Ameren Corporation NYSE:AEE

Earnings Call

Friday, July 31, 2026 3:00 PM GMT

Call Participants

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Presentation

Operator

Good day, everyone. My name is Ryan, and I will be your conference operator today. At this time, I would like to welcome you to the Ameren Corporation Second Quarter 2026 Earnings Call. [Operator Instructions]

At this time, I would like to turn the call over to Andrew Kirk. Senior Director of Investor Relations and Corporate Modeling.

Andrew Kirk
Senior Director of Investor Relations & Corporate Modeling

Thank you, and good morning. On the call with me today are Marty Lyons, our Chairman, President and Chief Executive Officer; Lenny Singh, our Executive Vice President and Chief Financial Officer; and Michael Moehn, Group President of our Ameren Utilities as well as other members of the Ameren management team, including our new Ameren Missouri President, Aaron Melda, who joined the Ameren team in June.

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. 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 about future expectations, plans, projections, financial performance and similar matters, which are commonly referred to as forward-looking statements. Please refer to the forward-looking statements section in the news release we issued yesterday as well as our SEC filings for more information about the various factors that could cause actual results to differ materially from those anticipated.

Now here's Marty, who will start on Page 4.

Martin J. Lyons
President, CEO & Chairman of the Board

Thank you, Andrew. Good morning, everyone, and thank you for joining us to cover our second quarter performance and progress toward achieving our 2026 strategic objectives.

At Ameren, we serve 2.5 million electric and more than 900,000 natural gas customers across the 64,000 square mile territory in Missouri and Illinois. With nearly 10 gigawatts of generation and more than 110,000 miles of transmission and distribution lines across both states, our focus is always on providing safe and reliable service while keeping costs as low as possible for our customers who depend on us to power their homes, businesses and communities.

On this page, we outlined some of the exciting developments from the second quarter that we will cover during this call. Overall, our operating performance has been strong year-to-date and our earnings and strategic accomplishments provide a solid foundation for strong results for 2026 and beyond.

Turning to Page 5. Yesterday, we reported second quarter 2026 earnings of $1.13 per share compared to earnings of $1.01 per share in the second quarter of 2025. The year-over-year increase reflected earnings on infrastructure investments partially offset by the cost of increased tree trimming and energy center maintenance to improve system reliability and resiliency for our customers. Further, we reaffirmed our 2026 earnings per share guidance which is a range of $5.25 to $5.45, reflecting solid execution across our business during the first 6 months of the year.

Our strategy, as outlined on Page 6, is grounded in delivering value to the customers and communities we have the privilege to serve. By investing in and strengthening the energy infrastructure in our communities, advocating for constructive energy policies and continuously optimizing performance to improve service quality, we are safely delivering on what matters most to our customers, reliable energy at the lowest cost possible.

Turning to Page 7. Our strategy has served our customers well, improving Ameren's average reliability performance to top quartile, supporting tens of billions of dollars in annual economic impact, enhancing customer service satisfaction and keeping our average rates below national and Midwest averages.

Moving to Page 8. Here, we reiterate our strategic priorities for 2026. Of course, targeted and timely infrastructure investments are key to serving our customers well. As shown on the right, we invested more than $2.6 billion in energy infrastructure during the first 6 months of the year to maintain and enhance our quality of service. Importantly, our infrastructure investments continue to perform well, reducing customer outage frequency and duration during multiple instances of severe weather in the second quarter of 2026.

Turning to Page 9 for an update on our economic development pipeline. At Ameren, we're proud to provide the quality of service that is necessary to attract investment and economic growth to our region. The pipeline of economic development interest within our territory remains robust across Missouri and Illinois. In Missouri alone, we have executed 3.4 gigawatts of construction agreements, of which 2.8 gigawatts of projects now have ESAs. And there's an additional 4 gigawatts of projects in Missouri with completed interconnection studies.

Further, some customers with executed ESAs have also expressed interest in expanding their footprint. And across both states, a diversified pipeline of economic development opportunities continues to expand beyond the large load growth opportunities.

Our economic development teams remain focused on supporting long-term business investment and job growth in the regions we serve, earning accreditation from the International Economic Development Council as recognition of our effective leadership, responsiveness and strong community engagement, including robust partnerships with regional and local economic development organizations. That work is translating into tangible results across our service territory.

During the second quarter, Google and Amazon announced projects in our Missouri service territory, representing a combined planned investment of $25 billion. These projects are part of the 2.8 gigawatts of electric service agreements signed earlier this year. The official announcements and construction groundbreaking are important milestones and no time is being wasted on the start of construction.

Consistent with the requirements of Missouri Senate Bill 4, these customers will pay for 100% of the power and infrastructure costs driven by their operations. And once operational, large load customers will contribute to paying fixed costs of the energy grid, providing long-term cost benefits for our other customers. These projects are expected to create thousands of construction jobs for local contractors and small businesses and once built, will directly employ hundreds of people.

In addition, the projects are expected to generate billions of dollars in local tax revenues. And Google and Amazon have committed millions of dollars through community benefit agreements to support new workforce development, energy efficiency and community-focused programs both locally and across the state. We will continue to work closely with businesses interested in locating operations in our service territory to find the right solutions that meet their needs and ultimately support economic development in the region.

Turning to Page 10 for Ameren Missouri's sales growth expectations. Recall, our long-term earnings per share expectations outlined in February were based on a planning assumption of 1.2 gigawatts of additional sales by the end of 2030 or a compound annual sales growth rate of 6.2% from 2026 through 2030.

As we've said before, the 2.8 gigawatts of signed ESAs represent upside to our sales and earnings forecast to the extent customer load by 2030 ramps faster than sales included in our existing planning assumptions. Those ESAs call for sales to begin materializing in the second half of 2027 and we expect to see annual electricity sales increase by 60% from 2025 levels by the end of 2029.

Turning to Page 11 for an update on Ameren Missouri's generation portfolio. We are focused on maintaining a balanced mix of generation resources that meet the demands of our Missouri customers with an adequate reserve margin. Today, we are well on our way to increasing our existing generation capacity as our team executes on the generation plans outlined in our 2025 Integrated Resource Plan.

This year, a total of 350 megawatts of new solar generation has been placed in service, including the 300-megawatt Split Rail Renewable Energy Center, which began providing low-cost energy for our customers in June, 1 month ahead of schedule. Another 2,250 megawatts of simple cycle gas, solar and battery storage resources have been approved by regulators are under construction and will begin serving customers in 2027 and 2028. In May, we filed CCN request for nearly 1,000 additional megawatts of new solar and storage resources to begin serving customers in 2028 and 2029. And this month, we filed a CCN request for the 2.1 gigawatt West Alton natural gas combined cycle facility, which is expected to be in service in 2031.

With more than 5 gigawatts of new resources currently under development and more in the pipeline, I'm pleased to say that our teams are well positioned to deliver these projects on schedule for our customers. We have procured turbines for the 3 gas projects and have secured all critical long-lead components for all of the planned energy resources I just highlighted and detailed on this page. And we have executed gas supply contracts and awarded labor contracts for both simple cycle natural gas facilities. I should also note that we are acting on opportunities to enhance the reliability and performance of our existing energy centers, especially during peak periods, helping to keep customer costs as low as possible.

Before moving on, as we gain greater clarity on the new large load customer construction timelines and ramp rates and other economic development opportunities, we are sharpening our perspective on long-term sales trends and energy resource needs and costs. We remain on track to file an update to Ameren Missouri's Integrated Resource Plan in late September, incorporating these perspectives. And we plan to update our sales, capital investment forecast, financing plans and long-term earnings growth expectations on our third quarter earnings call.

As new large load electric demand evolves, our focus remains on serving all customers reliably and affordably by carefully planning and executing grid upgrades maintaining a balanced generation portfolio and ensuring cost to serve new large load customers are appropriately allocated to and paid by such customers.

Moving to Page 12 for a brief transmission update. We continue making robust investments in our region's transmission infrastructure to ensure reliability and efficiency. And we expect investment levels to remain strong over time to support new large load customers and to connect the generation resources required to serve our territory reliably as regional demand grows. At the same time, we remain focused on executing our assigned and awarded long-range transmission projects from the first 2 MISO LRTP tranches.

In the second quarter, MISO selected our joint proposals for the WIIL and STIW LRTP Tranche 2 competitive projects located in our Illinois service territory. We have now won the opportunity to develop all competitive long-range transmission projects in our service territory within both the Tranche 1 and Tranche 2 portfolios, reflecting our strong record of designing, building and operating high-quality transmission infrastructure at a competitive cost for our customers. We have also submitted joint bids for the 2 remaining Tranche 2.1 competitive projects each located in Iowa, and we expect the winning bids to be selected by November.

Turning to Page 13. We've outlined the investment pipeline across our businesses over the next decade. These investments will support the safety, reliability and resiliency of the energy grid while positioning our system to power the quality of life for all customers in our territory. The pipeline now includes more than $71 billion of investment opportunity through 2035, including planned investment associated with the competitive LRTP projects recently won and is subject to change later this year as we update guidance on our third quarter call following our Missouri Integrated Resource Plan filing.

Turning to Page 14. We expect effective execution of our strategy will continue to drive strong total shareholder return. In February, we updated our 5-year growth plan, which included our expectation to deliver annual earnings per share growth consistently near the upper end of our 6% to 8% compound annual earnings growth rate from 2026 through 2030. We expect this earnings growth will be primarily driven by strong compound annual rate base growth of 10.6%, reflecting strategic capital allocation across our constructive regulatory frameworks and conservative sales growth assumptions.

I'm excited by the milestones achieved year-to-date, consistent with our 2026 objectives outlined in February, and we remain well positioned to update our long-term growth expectations on our third quarter call in November. In the meantime, I'm confident in our team's ability to effectively execute our investment plans and other elements of our strategy across all 4 of our business segments in a way that benefits our customers, communities and shareholders.

Again, thank you all for joining us today. I will now turn the call over to Lenny.

Leonard P. Singh
Executive VP & CFO

Thanks, Marty, and good morning, everyone. Turning now to Page 16 of our presentation. Yesterday, we reported second quarter 2026 earnings of $1.13 per share compared to earnings of $1.01 per share for the second quarter of 2025. As Marty discussed, our ongoing infrastructure investments to strengthen the energy grid and expand generation resources continue to be the primary drivers of earnings growth across the company.

In addition, we continue to experience solid customer growth at Ameren Missouri, where total normalized retail sales over the trailing 12 months through June increased approximately 1%, primarily driven by the commercial customer class. Partially offsetting positive earnings drivers this year, we have increased our reliability-focused tree trimming and energy center maintenance efforts, which are reflected in the higher O&M expense at Ameren Missouri.

Moving to Page 17 for select considerations for the remainder of the year. We remain confident in our 2026 earnings per share guidance range of $5.25 to $5.45. As we sit here today, our results through June are right where we expect them to be. We will continue to make reliability improvements, such as increasing tree trimming and energy center maintenance over the balance of the year that strengthens service for our customers. And through continued execution of our strategy, we remain focused on delivering 2026 earnings at or above the midpoint of our guidance range.

Turning to Page 18. I'll provide an update on the Missouri electric rate review we filed with the Missouri PSC in late June. Our request for a $343 million revenue increase is designed to recover the cost of significant system reliability and resiliency investments. In addition to incorporating meaningful infrastructure improvements for our customers, this request also includes savings from projected data center revenues for our retail customers and establishes a new income-eligible discount rate to supplement our financial assistance programs already in place. If approved, as requested, the discount would offset the proposed rate adjustment for our most vulnerable customers, while customers' rates overall will remain below the national and Midwest averages.

Moving to Page 19. We expand upon the customer value reflected in our Missouri rate review. Since our last rate review in 2024, we have continued to invest in our electric infrastructure to strengthen the energy grid, including constructing new and enhanced existing power lines, poles and substations, upgrading and adding new generation resources and rebuilding sections of the grid after catastrophic storms blew through the states. Notably, we've utilized Missouri-based suppliers and contractors to help deliver these projects, supporting local jobs and economic growth. And as we've made these investments, we've maintained a strong focus on disciplined cost management throughout the business, allowing us to keep Ameren Missouri's residential rate growth less than inflation since 2017.

This combination of our focus on affordability and the quality of our critical infrastructure has allowed us to provide top quartile reliability for our customers at rates approximately 25% below the national average. These factors have also contributed to Missouri's ability to attract new businesses to the region. Importantly, while Ameren Missouri is not currently serving any large load data center customers, the ESA signed earlier this year with large load customers reflect no discounts for these new customers, but rather a rate that is higher than our standard industrial rates.

Revenues from new large load customers are expected to lower residential customer bills from what they otherwise would have been in this rate review. Specifically, we estimate Ameren Missouri's customers will realize approximately $21 million in projected base rate savings over the 2 years following the rate review compared to what they otherwise would have paid. We expect a Missouri PSC order by May of 2027 with new rates effective by June 2027.

Moving to Page 20 for an update on Ameren Illinois regulatory matters. Earlier this month, we updated our request for a revenue adjustment as part of the annual performance base rate reconciliation under the electric multiyear rate plan. The $31 million adjustment we are requesting reflects 2025 actual cost, actual year-end rate base and the allowed return on equity and common equity ratio established in the multiyear rate plan. It also aligns with the ICC staff's recommendation.

An ICC decision is expected in December, with rates reflecting the approved reconciliation adjustment effective in January 2027. In addition, stakeholder engagement is ongoing with respect to the $2.75 billion electric distribution grid investment plan we have proposed for the 2028 through 2031 period. In July, staff and other intervenors filed testimony with individual proposed adjustments to prospective infrastructure projects ranging from $50 million to $220 million. We expect an ICC decision on the proposed investment plan by December with an associated rate review filing to follow in the first quarter of 2027.

Turning to Page 21, where we provide a financing update. We continue to feel good about our financial position. As we fund our robust infrastructure plan, we remain focused on maintaining a strong balance sheet and supporting our credit ratings. To that end, we continue to make progress towards addressing our expected equity needs of approximately $4 billion from 2026 through 2030. To satisfy our 2026 equity needs, in 2025 we sold forward approximately $600 million of equity, representing approximately 6.4 million shares, which we expect to issue near the end of this year.

So far this year, to address a portion of our prospective equity needs, we have sold forward approximately $1.2 billion of common stock under our at-the-market program. We will continue to be thoughtful about our approach to executing our equity plan.

This spring, we're pleased that S&P and Moody's reaffirmed our stable outlook and BBB+ and Baa1 credit ratings, respectively. As we've said before, we value our current ratings, and we remain committed to maintaining a strong balance sheet and strong credit metrics as we execute our growth plan.

In summary, turning to Page 22. We're making strong progress toward our strategic objectives in 2026, which we expect will continue to drive consistent superior value for our customers, communities and shareholders. Our financial outlook remains strong, supported by robust yet conservative sales growth assumption, solid rate base growth, disciplined cost management and a strong pipeline of customer value-driven investment opportunities.

We're excited about the future because the opportunities before us are grounded in providing strong service to our customers. By investing in our system, maintaining a sharp focus on affordability and supporting economic growth across Missouri and Illinois, we believe we are creating lasting value for the customers and communities that depend on us every day. As a result, we remain confident in our ability to deliver strong earnings and dividend growth and attractive long-term returns for our shareholders. That concludes my prepared remarks. We now invite your questions.

Question and Answer

Operator

[Operator Instructions] Your first question comes from the line of Julien Dumoulin-Smith with Jefferies.

Julien Patrick Dumoulin-Smith
Jefferies LLC, Research Division

Hopefully you can hear me okay. Let me just kick it off here with the 4 gigawatt number that you guys threw out there. I mean, continued nice progress here. Just wanted to [see here], what does progress look like in terms of translating that back into a more formalized data point here. I mean, obviously, very strong momentum anecdotally from your customers, from your adjacent utilities. I mean -- just wanted to kind of ask you to elaborate a little bit on timing and also what some of the critical milestones might be in terms of transposing some of that incremental 4 gigawatts here. I feel like I'd be remiss to start anywhere else.

Martin J. Lyons
President, CEO & Chairman of the Board

Yes, Julien, this is Marty. Thanks for the question. Yes, as it relates to the energy services agreements that we're signing, we feel like we're making really good progress and very much in line with where we had hoped to be at this time. We -- last quarter, we had talked about the expectation of soon signing additional gigawatts of ESAs. And in fact, signed 600 gigawatts of ESAs shortly after our last call. So we're up to 2.8 gigawatts of signed ESAs. As you note, we have 4 gigawatts of projects with completed interconnection studies beyond that. And we also have incremental about 600 gigawatts of construction agreements which haven't been converted yet to ESA. So there's greater potential out there.

I'll tell you, we're really excited about the progress we're seeing on the 2.8 gigawatts, though that we talked about. Some of the things we mentioned on this quarter, we saw both Google and Amazon have groundbreaking ceremonies and actually begin construction on large data center projects here in our service territory. So we're seeing some great milestones there, and we're excited about that. And on this call, as we talked about we're expecting that to generate sales increases here in just the next few years. So very excited about that progress.

When I talk about those 2.8 gigawatts of ESAs we've signed, some of the counterparties associated with those have certainly been expressing interest in expanding beyond the growth that we're already experiencing. And we're excited that there are 4 gigawatts of additional sites out there, potential projects that have completed interconnection studies. And I'll tell you that we have other land, et cetera, that's available for additional development.

So look, Julien, we know right now as it relates to data center growth, it's about land availability and speed to power. We think in our part of Missouri, we do have additional land as evidenced by some of these sites that have interconnection studies completed. And our team is working very hard to bring greater energy generation resources into our portfolio which I think is demonstrated by the great work our team has done this year and is outlined on Slide 11.

Michael L. Moehn
Executive VP, CFO & Director

Julian, it's Michael. The only thing I might add to that is, I think it sort of manifests itself through the IRP process as well, right? So I think as we kind of march through time, we've indicated we're going to file this IRP in the October time frame. It's one of the things you obviously do through this process is a bunch of scenario planning, trying to really understand, look at the demand, put some greater probability around that. And so I think it feeds into that process and hopefully give greater clarity in the fall.

Julien Patrick Dumoulin-Smith
Jefferies LLC, Research Division

Awesome. Just turning to some of the more details real quickly. First, just on the CPCN, there was talk about self-perform just more of a reflection of the state of the E&C market and EPC availability and the cost therein. Can you speak to that briefly here? I think it was also CPCN. And what risks are you effectively taking on versus are you effectively going to subcontract over time here, too? Just to elaborate a little bit on that one.

Michael L. Moehn
Executive VP, CFO & Director

Julien, this is Michael again. Yes, I'll touch on that and others can chime in as well. Look, we feel good about where we sit today with respect to that 2.1 combined cycle plant that we just filed the CCN for. I think, as Marty indicated in his prepared remarks, we secured the long lead time material, the turbines. We've had great discussions with the OEM there. I feel good about the delivery dates working through the gas procurement piece of that because obviously, that's a big part of it, just given the overall size of that plant itself.

In terms of the labor piece, again, working through a lot of details here. We'll have more to share in the fall as we wrap up these final negotiations. But look, it will be a great partnership, local-based manufacturers, suppliers, developers, names that you will know that have worked on large industrial projects combined with an owner engineer that has developed several of these combined cycle plants. So we feel good about the combination of resources that we're putting together, spending a great deal of time just working through workforce issues, making sure we have the right skilled craft needed over that time frame.

But I think it's an exciting partnership. It's Missouri-based resources, building Missouri-based power. And so obviously, the structure is not a traditional EPC. But honestly, given where the market is today, it's difficult to get those. And so, there'll be appropriate risk sharing in there, but we feel good about where we are through the negotiations at this point, and we'll certainly share more of those details as we get to the final disclosure here in the fall.

Julien Patrick Dumoulin-Smith
Jefferies LLC, Research Division

Sorry, [indiscernible] quick intake. On the IRP process in Illinois, you don't really expect much resource development there on your side, right? Just I want to circle back to that. I know it's a novel process there. I just want to set expectations. Sorry, last question.

Michael L. Moehn
Executive VP, CFO & Director

It's Michael again. I'll touch on it. Yes. Look, we feel good about the process, the fact that it's ongoing, correct? I mean I think we were excited to see the elements of this in Senate Bill 25. I think there's been some good resource adequacy studies, shining a light on some of the issues that we've talked about in the past just in terms of where the resource additions are versus where the demand is.

So I think it's working through the process, having some good meaningful conversations. Obviously, as you know, we just talked about them, we have a robust IRP process in Missouri. We're lending resources where appropriate to just have conversations with the Illinois folks just to make sure they understand it because it's been a long time since we've done it in Illinois.

But the fact that we're having the conversations and shining a light on what we need to do for the future so we continue to put, I think, the state in the most competitive position is exciting from my perspective. So we'll see where the ultimate process takes us.

Operator

Your next question will come from the line of Shar Pourreza with Wells Fargo.

Andrew Kadavy
Wells Fargo Securities, LLC, Research Division

It's Andrew Kadavy on for Shar. Can you give us a little more color on the nature of the $0.08 of investments in innovative energy technology? And can we expect this kind of tailwind to earnings to persist throughout the year?

Martin J. Lyons
President, CEO & Chairman of the Board

Andrew, this is Marty. Yes, these are investments we've made over time, equity investments in innovative infrastructure funds and had an unrealized gain this year, which was beneficial in the first half. It's not something that we expect to be recurring in nature.

Andrew Kadavy
Wells Fargo Securities, LLC, Research Division

Okay. Great. And then just on the $21 million of savings for customers prior to data center loads being served. Can you walk me through the mechanics of how -- where that $21 million comes from? And will that number increase as the loads actually ramp?

Michael L. Moehn
Executive VP, CFO & Director

Yes, this is Michael. Yes, I mean it's associated with those data center revenues that are ramping -- beginning to ramp modestly there in the first half of '27. So it's really trying to capture that piece of it. And then it certainly would continue to grow as we continue to ramp those projects throughout '28 and '29, depending on where you are in the overall rate review process.

Operator

Your next question comes from the line of Carly Davenport with Goldman Sachs.

Carly S. Davenport
Goldman Sachs Group, Inc., Research Division

Maybe to start, you highlighted in the materials, the potential to update the EPS growth guidance on the third quarter call. I guess, one, could you help us sort of frame potential range of outcomes and perhaps if there's any milestones that you need to see between now and then to govern a larger potential step-up in the outlook? And then the follow-up would just be anything you can share on whether you would look to differentiate a long-term growth rate versus that over a 5-year planning period?

Martin J. Lyons
President, CEO & Chairman of the Board

Yes, Carly, great questions. This is Marty again. Look, when you look at the guidance that we provided in February and as outlined in the slides today, we've got sitting here today, 10.6% CAGR on rate base growth. We've got 6% to 8% earnings per share growth. And we talked about and reiterated that we expect that the base plan that we have today we consistently produce annual EPS growth near the upper end of that 6% to 8% guidance range. So that's kind of the starting point.

And then if you look at what we've talked about last quarter and this quarter, certainly, our sales trends as well as our CapEx trends, lean positive in terms of incremental growth. And we're seeing really good momentum, as we talked about today. This year, 2.8 gigawatts of ESA signed, we're seeing groundbreakings, we're seeing construction begin, we're really seeing some positive momentum in terms of that growth and the expectation of incremental sales.

As Michael just discussed, a big thing for us then is really taking those sales trends looking at what we expect them to be over the next 5 years and updating them. Again, when we look at the sales trends that we've got and we talk about sales expected in Missouri to increase by 60% by the end of 2029, certainly, that's incremental to the base guidance that we had at the beginning of the year in our 5-year plan.

And as part of that IRP, as Michael said, too, we'll be giving thought to what incremental growth we might expect to see beyond this 2.8 gigawatts and what that would translate into, particularly in the 5- to 10-

year portion of our plans and then updating our generation expectations to go along with that as well as our transmission expectations as we think about interconnecting some of these large load generation resources to the grid.

In any event, we'll be, as you know, filing the new integrated resource plan in September. We'll be incorporating our updated thoughts on sales and generation. I think that, along with updated financing assumptions, will really give us the opportunity to provide you a good update to our EPS growth outlook on that third quarter call. And I'm not going to front run what that update might look like. But again, when you think about what we've disclosed, it certainly leans positive in terms of our overall growth rate over the next 5 years.

As you look out to that 5- to 10-year period, look, we'll update our 10-year investment pipeline that you're used to seeing. I think that will give you good insights into the durability of our growth over that 10-year period. You'll also -- as part of that IRP updated Missouri sales growth expectations out through 10 years, you'll see our generation investment plans out through 10 years. And you know how we finance our business, which we tend to finance it with a mix of debt and equity securities that end up producing a capital structure that's pretty steady over time. So you know what our financing assumptions ought to be. So I think we'll give you at minimum some really good foundational elements to build a model that goes out through 10 years.

Operator

Your next question comes from the line of Richard Sunderland with Truist Securities.

Richard Wallace Sunderland
Truist Securities, Inc., Research Division

I'll pick it up with a follow-up on Carly's question. How are you thinking about the financing changes into this fall planned update with moving pieces like a lower Moody's downgrade threshold and the prospects of this significant load ramp starting in 2027 and the cash flow benefits out of that. I know you hit on some of the themes earlier, but just curious specific to those factors and any other moving pieces you'd highlight on balance in that part of the update.

Leonard P. Singh
Executive VP & CFO

Rich, Lenny Singh here. Marty talked a little bit about this before, and I covered, I think, a good part of it in my prepared remarks, right? Consistent with our approach, we'll look at a balanced approach in terms of debt and equity. Again, our focus really is around maintaining a strong balance sheet, strong credit metrics and having flexibility in our financing mechanisms within that capital structure. You heard in my prepared remarks, I talked about 2026. Again, most of that need was met in 2025 with the $600 million of forward sales agreement, which we expect to settle at the end of 2026. Year-to-date, we've got $1.2 billion of forward sales already covered.

In terms of future needs, really, we're focused on a couple of things. One is operating cash flows, really looking at long-term debt financing. And really, our annual equity issuance is really -- again, we've used the ATM over the years. It's served us well, and we expect to remain in that space in the foreseeable future in terms of our financial strategy. But I think we've also said earlier this year that a portion of that in the future could be met with hybrid securities.

So the bottom line is, Rich, we expect to remain flexible, leveraging all of the tools in the toolbox, but certainly a disciplined approach around how we approach financing, maintain that strong balance sheet, strong credit metrics and really think about what's the lowest reasonable cost of capital.

But also, as Marty mentioned, as we think about the next 5 years and we update the plan in the fall Q3 around the IRP sales assumption, et cetera, we will give a broader update on our financing needs and our plans and how we plan to address that for the balance of the year.

Richard Wallace Sunderland
Truist Securities, Inc., Research Division

Understood. And then, I guess, sticking with the load piece, that acceleration implied under the new guidance at 60%, how does that tie in with the gas plants that are in your current resource plan? I guess I'm trying to think a little bit forward to the fall IRP filing, but is this about kind of a bridging resource need to those gas plants later this decade and into the next? Or what are some other considerations with meeting that faster ramp on the load?

Martin J. Lyons
President, CEO & Chairman of the Board

Yes, Richard, this is Marty again. Good question. Look, at the beginning of the year when we laid out our sales expectations and frankly, when you go back to the IRP that we filed last year, we not only had an expectation of being able to serve up to that 6.2% sales CAGR, the 1.2 sort of gigs that we outlined by 2030. But if you recall that, and I think it's still today on Slide 10, you see that upper green shade, the generation resources that we've been building out did have and do have the capability to actually serve incremental to the baseline load growth expectation.

So what we've been doing and what you see outlined on Slide 11 is really developing, as we've talked about, a really good mix of assets, renewables, battery, gas assets that would go to serve that load that was outlined in our IRP last year, and we're continuing to develop further projects beyond that.

Now as you look at the 2.8 gigawatts of ESAs we have and the load ramp that we have, we're looking actively and have been throughout the year at additional resources that we can pull forward that were in that IRP as well as resources that would be additive to that mix, both during the 5-year period, but also in the 5- to 10-year period. And so as we identify those projects and develop those, we'll announce those. We'll also include in our IRP, the incremental expectations we have for both the 5- and the 10-year period. So again, look for a good update on that on our third quarter call.

Operator

Your next question comes from the line of Sophie Karp with KBCM.

Sophie Ksenia Karp
KeyBanc Capital Markets Inc., Research Division

So I just wanted to clarify a little bit on the 6.2 sales CAGR. Does that include the 2.8 gigawatts of recent ESAs and some kind of ramp schedule of those? So like accelerated ramp would be incremental? Or does this not include any of the 2.8 gigawatts?

Martin J. Lyons
President, CEO & Chairman of the Board

Yes, Sophie, this is Marty. Look, the 6.2% sales CAGR was again a planning assumption that was included in our IRP last year. And so it did anticipate some increase in sales associated with large load customers. And again, if you look at the slide that we've got on Slide 10, it's about 1.2 gigawatts through 2030. And again, as I just said, the generation plans we had would allow us to serve up to the top of that graph in the green. If you look at the 2.8 gigawatts of ESAs that we have that does represent upside or an increase to sales relative to that baseline expectation that we had incorporated last year.

So bottom line, yes, our assumptions in the last IRP did have included some increase relative to large load customers. However, the 2.8 gigawatts that we've signed represents upside or an increase to those expectations. And so again, as we roll into the IRP this fall, we'll again be updating our sales growth expectations based upon signed ESAs plus expectations around growth beyond that.

Sophie Ksenia Karp
KeyBanc Capital Markets Inc., Research Division

Got it. It's super clear now. And my second question was on the Missouri rate case. I guess it's early innings still, but how would you frame the possibility of having a settlement here as opposed to going a full litigated track?

Michael L. Moehn
Executive VP, CFO & Director

Sophie, it's Michael. You took the words right out of my mouth. It is early innings. But as I frame up the case, I mean, again, since our last case 2 years ago, I mean, this really is about capital investment. We've been investing in electric infrastructure to strengthen the grid. Marty and I think Lenny did a nice job indicating on the call, it's really around new poles, new generation. We've made some substantial upgrades to some existing generation to give us some dual fuel capability using Missouri-based suppliers, contractors to drive the economic growth.

My point in sharing all that, I mean, it really is a straightforward case in terms of capital investment there to benefit customers. I think we always go into this with a mind to try to settle as much as we possibly can. We'll get some indication from staff and others that first week of December. That really gives you the sense for sort of the puts and takes are at that point. And then if we have an opportunity to settle that would be late February, early March to really have those robust discussions and then go from there. But as you indicated, early innings but a pretty straightforward case.

Operator

[Operator Instructions] Your next question will come from the line of Steve D'Ambrisi with RBC.

Stephen James D’Ambrisi
RBC Capital Markets, Research Division

Just had a quick one. As a follow-up to kind of some of what you talked about the -- I think talking about the lighter-shaded green and the base plan being able to serve that higher level load is very helpful. But just to level set in terms of potential resources to pull forward or other factors that you could flex. When I look at Slide 28, it really only looks like the large dispatchable item that you have that's kind of maybe outside the 30 plan would be the 2.1 gas combined cycle.

So really 2 questions. One is, is that potentially something that can be accelerated forward? And then two, to the extent you need additional dispatchable gen beyond that, like what's the lead time to get a turbine or getting a slot for additional dispatchable gen to serve some of this higher load.

Martin J. Lyons
President, CEO & Chairman of the Board

Yes, Steve, maybe I'll start and then Michael can certainly tack on to this. But as it relates to that combined cycle, we just filed, frankly, the CCN request within the past week. There's really not an opportunity to accelerate that, as you mentioned. That's something we plan to have go in service by the end of 2031. And as Michael said, we feel like we're on a very good path to accomplish that.

So the things that we've been looking to pull forward are in the mix of other things we've talked about, which includes solar batteries, which are dispatchable, fuel cells are another area of technology that we're looking at. Longer term, beyond the 5 years, we have wind in there, but it doesn't really fit into that category of things that we think we could pull forward in the near term but are also looking at other types of dispatchable assets that we might be able to incorporate into our 5-year plans that may be more helpful at peak. So not combined cycle assets but things that could help us with peak generation needs.

Michael, what do you want to add to that, if anything?

Michael L. Moehn
Executive VP, CFO & Director

Not much, Marty. I think those are really the resources. I mean, I think the team does a really nice job scouring what the opportunities are. There's some small kind of peaking assets that we're seeing on the market that are becoming available. So we're looking at those. We have lots of sites -- existing sites that we have that we're trying to make sure we just fully maximize because there's benefits, obviously, the speed there and the cost and using some of the existing infrastructure. So just really trying to avail ourselves of all options. And we certainly do have some few.

I think Marty is right, on the -- and you know this, too, just on the large-scale generation, they're not going to really accelerate those today, just given where things are. And so it really is about filling it in with these smaller resources. Fuel cells is an interesting technology, spending a lot of time on that, and there's certainly some possibilities there.

Martin J. Lyons
President, CEO & Chairman of the Board

And Steve, the last thing I want to make mention of is just my compliments to our generation teams because we are really looking at all of our existing generation assets. And what additional investments we can make in those assets to make sure that they're available when needed and that to the extent that they can be modified to provide us greater availability at winter peak, summer peak, that type of thing, we're really turning over every stone there because, obviously, that's a good -- provides good cost-effective resources for our customers. So I want to compliment them on that work.

Operator

We have now reached the end of our question-and-answer session. I'd now like to turn the call over to Marty Lyons for closing remarks.

Martin J. Lyons
President, CEO & Chairman of the Board
Thank you all for joining us today. We're going to remain focused here at Ameren on delivering value for our customers and meeting the growing energy needs of our region. We're going to look to maintain reliability, manage costs and position our company and the communities we serve for long-term success. So I really appreciate your support and look forward to talking to you all over the coming weeks. Bye-bye.