindful of operating and other business needs.

I'd also like to take a moment to discuss our electric retail sales outlook. We expect weather-normalized Missouri kilowatt hour sales to be in the range of flat to up approximately 0.5% compounded annually over our five-year plan, excluding the effects of MEEIA energy efficiency plans using 2021 as the base year. Again, we exclude MEEIA effects because the plan provides rate recovery to ensure that earnings are not affected by reduced electric sales resulting from our energy efficiency efforts.

Turning to Illinois, we expect our weather-normalized kilowatt hour sales, including energy efficiency, to be relatively flat over the five-year plan.

Turning to Page 26 and our Ameren Missouri regulatory matters. Last October, we filed a request with the Missouri PSC to track and defer, in a regulatory asset, certain COVID-19-related costs incurred, net of any COVID-19 realized cost savings. Through December 31, 2020, we have accumulated approximately $6 million of net costs and we have requested additional true-ups. If our requests are approved by the Missouri PSC, the ability to recover and the time to recover these costs would be determined as part of the next electric and gas rate reviews. We continue to work towards a settlement with key stakeholders. I would also note that the PSC is under no deadline to issue orders.

Speaking of future rate reviews, we continue to expect to file the next Ameren Missouri Electric and Gas rate reviews by the end of March 2021.

Turning to Page 27 and Ameren Illinois electric regulatory matters. In December, the ICC approved a $49 million base electric distribution rate decrease in the annual rate update proceeding with new rates effective at the beginning of the year. This marks the third consecutive overall reduction in rates and the seventh overall rate decrease since performance-based rate making began in 2011.

In Ameren Illinois Natural Gas regulatory matters, last month, the ICC approved a $76 million annual increase in gas distribution rates, using a 2021 future test year, a 9.67% return on equity and a 52% equity ratio. The $76 million included $44 million of annual revenues that would otherwise be recovered in 2021 under Ameren Illinois qualifying infrastructure plant and other riders. The new rates were effective in late January.

Finally, turning to Page 28. We have a strong team and are well-positioned to continue to execute our plan. We delivered strong earnings growth in 2020 and we expect to deliver strong earnings growth in 2021 as we continue to successfully execute our strategy. As we look ahead, we expect 6% to 8% compound earnings per share growth from 2021 to 2025, driven by robust rate-based growth and disciplined cost management. Further, we believe this growth will compare favorably with the growth of our regulated utility peers. Ameren shares continue to offer investors an attractive dividend. In total, we have an attractive total shareholder return story that compares very favorably to our peers.

That concludes our prepared remarks. We would now invite your questions.

Operator

Our first question comes from Julien Dumoulin-Smith with Bank of America. Please proceed with your question.

Warner Baxter

Good morning, Julien.

Julien Dumoulin-Smith

Good morning, team, congratulations on the call…

Warner Baxter

Thank you, sir. How are you doing?

Julien Dumoulin-Smith

Quite well, thank you. A little frigid here in Texas.

I suppose if you can elaborate a little bit. I know that you provided some comments in your remarks here, on Callaway. Can you elaborate a little bit more about how you've been able to reduce your fuel and purchase power cost risk here through the period, as well as elaborate a little bit more on just exactly what's transpired and what the repairs are alongside—it seems like you're going to seek the bulk of the recovery through insurance and warranties, but if you can elaborate there too.

Warner Baxter

Yes, thanks, Julien, lots of stuff to unpack there. I'm going to first ask Marty to talk a little bit about what happened in the event and some of the actions that we're taking to make sure we get timely recovery. Then I will talk a little bit about how we're balancing the fuel and purchase power costs.

So Marty, why don't you talk a little bit about the event at Callaway and how we're managing through that, please?

Martin Lyons Jr.

Yes, sure, Warner, and good morning, Julien.

Yes, we talked about, in our prepared remarks, during the return to full power after our last refueling and maintenance outage, we experienced an issue with the electric generator, so non-nuclear, part of the plant, a non-nuclear operating issue. Subsequently, we did open up the generator for inspection and identified issues with both the rotor as well as the stator.

We decided that significant components did need to be replaced, and those are long lead time materials that need to be manufactured, installed, tested, etc., so that we can ultimately make sure that we bring the plant back safely and sustainably. We do estimate that that'll take until, as we said, late June or early July.

During this period of time, the plant does remain down, but as we suggested, we're going to be doing everything we can to reduce the ultimate costs, including pursuing recovery of costs through warranties, as well as we've made insurance claims and have insurance both on the property side, as well as for accidental outage impacts as it relates to lost generation.

Warner Baxter

Yes, I think that that summarizes, generally, the event and what we're doing from a warranty and insurance perspective. Julien, what we're doing from an operational perspective is what we do when Callaway has its normal outages, we adjust the efforts and the outages or move those around for our coal-fired energy centers.

I got to tell you, I'm pleased to say, during this very cold period, our coal-fired energy centers operated extremely well. We do the same thing with the rest of our generating units, because all those go to mitigate the impact that Callaway's out. Those are things that our team has already checked and adjusted for during this period of time, and we're very focused on just doing the work that Marty described, extremely well and getting Callaway back in service for the benefit of our customers.

Julien Dumoulin-Smith

Excellent. If I can just sneak in this one on legislation, I mean, there's been some consternation out in the market about this 30-Year Treasury gyration and some of the proposals out there. I know a lot of bills floating out there. There's been some pickup in attention on that nuance. How would you characterize that? It seems like, perhaps as part of the back and forth of negotiations in the early part of the session here.

Warner Baxter

Well, you're right, there are a lot of bills being discussed and actually filed in the State of Illinois. And I tell you, we're excited about the Downstate Clean Energy Affordability Act, and really the enhancements that were made to the Act that we just filed last year. It does several things.

One, Julien, it addresses the issue that you talked about. It really is no longer that Downstate Clean Energy Affordability Act that was filed isn't based on the 30-Year Treasury. It is doing what legislators really wanted to have done back in 2012 when the Modernization Action Plan was put in place. That was simply to try and have the return on equity really become very close to the national average. That's exactly what's reflected in there.

That's why we like that bill, and of course we like the bill that was filed because it not only applies to our electric business, but our gas business. We're firmly convinced that performance-based rate making has done terrific things for the State of Illinois, in terms of reliability, in terms of affordability and jobs, and we think we can duplicate that in our Natural Gas business. We think that's the best way forward.

Julien Dumoulin-Smith

Okay, that sounds like gas and electric together seems like a priority here.

Warner Baxter

I'm sorry, Julien, you broke up a little bit there, I'm sorry.

Julien Dumoulin-Smith

Sorry, gas as well as electric seems like a priority now.

Warner Baxter

Exactly, exactly right. Just to sum it up, there are a lot of bills out there. Obviously, in very early innings of the session; yes, there are some that are trying to take different approaches to it. The only thing you can rest assured is that Richard Mark and his team, they're at the table. We're talking with key stakeholders and we are strongly supporting the Downstate Clean Energy Affordability Act.

Julien Dumoulin-Smith

Excellent, guys, I'll pass it. Thanks for the time.

Warner Baxter

Thanks, Julien.

Operator

Our next question comes from Insoo Kim with Goldman Sachs. Please proceed with your question.

Warner Baxter

Good morning, Insoo.

Insoo Kim

Morning, thank you for the time.

I guess my first question, going back to the Callaway outage a little bit and your work to mitigate any of the cost increases from purchased power fuel, is the expectation currently that, during this time period, whether it's with the cold snap now or in the next few months with the outage ongoing, that the pass throughs will still happen through bills, or is there contemplation that maybe there will be some type of a deferral mechanism set up?

Michael Moehn

No, good morning, this is Michael. Yes, so you have it right. I mean, we have a fuel adjustment clause in place, Insoo, that fully expect that those costs would flow through that. There's a 95/5 sharing on that mechanism

As Marty said, I mean, there is this—look, do everything we can to possibly mitigate the overall impact on customers, so there is insurance, both on the property side as well as the replacement power side, not applying on whether or not we're going to get recovery there. But to the extent that we do, it obviously would go to mitigate a big part of that impact.

Insoo Kim

Got it. Then on the equity plans through 2025, correct me if I'm wrong but I think the last time you were contemplating more of the $150 million run rate per year through 2024, and now it seems like it's stepped up a bit starting 2022. Is that contemplating just that base Capex plan through 2025, or somewhat inclusive of the potential upside from renewable projects or other items?

Michael Moehn

No, you're looking at it the right way. I mean, it's up about $150 million per year starting in 2022, from where we were before. It really is driven by—we got about $1.1 billion of additional capital here, $16 billion where we were last February to where we are today, $17.1 billion. It really is just to continue to conservatively finance this balance sheet. We like our ratings where they are, BAA1 at Moody's, BBB+ with S&P, and maintaining that capital structure right at about 45%. That's really what it's being driven to do at the end of the day, Insoo.

Insoo Kim

Got it. If I may, at what range of FFO to debt should we be considering with this plan?

Michael Moehn

Yes, we haven't specifically given that in the past. I mean, at Moody's we have a threshold—or at S&P we have a threshold of 13%, we have a 17% threshold at Moody's. I would tell you historically, we've been 19%, 20%. It's been coming down a little bit over time as we've invested more on capital, but we've had some good margins there.

Insoo Kim

Got it. Thank you so much.

Michael Moehn

You bet.

Warner Baxter
Thanks, Insoo.

Operator

Our next question comes from Durgesh Chopra with Evercore ISI. Please proceed with your question.

Warner Baxter

Good morning.

Durgesh Chopra

Hi, good morning, guys, thanks for taking my questions.

Warner Baxter

Absolutely.

Durgesh Chopra

Going back to—thank you. Going back to just the ROE, can you—so you're pretty clear on what you're assuming for 2021, but maybe just how you're thinking about 30-Year in the context of your five-year plan?

Michael Moehn

Yes, appreciate the question. We historically—you're right, I mean, we're assuming 1.95% here for this year. As you think, Durgesh, about our overall range, the 6% to 8% off of this $3.75, it provides you quite a bit of range. You go out in time, obviously, about $0.40 in total. We really haven't historically said what we are assuming. It obviously accommodates a number of things within that, in terms of those ROEs, in terms of Capex, in terms of regulatory outcomes, etc. But we haven't specifically said what we're targeting from a 30-Year Treasury.

Durgesh Chopra

Got it. Can we assume that, like with most of the forecast here, that you're assuming that yields creep up higher; is that a fair assumption? Or are you kind of modeling 30-Year flat and that would be upside?

Warner Baxter

It is a wide range and lots of different things can accommodate it in there. I mean, obviously, the 30-Year's moved quite a bit here in the last few months or so, but difficult to speculate exactly where it's going.

Durgesh Chopra

Understood, okay. I understand that. Maybe just one quick one. The 1.2 gigawatt, the investment that you highlight in the Missouri IRP, what's the timing and cadence of including that in the current five-year plan, or do you think that falls out of the current five years and it's more like 2025 and beyond?

Warner Baxter

This is Warner.

As we've said before, we're focused on getting some of these renewable energy projects done, consistent with our integrated resource plan. Marty and his team are working very hard, looking at several proposals, and as we said in our prepared remarks, that we plan on filing some CCNs still in 2021 to start addressing that. We don't have a specific number in terms of what we'll pursue, but we're looking to execute that plan. Simply put, when we do that, we get further along in the regulatory process, we finish our negotiations with developers, we think about the interconnection agreements to the extent needed. All those things will really dictate when we ultimately put them in our Capex plan, but I would not suggest that 1,200 megawatts are outside of—all of that will be outside of the 2025 period.

Durgesh Chopra

Okay, great, appreciate the color, Warner. Thank you.

Warner Baxter

You bet. Take care.

Operator

Our next question comes from Steve Fleishman with Wolfe Research. Please proceed with your question.

Warner Baxter

Good morning, Steve, how are you doing?

Steven Fleishman

Hey, great, thanks. Hey, Warner.

Just a question on the dividend increase you did, which obviously very happy about, but you did do it kind of off-cycle. You kind of did a higher increase than you've been doing five months after you did your last one. Kind of curious, why didn't you do that in October, or why didn't you wait until next October? Is there any other kind of sense on why now? And is this the timing when you're going to do dividend increases going forward?

Warner Baxter

Yes, no, that's a great question. We've discussed with you and investors in the past that Ameren's dividend and its dividend policy are really important matters to our Board of Directors. Clearly, the Board took careful consideration in terms of thinking first and foremost about the dividend policy. As you know, we announced that dividend policy change that talked about the future dividend growth is really going to be in line with our long-term earnings per share growth and within our payout ratio of 55% to 70%, which is what we talked about in the past.

When they did that, we all collectively did that, we also carefully considered the practice that we've been using over the last several years of raising the dividend in the fall, or in October. At the end of the day, the Board of Directors came to the conclusion that it was really just appropriate to align the dividend increase we announced last week with the simultaneous updating of the dividend policy which I just described; and then also to align it with our discussion of our long-term earnings guidance, which, as you know, we typically do right now at the beginning of the year.

So while I can never tell you exactly what the Board will do in the future and I would expect the practice that we are employing this year to continue in the future. Of course, all future dividend decisions, as we've said before, are driven by all kinds of things: earnings growth, cash flow, investments, business conditions, those types of things. But I would expect the practice that we've employed this year to be consistent in the future.

Steven Fleishman

Okay, great. Thanks a lot.

Warner Baxter

You bet.

Operator

Our next question comes from Paul Patterson with Glenrock Associates. Please proceed with your question.

Warner Baxter

Hello, Paul, how are you?

Paul Patterson

All right, managing?

Warner Baxter

Good.

Paul Patterson

With respect to the legislation, and just to follow-up on Julien's question, it seems like you've got a downstate approach. As you know, and as you mentioned, there are other bills and stuff going on. I'm just wondering sort of the strategy there or the thoughts about having one approach for downstate versus upstate. If you could just sort of elaborate a little bit more on the strategy there and in general what your thoughts are about what might be going on.

Warner Baxter

Sure. No, look, really, our message around this, Paul, hasn't really changed. We talked last year and we'll continue to talk about it. As we see it, as our legislators see it, the downstate needs are different. I mean, keep in mind, when we think about downstate, I mean, we are the major energy supplier downstate, not just on the electric side but on the gas side as well. As our downstate legislators looked at it, and they clearly recognized that there are some broad policy issues in the State of Illinois, clearly in the northern portion of the state around the nuclear plants. These are important issues, and so we get that. And of course we are engaged in those conversations because we want to make sure that policy decisions made for the nuclear plants and others don't have negative implications for our customers downstate, so we're engaged there.

But similarly, we know the importance of investing in energy infrastructure on the electric and gas businesses, and we don't want to lose sight of that. We have proposed a legislation, like we did last year, that really has affected the downstate, which is very consistent with what the State of Illinois wants to move towards, a cleaner energy future. This Downstate Affordability Act isn't just about good modernization. Let's just be clear, it is, in part, and certainly around the gas business, but it also is guiding towards greater electrification, greater solar and battery storage, and it's all to add policies that support these critical investments.

At the end of the day, we believe this is an appropriate approach. Of course, we're still early in the session, as Julien and I discussed a little while ago. We'll engage with key stakeholders of the utilities on these important matters; but this is the direction that we think is appropriate, and certainly the sponsors of the legislation do as well.

Paul Patterson

Okay, great. Then, appreciate the data on the cost reductions and build-out, but just in general, as you've updated your forecast and everything here, what's your expectation for the potential bill impact, just roughly speaking, with this growth trajectory that you guys have?

Michael Moehn

Yes, I might comment just specifically on O&M, I'm not going to really comment on the overall bill impact itself. I think we've done a very good job, obviously, over time, managing that in terms of impact to customers. But if you think about the O&M piece of that, as Warner pointed out, we've had some good success in managing those costs, really on a flat basis over the last five years.

As we think about the future, we're obviously mindful of the capital that we're investing, and we're really focused on keeping that O&M flattish over this five-year forecast as well.

Paul Patterson

Okay, thanks so much. Have a good one.

Warner Baxter

You bet.

Paul Patterson

Stay warm.

Warner Baxter

You bet. Have a good weekend, be safe.

Operator

Our last question comes from the line of Jeremy Tonet with JPMorgan. Please proceed with your question.

Warner Baxter

Jeremy, good morning.

Jeremy Tonet

Good morning. A few questions here, thanks for taking my questions.

Looking at your entire rate-based disclosure from today's update, it looks like the growth into 2025 is closer to 9%, if I'm doing the math there right. Can you speak to the Capex drivers here versus the typical industry profile that is more frontend loaded on the Capex? Then do you have any thoughts on ultimate…

Michael Moehn

No, I'm not hearing him.

Warner Baxter

Hey Jeremy, I'm sorry, you are breaking up. It was hard to hear the first part of your question

Michael Moehn

Something around rate-based growth.

Warner Baxter

If you could start again, I apologize, it just wasn't coming across clearly, please.

Jeremy Tonet

Sure, can you hear me now? Is this better?

Warner Baxter

Yes, that's much better. Thank you.

Jeremy Tonet

Sorry about that. Looking at your kind of rate-based disclosures in today's update, it looks like growth into 2025 is closer to 9%. Can you speak to the Capex drivers here versus the typical industry profile which is more kind of frontend loaded on the Capex? Then just also thinking about Missouri renewables ownership and transmission investments as well, do you see this as additive to this growth, extending the growth runway, or driving any other impacts here?

Warner Baxter

Yes, I'll answer the second part and then, Michael, maybe you can get a little bit into the math in the first part.

A couple of things. With regard to the renewables and the transmission, we do see these as meaningful opportunities to continue our rate-based growth. Now, as we've said in the past, we're not out here giving our five-year plan, and whether it would be 100% additive in all respects, that'd be premature for me to say that.

But to be clear, we see the real needs, clearly, in our integrated resource plan for renewables, and we are taking steps, as we discussed earlier, in executing that plan. In fact, we've already started that, as you know, with regard to the 700 megawatts. But we believe it's absolutely prudent and appropriate to do more as we transition to a cleaner energy future. That cleaner energy future really is not going to be coming forth if we don't have greater levels of investment in transmission.

As we pointed out in our slides and before, that these large regional transmission projects, which have really put our country in the position where it is today in terms of growth and renewables, we're going to need to do more of that. We see those as greater opportunities. When they come in, it's a little early to say.

We have been actively working with MISO and other key stakeholders to try and put the process in place for those transmission investments, to get going on those. As I said before, those take time. They're not going to be done here in a year or two; if anything, we might see some towards the back end of our '21 to '25 plan, but we certainly see greater levels of investment in transmission in the next decade to enable this transition to a cleaner energy future.

Stay tuned in how it ultimately gets additive, but we see that as, clearly, potential upside opportunities.

Michael, I'll let you address specific rate-based question.

Michael Moehn

Yes, Jeremy. I'm not sure I could completely follow your question, but let me try and do a little follow-up. If it doesn't hit what you're looking for.

I mean, the overall rate-based growth, obviously, has come down a little bit from where we were in February; it's just a function of, obviously, a higher jump-off point here in 2020, but still very robust rate-based growth of 8%, as noted on the slide.

As we think about beyond ’25, I mean, obviously, there’s a large pipeline of opportunity there, $40 billion-plus that we’ve indicated. We’ll have to just continue to assess over time how we continue to phase this into the capital plan. We’re mindful, to the previous question, about customer affordability and just manage that overall rate impact. That’s got to be factored into all of this; just overall financing, those types of things.

I think there’s lots of opportunity there, in terms of the overall runway. We’ll just continue to update as we move through time.

Jeremy Tonet

Got it, that’s helpful. Maybe just to clarify, if I look at it, kind of the prior plan where 24 was and where 25 is today for the rate base. It looked like a 9% step-up there, but we can take that discussion offline to…

Michael Moehn

Okay.

Jeremy Tonet

Maybe, just kind of building off some of the other comments you’ve had here, given this week’s extreme weather, how has your system performed overall, and I guess, in light of everything? But more importantly, do you expect any local policy impacts as a result of this week? Whether it’s capacity, resiliency, generation, transition or anything come from these events?

Warner Baxter

Yes, so Jeremy, this is Warner again. Look, a couple things.

One, our system performed really quite well. Do we have our share of challenges because of the overall impacts to the energy grid broadly in different areas of the country? Yes. We’re impacted by that because of interconnectability, but our system performed well and, as I said before, certainly the fact that we had our coal-fired energy centers running well, our gas storage operations doing very well, and those investments that we've been making over the last five, ten years really paid off during this period of time. As I said, we do not have any significant reliability issues and we're pleased to say that. Now when you step back and say what is going to happen as a result of all this, I believe there will be greater levels of oversight, or perhaps hearings, as we all collectively try to understand how we can continue to improve the grid.

I’m not going to speculate where it’ll be, whether—it’ll be, I think, likely state, or federal matters. Where we’ve been very focused on, as an industry, is making sure that we’re taking care of our customers collectively. There’s going to be more to be had on this to be sure, and we look forward to engaging with stakeholders should we’d be asked to, but I can be pleased to tell you and others that our system held up well, and we delivered to customers safe and reliable electric and natural gas during this period of time.

Jeremy Tonet

Got it, that’s very helpful. Just one last one if I could, on Callaway here and the outage; just wanted to come back to it. How much ultimate cost recovery do you expect to seek from warranties and insurances? Are there any early investigation findings that inform your confidence here on ultimate liability and prudence?

Warner Baxter

Jeremy, honestly, it'd be premature for us to comment on that. We're dealing with the appropriate parties from a warranty perspective, from an insurance perspective. That work continues. When we have material updates on that, we'll provide them. It's just too early for us to really comment any further at this stage.

Jeremy Tonet

Understood, appreciate that. Thank you so much for taking my questions.

Warner Baxter

You bet.

Michael Moehn

Thanks, Jeremy.

Warner Baxter

Have a good weekend.

Operator

We have reached the end of the question-and-answer session. I'd like to turn the call back over to Andrew Kirk for closing comments.

Andrew Kirk

Thank you for participating in this call. A replay of this call will be available for one year on our website. If you have questions, you may call the contacts listed on our Earnings release. Financial analysts' inquiries should be directed to me, Andrew Kirk. Media should call Tony Paraino.

Again, thank you for your interest in Ameren and have a great day.

Operator

This concludes today's conference. You may disconnect your lines at this time. We thank you for your participation.