STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Competitive Energy Association
v.
Commonwealth Edison Company

Verified Petition for the Commission to Open An Investigation of Commonwealth Edison Company Rider POGCS

Docket No. 22-0305

ICEA Exhibit 1.0
Direct Testimony of Kevin Wright

June 7, 2022
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ICEA Ex. 1.01: Selected ComEd Responses to ICEA Data Requests
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DIRECT TESTIMONY OF KEVIN WRIGHT ON BEHALF OF THE ILLINOIS COMPETITIVE ENERGY ASSOCIATION

Q: Please state your name, occupation, business address, and on whose behalf you are testifying.

A: My name is Kevin Wright. I am the President of the Illinois Competitive Energy Association (“ICEA”). My business address is 1601 Clearview Drive, Springfield, Illinois 62704. I am testifying on behalf of the ICEA.

Q: Please explain the job responsibilities and duties in your current position.

A: I am responsible for monitoring, advocating, and defending Illinois’ competitive energy markets and being a trusted resource on competitive energy-related issues among regulators, legislators, the media, and the public. In addition, I am responsible for the administrative leadership, strategic planning, and overall efficiency of ICEA operations. I have been ICEA President since January 2009, and I have been a competitive wholesale and retail market advocate for 18 years.

Q: Who are ICEA’s members?

A: ICEA’s members include leading alternative retail electric suppliers (“ARES”), Commission licensed entities authorized to retail electricity to customers in the
Commonwealth Edison Company (“ComEd”) service territory. ICEA’s membership is identified in its Petition to Intervene.

**Q:** Please describe your educational background and relevant work experience prior to joining ICEA.

**A:** I hold a Masters in Public Administration degree from the John F. Kennedy School of Government at Harvard University and a Bachelor of Arts degree in Political Science from Southern Illinois University at Carbondale. From September 2002 until April 2003, I served as Chairman of the Illinois Commerce Commission (“Commission”) and served as a Commissioner until February 19, 2007. While serving on the Commission, I was Chair of the Electric Policy Committee, Co-Chair of the Post 2006 Initiative to competitive electricity markets, President of the Organization of MISO States, a NARUC Electricity Committee member, and Vice Chair of the FERC-State Joint Board for implementing the federal Energy Policy Act of 2005. I have over 25-years of Illinois state government experience and have held numerous senior-level administrative, legislative, and policy positions under two governors and one secretary of state.

**Q:** Have you ever testified before a regulatory agency?

**A:** Yes. I have testified before the Commission in ICC Docket Nos. 10-0138, 12-0244 (on reopening), 13-0192, 14-0312, 16-0033/-0034 (cons.), 17-0331, 18-1725/-1824 (cons.), 20-0710, 21-0098, and 21-0859.

**Q:** What is the purpose of your testimony?

**A:** I am urging in the strongest terms possible that the Commission direct ComEd to remove the unfair and unsupported charge to ARES serving “subscribers” taking service under
ComEd Rider POGCS. The charge appears on 1st Revised Sheet No. 344.15, specifically the following language:

To the extent that the wholesale credits or load obligation reductions provided to the Company do not completely offset the cost of providing the CSC to CS Beneficiaries or CS Subscribers, as applicable, the Company will, pursuant to Section 16-107.5(l) of the Act, charge the under recovered costs to the supplier of electric power and energy for their CS Beneficiaries or CS Subscribers that are retail delivery service customers of the Company.

(IL C.C. No. 10, 1st Revised Sheet No. 344.15.) I will explain later in my testimony the nature of the “wholesale credits” and “load obligation reductions.”

Q: On what basis do you recommend the Commission direct ComEd to do so?

A: I have three bases, each of which alone would be sufficient for the Commission to direct ComEd to cease charging ARES. First, the charge is contrary to Section 16-107.5(l)(3) of the Public Utilities Act, which only authorizes ComEd to recover its costs through delivery charges and not charges to ARES. Second, charging ARES is illogical from a cost-causation perspective or from the perspective of which entity benefits from community solar bill credits. Third, the charge has potentially massive harmful effects on the competitive retail market.

I. Background

A. Key Terms and Pre-Public Act 102-0662 Structure

Q: What is community solar?

A: As I understand it, community solar is shorthand for a renewable generation device that is interconnected to ComEd’s distribution grid but not behind any customer’s meter. The customers of a community solar system are known as “subscribers.” I understand there are definitions of “subscriber” and “community renewable generation project” in Section 1-10 of the IPA Act.
Q: What are the benefits of being a subscriber?
A: As I understand it, Section 107.5(l)(3) of the Public Utilities Act entitles a subscriber to receive, and obligates an electric utility serving more than 200,000 customers on January 1, 2021 to provide, a bill credit at the utility’s price to compare for every kilowatt-hour generated by such subscriber’s subscription.

Q: How much of a credit do customers receive?
A: The credit depends on two factors: subscription size and the compensation rate. Subscriptions are measured in kilowatts and are intended to indicate the portion of the system’s nameplate capacity (in alternating current) to which the subscriber is entitled. If the system’s capacity is, say, 2,000 kW and the customer’s subscription size is 100 kW, that customer is entitled to 5% (100 divided by 2,000) of the kilowatt hours generated during each half hour interval. Consistent with the requirements of Section 16-107.5(l)(3) as I understand them, ComEd provides a bill credit at the applicable Price to Compare for that customer.

Q: Does ComEd serve more than 200,000 customers?
A: Based on publicly available documents that I follow, such as the Commission’s switching statistics that track the number of ARES- and utility-supplied customers, it appears ComEd served far more than 200,000 customers as of January 1, 2021.

Q: Are ARES required to provide a bill credit to subscribers?
A: I am not an attorney, but based on my review of Section 16-107.5(l)(3) it appears that the exclusive obligation to provide a bill credit is placed upon electric utilities serving more than 200,000 customers starting June 1, 2022.
Q: Were ARES ever required to provide a bill credit to subscribers?

A: Yes. The current language in Section 16-107.5(l)(3) was heavily amended by Public Act 102-0662, also sometimes referred to as “CEJA.” Under the previous version of Section 16-107.5(l), which came from Public Act 99-0906 (known as “FEJA”), the customer’s electricity supplier was required to provide the bill credit.

Q: How did ComEd recover costs of bill credits at that time?

A: According to ComEd witness Mr. Scott Vogt, ComEd recovered those costs through supply charges. (See ComEd Ex. 1.0 at 75-80.)

Q: How was the compensation rate determined?

A: My understanding is that if the customer was on ComEd’s supply service (such as Rate BES), ComEd would provide the credit. However, if the customer was on ARES service, the ARES would have to provide the credit. The specific compensation rate would depend on the tariff or contract under which the customer was taking service.

Q: Before Public Act 102-0662, were ARES compensated for providing credits?

A: Yes. I understand from ICEA member companies that for each subscriber, ComEd would reduce through the PJM monthly settlements process the load obligation of the ARES serving that subscriber in proportion to energy generated by that subscription during each half-hour interval. I am not familiar with the specific mechanics, but generally speaking my understanding is that reduction is the functional equivalent of the ARES receiving the PJM locational marginal price—in other words, the applicable hourly wholesale market rate for that interval—for each kilowatt-hour generated during that time interval.
Q: Do you have any other observations about the pre-Public Act 102-0662 bill credit obligations?

A: Yes. I note that ComEd did not have to deal with recovering the costs of bill credits for ARES customers, because as I explained above and ComEd witness Mr. Vogt also acknowledges, ARES had an obligation—placing the bill credits on the supply bill—and received a benefit—a reduction in load obligations. (See ComEd Ex. 1.0 at 3:63-4-71.) Furthermore, to my knowledge, pre-Public Act 102-0662 there was no explicit statutory direction to ComEd as to how it may or must recover the costs of bill credits although because ComEd only provided the credit to ComEd-supplied customers it made sense to make it a bypassable charge (i.e., a charge that only ComEd supply customers pay).

Q: Before Public Act 102-0662, were ARES compensated for capacity or transmission by PJM or ComEd?

A: No.

Q: Before Public Act 102-0662, were ARES provided any other compensation by any other party for the ARES’s customer being a subscriber?

A: No.

Q: Before Public Act 102-0662, if the ARES credit was greater than the applicable PJM LMP value of the kilowatt-hours the customer was entitled to by their subscription, what would happen to the ARES?

A: The ARES would be providing a credit at a greater value to the customer than the ARES was being compensated through the PJM LMP value. I further understand that for some customers—for instance those whose margins were particularly small or for whom the
subscription generates at or above their annual consumption—the ARES would operate at a loss to serve those customers.

**Q:** Utilities sometimes spend more on providing tariffed services to particular customers than the utility receives from those customers—why is it problematic for ARES to serve customers at a loss?

**A:** There are several reasons that it is different for utilities than ARES. First, utilities have a service territory where (with limited exceptions) every customer must take service from the utility. ARES must acquire and retain customers, who are choosing between multiple competitive supply options including the utility itself. Second, utilities are guaranteed recovery of their prudent and reasonable costs through an elaborate series of riders—if the utility has a revenue shortfall, it is able to reconcile its costs and make up the difference. ARES must serve customers under the terms and conditions of their contract.

**Q:** Are there any other barriers to ARES recovering ComEd’s charges?

**A:** Yes. ICEA identified in its petition concerns with recovering ComEd’s charges due to the language of Section 16-107.5(e-5), which provides that ARES cannot discriminate against “eligible customers,” which include subscribers to community solar projects, “with respect to rate structure, retail rate components, and any monthly charges, to the rates that the customer would be charged if not a net metering customer.” (Petition at ¶ 45.) However, ICEA also noted in its Petition that if an ARES simply raises all rates, it will be less competitive and have a harder time obtaining and retaining customers. (Id. at ¶ 46.)

**B.** Public Act 102-0662 and ComEd’s Proposed Changes

**Q:** Did Public Act 102-0662 address community solar bill crediting obligations of ARES?

**A:** Yes. New Section 16-107.5(l)(3) stated in part:
Notwithstanding anything to the contrary and regardless of whether a subscriber to an eligible community renewable generation project receives power and energy service from the electric utility or an alternative retail electric supplier, for projects eligible under paragraph (C) of subparagraph (1) of this subsection (l), electric utilities serving more than 200,000 customers as of January 1, 2021 shall provide the monetary credits to a subscriber's subsequent bill for the electricity produced by community renewable generation projects.

(220 ILCS 5/16-107.5(l)(3).) As I noted above, ComEd is an electric utility and certainly served more than 200,000 customers as of January 1, 2021. Thus, ComEd has an obligation to “provide the monetary credits”—what I refer to as bill credits—on every subscriber’s bill, even if the subscriber is an ARES customer.

Q: Does ComEd Rider POGCS as it exists today address this aspect of the law?

A: My interpretation of ComEd’s Rider POGCS is that it does, in fact, require ComEd to provide bill credits to all customers, including ARES customers.

Q: Did Public Act 102-0662 address the value of the bill credit?

A: Yes. New Section 16-107.5(l)(3) continued:

The electric utility shall provide monetary credits to a subscriber's subsequent bill at the utility's total price to compare equal to the subscriber's share of the production of electricity from the project, as determined by paragraph (5) of this subsection (l). For the purposes of this subsection, "total price to compare" means the rate or rates published by the Illinois Commerce Commission for energy supply for eligible customers receiving supply service from the electric utility, and shall include energy, capacity, transmission, and the purchased energy adjustment.

(ld.) The “price to compare” is a familiar concept in the Public Utilities Act given that there are several instances where ARES must disclose to current or potential customers the price to compare.

Q: Does ComEd Rider POGCS as it exists today address this aspect of the law?

A: My interpretation of ComEd’s Rider POGCS is that it does, in fact, properly identify the customer’s bill credit as the price to compare—at least after ComEd meets its obligations.
to upgrade their systems. *(See, e.g., IL C.C. No. 10, 1st Revised Sheet No. 344.12 (delaying implementation “until the later of (a) the date in which the Company is able to update its systems pursuant to the ICC Order in Docket No. 21-0851, or (b) June 1, 2022”).)*

**Q:** Has ComEd upgraded their systems?

**A:** My understanding is that ComEd has done so, although I have not seen a public announcement or acknowledgement yet. I will return to this issue, because it is relevant to the urgency of my recommendation.

**Q:** Earlier, you testified that prior to Public Act 102-0662, ARES received a reduction in their PJM statement related to generation associated with that ARES’s customers’ subscriptions. Does Public Act 102-0662 address similar compensation for electric utilities serving more than 200,000 customers as of January 1, 2021?

**A:** Yes. New Section 16-107.5(l)(3) continued: “Any applicable credit or reduction in load obligation from the production of the community renewable generating projects receiving a credit under this subsection shall be credited to the electric utility to offset the cost of providing the credit.” *(220 ILCS 5/16-107.5(l)(3).)* I understand this to mean that ComEd is able to monetize the energy related to subscribed portions of the community solar facility, in addition to any capacity or transmission value for all subscribers including those served by the ARES.

**Q:** How does ComEd monetize capacity or transmission value?

**A:** While it is not apparent (at least to me) in Rider POGCS, in discovery ComEd acknowledged that it is seeking a change at the Federal Energy Regulatory Commission (“FERC”) to ComEd’s federally-regulated tariffs to allow retail customers—which includes, under the terms of Rider POGCS, a community solar facility itself—to have a
negative capacity and transmission allocation. (See ICEA Ex. 1.01, ComEd Response to ICEA-ComEd 1.06.) I understand that this would allow the load-serving entity serving the retail customer/community solar facility—here the load serving entity is ComEd—to receive a payment or credit for capacity and transmission value including customers served by the ARES.

Q: **Does Public Act 102-0662 contemplate what happens if the applicable credit or reduction in load obligation is insufficient to fully offset the cost of the bill credit?**

A: Yes. Section 16-107.5(l)(3) provides as follows:

> To the extent that the credit or load obligation reduction does not completely offset the cost of providing the credit to subscribers of community renewable generation projects as described in this subsection, the electric utility may recover the remaining costs through its Multi-Year Rate Plan.

(220 ILCS 5/16-107.5(l)(3).)

Q: **Does ComEd Rider POGCS as it exists today comply with this aspect of the law?**

A: No. For reasons I will describe below, Rider POGCS is contrary to this passage in multiple respects.

II. **ComEd Rider POGCS Violates The Requirements Of Section 16-107.5(l)(3) As They Relate To Shortfalls Of Wholesale Credits And Load Obligation Reductions Relative To Bill Credits**

Q: **How is ComEd Rider POGCS contrary to Section 16-107.5(l)(3)?**

A: In multiple ways, Rider POGCS—specifically the passage I identified at the outset of my testimony—is inconsistent with Section 16-107.5(l)(3).

Q: **What is the first way you believe Rider POGCS is inconsistent?**

A: First, Section 16-107.5(l)(3) was explicit about ComEd’s pathway to add supplemental revenue to cover bill credits when wholesale credits and load obligation reductions were not sufficient: through ComEd’s Multi-Year Rate Plan.
Q: But the statute says ComEd “may recover the remaining costs through its Multi-Year Rate Plan”—doesn’t that mean ComEd may choose a different cost recovery method?

A: As an initial matter, I am not an attorney but reviewing the other uses of the phrase “may recover” in Article XVI of the Public Utilities Act, I believe “may” is offering ComEd the ability—but not the obligation—to recover those costs through the Multi-Year Rate Plan. Of course, I would fully expect ComEd to do so; it is the pathway that the General Assembly in its wisdom explicitly provided. ComEd should not be permitted to circumvent the General Assembly’s clear statutory directive by unilaterally selecting a different pathway for recovery (i.e., charging ARES for any under collection) through its POGCS tariff filing. I am advised by counsel that this may be addressed at greater length in briefing. I understand further that ComEd does not currently have a Multi-Year Rate Plan and—should it elect to use that approach—it may not have rates in effect until 2024. I have two reactions. First, I have no objection to the Commission considering any amounts that ComEd is delayed in recovering due to the timing of the Multi-Year rate plan as a regulatory asset—or at the very least reimburse ComEd’s carrying costs. Second, as I explain in much greater detail later in my testimony, because the bill credits offset utility charges only they should be considered as delivery costs and thus recoverable through formula rates or general rate cases.

Q: What is the basis for ComEd to invoice ARES for the shortfall?

A: I am not an attorney, but I see no basis in statute to bill ARES. As ICEA pointed out in its Petition to initiate this docket, there are several instances of the Public Utilities Act explicitly authorizing a charge to ARES by an electric utility, and Section 16-107.5(l) is not one of them. (See Petition at ¶ 38 (citing to 220 ILCS 5/16-118(c) and (e), 16-122(b)).)
No such authorization was provided here. On the contrary, Section 16-107.5(l)(3) specifically authorized ComEd to seek recovery of any shortfall through its Multi Year Rate Plan. I am advised by counsel that in briefing ICEA may address the fact that there is no general authority for ComEd to charge ARES—particularly where, as here, the ARES is not involved in the underlying transaction.

III. Principles Of Cost Causation Demonstrate That ComEd Should Charge Delivery Service Customers—Not ARES—For Community Solar Bill Credits

Q: When an ARES serves a subscriber, what is the ARES’s relationship to the bill credit?
A: After the changes in Public Act 102-0662 are fully implemented by Rider POGCS—which I understand occurred on June 1, 2022—the ARES is relieved of any obligations to perform (and is not involved with) the bill credit transaction.

Q: Is the ARES involved with assessing the value of the bill credit?
A: No. As I described above, Rider POGCS correctly calculates the bill credit at the relevant price to compare.

Q: Is the ARES involved with placing the bill credit on the customer’s bill?
A: No. As I described above, Rider POGCS correctly provides ComEd with the exclusive obligation to place bill credits on customers’ bills. I should note that in the event the ARES provides a single bill under ComEd Rider SBO, technically the ARES bill includes utility charges and credits (including the bill credit), but the ARES is simply putting it on the bill on behalf of the utility as part of its obligation under Rider SBO to fully communicate the utility’s portion of the bill.

Q: What does the bill credit apply toward?
A: In response to discovery, ComEd explained that the bill credit can go towards:

- Delivery charges;
* Taxes and other fees;
* Supply when ComEd is the supplier
* Supply when ComEd has purchased an ARES’s receivable under Rider PORCB

(See ICEA Ex. 1.01, ComEd Responses to ICEA-ComEd 1.02-1.05.) These four categories all have in common that are utility charges.

**Q:** If an ARES supplies a customer but does not sell their receivables to ComEd under Rider PORCB, does the bill credit count toward ARES supply charges?

**A:** No. I hasten to add that unless ComEd reimbursed the ARES for any offset from the bill credit to ARES charges (that are not purchased by ComEd through Rider PORCB), requiring ARES to reduce their charges based on bill credits issued by the utility would be even more of a disaster for ARES.

**Q:** Why would making ARES reduce charges (that are not purchased by ComEd through Rider PORCB) in response to bill credits be a disaster for ARES if ComEd does not provide a reimbursement?

**A:** As I described above, ComEd by statute and under Rider POGCS receives all of the financial value associated with the wholesale credits and load obligation reductions from the subscribed portions of community solar systems. In other words, after June 1, 2022, the ARES receives no financial benefit from their customer subscribing to a community solar system.

**Q:** Is charging ARES for the shortfall between wholesale credits/load obligation reductions and the bill credits consistent with cost-causation principles?

**A:** No. From my time as the Chairman and a Commissioner on the Commission, I recognized that cost causation principles require charging the party that causes the cost or,
alternatively, who receives the benefit. In this case, the ARES neither causes the cost (because the ARES does not cause the shortfall) nor does it benefit from the bill credit.

Q: Does ComEd agree with this position?

A: No. ComEd witness Mr. Scott Vogt argues:

The recovery of supply-related costs – including CS credits – through supply-related cost recovery mechanisms is most faithful to ratemaking cost-matching principles. Since CS credits or charges are supply-related costs that originated on the wholesale market, those credits or charges should properly flow to the wholesale market providers (i.e., RESs) that originated those supply-related costs, rather than to delivery service customers that did not subscribe for those supply-related services.

(ComEd Ex. 1.0 at 7:143-148.)

Q: Do you agree with Mr. Vogt’s argument?

A: No. While Mr. Vogt is correct that wholesale markets come into play, the difference between the value of wholesale credits and load obligation reductions on one hand and bill credits on the other are exclusively products of ComEd revenues, decisions, and values. Put another way, an ARES has no control or influence over the value of the wholesale credits, the load obligation reductions, or the value of the bill credits. In addition, after June 1, 2022, the ARES receives no value from any of these transactions.

Q: Are there any examples of wholesale transactions involving an ARES customer where the ARES is not billed by ComEd?

A: Yes. If a retail customer is taking service under Rider POG (Parallel Operation of Generation), ComEd provides a retail credit to the retail customer for generation pushed to the grid—even if the customer is served by an ARES.
Q: Are there any other examples of wholesale transactions involving an ARES customer where the ARES is not billed by ComEd?

A: Yes. Rider PTR, ComEd’s residential demand response program, is available to ARES customers and involves ComEd making a payment to customers for successful demand response that does not involve a charge to the ARES.

Q: Does ComEd witness Mr. Vogt make any other arguments?

A: Yes. Mr. Vogt also argued that:

Moreover, there is no reason to depart from the existing ratemaking and cost recovery approach that has been used since FEJA created CS crediting. Prior to CEJA, ComEd did not recover under-recoveries associated with CS crediting through delivery services rates. Rather, it recovered these costs in a manner similar to how other supply-related costs are recovered, namely through an adjustment to the PEA. Although I am not a lawyer, it is my understanding that none of CEJA’s changes to CS crediting suggests, much less requires, any departure from this past practice.

(ComEd Ex. 1.0 at 7:151-157.)

Q: Do you agree with Mr. Vogt’s argument?

A: No. First, his argument that “none of CEJA’s changes to CS crediting suggests, much less requires, any departure from this past practice.” As I described earlier, prior to Public Act 102-0662, Section 16-107.5(l) provided no explicit guidance about how ComEd would recover its costs related to providing community solar bill credits. The changes in Public Act explicitly and clearly do so:

To the extent that the credit or load obligation reduction does not completely offset the cost of providing the credit to subscribers of community renewable generation projects as described in this subsection, the electric utility may recover the remaining costs through its Multi-Year Rate Plan.

(220 ILCS 5/16-107.5(l)(3) (emphasis added).) Whether Mr. Vogt missed that passage or ignored it is irrelevant because in either case his argument should not be taken seriously.
However, the flaws in Mr. Vogt’s argument are not limited to the statutory language introduced in Public Act 102-0662. As I described repeatedly in my testimony and Mr. Vogt acknowledged, prior to Public Act 102-0662, ARES both had an obligation to provide a bill credit and received a corresponding value through the wholesale load obligation reduction. The changes in Public Act 102-0662 now provide that ARES have no obligation to provide a bill credit—even for the customers they supply—and have no rights to any of the wholesale credit or load reduction obligation benefits. (See, e.g., ICEA Ex. 1.01, ComEd Response to ICEA-ComEd 1.07.) ComEd is the exclusive recipient of wholesale credits and load obligation reductions by explicit statutory decree. This change represents a massive shift in the rights and responsibilities related to bill credits: Public Act 102-0662 placed all of the responsibilities of bill credits and rights to wholesale revenues/load obligation reductions exclusively on the utility and removed the ARES.

Q: Does Mr. Vogt address the fact that ARES no longer receive any load obligation reduction and are no longer obligated to provide bill credits?

A: While Mr. Vogt accurately identified those changes in the beginning of his testimony, those facts are conspicuously absent from his analysis of cost causation principles. I believe this is further evidence that Mr. Vogt’s analysis of cost causation principles should be appropriately discounted by the Commission.

IV. ComEd’s ARES Charge Will Have A Damaging Effects on ARES

Q: Do you believe that ComEd’s proposed changes to Rider POGCS will harm ARES?

A: Yes. I am gravely concerned that some ARES whose customer base includes subscribers—particularly larger customers with the ability to take on large subscriptions—may incur massive losses, whether this summer or later this delivery year.
Q: Did ComEd address this issue in its testimony?

A: Yes. ComEd witness Mr. Scott Vogt dismissed any immediate concerns:

Indeed, ComEd currently projects there will be an over-recovery for the first few months that the new cost-recovery mechanism will be in effect (i.e., starting June 1), and ComEd would therefore be providing a credit to RESs under the terms of Rider POGCS (and applying the applicable credits to ComEd’s PEA accordingly).

(ComEd Ex. 1.0 at 8:161-165 (emphasis added).)

Q: On what basis does ComEd witness Mr. Vogt state that ARES will receive a credit if ComEd over-recovers relative to the bill credit?

A: In response to discovery, ComEd witness Mr. Vogt identified the very passage that I oppose and urge in the strongest terms that the Commission remove:

To the extent that the wholesale credits or load obligation reductions provided to the Company do not completely offset the cost of providing the CSC to CS Beneficiaries or CS Subscribers, as applicable, the Company will, pursuant to Section 16-107.5(l) of the Act, charge the under recovered costs to the supplier of electric power and energy for their CS Beneficiaries or CS Subscribers that are retail delivery service customers of the Company.

(IL C.C. No. 10, 1st Revised Sheet No. 344.15; see ComEd Response to ICEA-ComEd 1.01.)

Q: Do you agree with ComEd witness Mr. Vogt that this passage requires ComEd to provide ARES with a credit if ComEd recovers more from wholesale credits and load obligation reductions than the cost of providing bill credits?

A: No. The words of the tariff provides that ComEd is issuing a charge only “to the extent that wholesale credits or load obligation reductions do not completely offset the cost” of bill credits (my emphasis added). The language says nothing about when wholesale credits or load obligations offset or are more than is needed to offset the cost of bill credits. I do not see how Mr. Vogt reached his conclusion based on the language on the page. I was
similarly unconvinced by Mr. Vogt’s assertions about a “negative charge” (see ComEd Ex. 1.0 at 5:105-107) because even if the Commission accepted that clever turn of phrase it would be irrelevant because it would only apply when wholesale credits or load obligation reductions offset (and more) the cost of bill credits.

Q: **Do you have any further reactions to ComEd witness Mr. Vogt’s interpretation?**

A: Yes. If ComEd believes that it has sufficient flexibility to provide a credit to ARES when the tariff does not explicitly state that it must, surely ComEd can delay issuing invoices during the pendency of this docket to ARES when Rider POGCS does not (nor, to my research, any applicable section of ComEd’s rate book) provides a timeframe during which ComEd must invoice ARES. Assuming that ComEd is obligated to compensate ARES to the extent that ComEd collects more in wholesale credits and load obligation reductions, if ComEd believes that current market conditions will result in a credit to ARES, it is not clear why such a delay would harm ComEd.

Q: **Did ComEd witness Mr. Vogt provide any caveats to the prediction that “there will be an over-recovery for the first few months?”**

A: Yes. ComEd witness Mr. Vogt stated that “Due to the volatility of the wholesale energy market, the costs at issue are subject to substantial fluctuation and difficult to estimate in advance.” (*Id.* at 160-161.)

Q: **Did ComEd witness Mr. Vogt provide any other caveats?**

A: None that I identified.

Q: **Taking ComEd’s analysis at face value, what did you notice?**

A: In Spring 2023, ARES will have to pay ComEd about $39/MWh (or 3.9 c/kWh) in April and about $36/MWh (or 3.6 c/kWh) in May. As I noted above, ARES will receive no
benefit from the community solar credit, and will have to pay over 1/3 of the Price to Compare listed by ComEd for every kWh of community solar. Unlike ComEd, ARES cannot simply issue a tariff to automatically recover that amount from their customers.

**Q:** You referenced earlier in your testimony that ComEd requested from FERC tariff changes related to capacity and transmission allocations. Did FERC approve those tariff changes?

**A:** No. ComEd’s discovery response references FERC Docket No. ER22-1520-000. I looked up the current status of the docket, and it appears that FERC has yet to approve. In fact, it appears that FERC Staff has filed a deficiency letter on May 26, 2022, attached as ICEA Exhibit 1.02. I am not an expert in FERC procedure, but I am advised that FERC has at least 60 days to act on the tariff from the filing of the deficiency letter.

**Q:** Do you have any impressions of the deficiency letter?

**A:** Once again, I am not an expert in FERC matters, but my sense is that FERC Staff had outstanding substantive questions and without more information it does not seem like FERC approval of ComEd’s proposed tariff change should be treated as a given.

**V. Recommendations and Conclusion**

**Q:** What is your overall recommendation?

**A:** The Commission should move swiftly to direct ComEd to immediately remove the following language from 1st Revised Sheet No. 344.15:

> To the extent that the wholesale credits or load obligation reductions provided to the Company do not completely offset the cost of providing the CSC to CS Beneficiaries or CS Subscribers, as applicable, the Company will, pursuant to Section 16-107.5(l) of the Act, charge the under recovered costs to the supplier of electric power and energy for their CS Beneficiaries or CS Subscribers that are retail delivery service customers of the Company.
The Commission should move as fast as possible to avoid ComEd issuing charges to ARES because I am advised by counsel that the Commission may be limited in its ability to order a refund if ComEd issues charges and the Commission later rules that such charges were contrary to statute, contrary to policy, or both.

**Q:** How will ComEd recover its costs if the language quoted above is stricken?

**A:** I am not in a position to advise ComEd on how it should recover its costs, but I do note that the statute provides an explicit pathway through the Multi-Year Rate Plan and I further believe ComEd could recover its costs through a formula rate update or a general increase request because the bill credits offset utility charges only. I leave it to ComEd to determine which pathway to take. I am advised by counsel that ComEd could at any time seek to revise Rider POGCS—I understand they could even do so during the pendency of this docket—to properly address cost recovery in the manner the General Assembly intended.

**Q:** Is it your position that ComEd should not recover if there is a shortfall between wholesale credits and load obligation reductions on one hand and bill credits on the other?

**A:** No, that is absolutely not my recommendation or position. In fact, Section 16-107.5(l)(3) explicitly provides ComEd with a pathway for cost recovery. However, I do believe it is clear that based on both statute and policy that ComEd cannot and should not be allowed to recover those costs from ARES.

**Q:** Does this conclude your testimony?

**A:** Yes.
STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Competitive Energy Association )
v. )
Commonwealth Edison Company )

Docket No. 22-0305

Verified Petition for the Commission to Open )
An Investigation of Commonwealth Edison )
Company Rider POGCS )

ICEA Exhibit 1.01
Selected ComEd Responses to ICEA Data Requests

June 7, 2022
REQUEST NO. ICEA-COMED 1.01:

Please refer to the direct testimony of ComEd witness Mr. Scott Vogt at lines 105-107 referring to a credit to RES. Please identify the language in Rider POGCS that Mr. Vogt believes requires ComEd to provide a credit to RES in the event of “over-recovery” as Mr. Vogt uses the term in lines 106-107.

RESPONSE:

While not explicitly stated in Rider POGCS, ComEd interprets the following language in the fourth paragraph of the Miscellaneous General Provisions section to require ComEd to pass through any balance (positive or negative) to the CS Subscriber’s supplier of electric power and energy:

To the extent that the wholesale credits or load obligation reductions provided to the Company do not completely offset the cost of providing the CSC to CS Beneficiaries or CS Subscribers, as applicable, the Company will, pursuant to Section 16-107.5(l) of the Act, charge the under recovered costs to the supplier of electric power and energy for their CS Beneficiaries or CS Subscribers that are retail delivery service customers of the Company.

Rider POGCS, 1st Revised Sheet No. 344.15. Such an interpretation is consistent with well-established ratemaking principles that promote symmetry and fairness. Even so, ComEd would be willing to revise this language to expressly mention and confirm that any over-recovery will also be passed through to the CS Subscriber’s supplier of electric power and energy.
REQUEST NO. ICEA-COMED 1.02:

For a community solar subscriber taking supply service from ComEd, please identify the line items on the ComEd bill that could be offset by the Bill Credit.

RESPONSE:

ComEd objects to this request to the extent that it is vague and ambiguous, overly broad, unduly burdensome, or calls for speculation. ComEd further objects to this request to the extent that it seeks information that is neither relevant nor likely to lead to the discovery of admissible evidence in this docket. Subject to and without waiving the foregoing specific objections, or any of ComEd’s General Objections, ComEd responds as follows.

For purposes of this response, ComEd interprets “Bill Credit” to mean the “CS Credit” defined by Rider POGCS. The CS Credit is a separate line item that appears in the Supply section of applicable ComEd bill statements. However, the CS Credit is summed with all charges in the Supply section, Delivery section, Taxes & Other section, and Miscellaneous section of the ComEd bill statement, and accordingly does not operate as an offset to any one (or particular subset of) line item(s). Moreover, the actual line items on a given customer’s ComEd bill statement can vary based on the particular rate and riders applicable to the customer’s account.
REQUEST NO. ICEA-COMED 1.03:

For a community solar subscriber taking supply service from an ARES for which the ARES is selling its receivable to ComEd pursuant to Rider PORCB, please identify the line items on the ComEd bill that could be offset by the Bill Credit.

RESPONSE:

ComEd objects to this request to the extent that it is vague and ambiguous, overly broad, unduly burdensome, or calls for speculation. ComEd further objects to this request to the extent that it seeks information that is neither relevant nor likely to lead to the discovery of admissible evidence in this docket. Subject to and without waiving the foregoing specific objections, or any of ComEd’s General Objections, ComEd responds as follows.

For purposes of this response, ComEd interprets “Bill Credit” to mean the “CS Credit” defined by Rider POGCS. Similar to the CS Credit for ComEd-supplied customers described in ComEd’s Data Request Response to ICEA-ComEd 1.02, a CS Credit line item is included in the Supply section of the Rider PORCB customer bill statement. Like ComEd-supplied customers, the CS Credit is summed with (i) the remaining supply charges provided by the ARES and (ii) all other charges in the Delivery section, Taxes & Fees section, and Miscellaneous section of the bill on the Rider PORCB bill statement, and accordingly the CS Credit does not operate as an offset to any one (or particular subset of) line item(s). Moreover, the actual line items on a given customer’s Rider PORCB bill statement can vary based on the billing information provided by the ARES in the data provided to ComEd in the Inbound 810 EDI transaction.
REQUEST NO. ICEA-COMED 1.04:

For a community solar subscriber taking supply service from an ARES for which the ARES is not selling its receivable to ComEd pursuant to Rider PORCB, do the Bill Credits apply to any charge from the ARES? If the answer is anything other than an unqualified no, please explain all scenarios where the Bill Credit would apply to such an ARES supply charge.

RESPONSE:

ComEd objects to this request to the extent that it is vague and ambiguous, overly broad, unduly burdensome, or calls for speculation. ComEd further objects to this request to the extent that it seeks information that is neither relevant nor likely to lead to the discovery of admissible evidence in this docket. For purposes of this response, ComEd interprets “Bill Credit” to mean the “CS Credit” defined by Rider POGCS. ComEd further understands that in the situation described in this request — i.e., where an ARES is not selling its receivable to ComEd pursuant to Rider PORCB— the community solar subscriber taking supply service from an ARES would do so under Rate RDS and a Dual Billing option or under the Rider SBO billing option. Subject to these clarifications, ComEd responds as follows. Subject to this clarification and without waiving the foregoing specific objections, or any of ComEd’s General Objections, ComEd responds as follows.

No, the CS Credit provided to a customer taking service from an ARES under Rate RDS and a Dual Billing option, or under the Rider SBO billing option, will have the CS Credits summed along with charges included in the Delivery section, Taxes and Other section, and the Miscellaneous section of the Dual Bill statement issued to the customer by ComEd or the SBO bill issued to the customer by the ARES. Supply charges issued on the bill to the customer by the ARES are not included in this calculation.
REQUEST NO. ICEA-COMED 1.05:

Does the response to ICEA-ComEd 1.04 depend on whether the ARES is taking service under ComEd’s Rider SBO? Please explain in detail why the ARES taking service under Rider SBO does (or does not, as the case may be) impact the response to ICEA-ComEd 1.04.

RESPONSE:

ComEd objects to this request to the extent that it is vague and ambiguous, overly broad, unduly burdensome, or calls for speculation. ComEd further objects to this request to the extent that it seeks information that is neither relevant nor likely to lead to the discovery of admissible evidence in this docket. Subject to and without waiving the foregoing specific objections, or any of ComEd’s General Objections, ComEd responds as follows.

No. ComEd’s Data Request Response to ICEA-ComEd 1.04, including ComEd’s objections and clarifications which are fully incorporated herein by reference, noted that the CS Credit included in a customer bill under Rate RDS with Rider POGCS and billed using Rider SBO billing option will have the CS Credits summed along with charges included in the Delivery section, Taxes and Other section, and the Miscellaneous section of the SBO bill issued to the customer by the ARES. The billing information provided to the ARES by ComEd is included in the data provided in an Outbound 810 EDI transaction.
REQUEST NO. ICEA-COMED 1.06:

Please refer to the Direct Testimony of ComEd witness Mr. Scott Vogt at lines 161-165.

(a) Please provide all documents, analyses, or workpapers relied on by Mr. Vogt to conclude that ComEd projects an “over-recovery for the first few months”. Please provide all documents in native form with formulas intact.

(b) Please provide all documents, analyses, or workpapers in the possession of or reviewed by Mr. Vogt with regard to the difference between projected CS credits (as Mr. Vogt used the term in his testimony) and “applicable wholesale credit or reduction in load obligation” referred to by Mr. Vogt.

(c) Does Mr. Vogt predict that ComEd would “be providing a credit to RESs under the terms of Rider POGCS” for any other time period than “the first few months that the new cost-recover mechanism will be in effect”? If so, which time periods? Please provide all supporting documentation relied on by Mr. Vogt for such predictions.

RESPONSE:

ComEd objects to this request to the extent that it is vague and ambiguous, overly broad, unduly burdensome, or calls for speculation. ComEd further objects to this request to the extent that it seeks information that is neither relevant nor likely to lead to the discovery of admissible evidence in this docket. ComEd also objects to this request to the extent it seeks information to which ICEA has equal access, and further objects to this request to the extent that it calls for production of information protected by the attorney-client privilege, the work product doctrine, or other legal exemption from discovery. Subject to and without waiving the foregoing specific objections, or any of ComEd’s General Objections, ComEd responds as follows.

(a) Using publicly available data, ComEd has forecasted the wholesale market value of community solar generation for each month during the 2022 / 2023 delivery year. To forecast whether ComEd will be in an over-recovery or under-recovery position in any given month, the next step is to calculate the delta between the forecasted wholesale market value and the projected community supply (“CS”) credits, which consist of the currently applicable Price to Compare (“PTC”) plus the Purchased Electricity Adjustment (“PEA”) Factor. Rider POGCS, 1st Revised Sheet No. 344.12. ComEd intends to perform a similar calculation each month for each supplier that has a CS subscriber, passing along any delta (positive or negative) to the supplier. A work paper (“WP”) including the assumptions and calculations used to develop this forecast are included in the attachment labeled as ICEA-COMED 1.06 Attach 1. This work paper was created for the limited purpose of exploring tariff design and is not intended to provide any projection of future events or market conditions on behalf of ComEd or Exelon. Moreover, the data and analysis presented in the worksheet is in the nature of a forecast, and is thus subject to change at any time. An outline of the general modeling and calculation process is below:
1. Since CS projects do not reduce transmission costs, no “market value” is proposed. Nevertheless, ComEd intends to remove the zero (0) kW floor on Peak Load Contributions (“PLC”) and Network Service Peak Loads (“NSPL”) which allows generation output to fully offset load, and, where applicable, allow negative PLC and NSPL values. ComEd proposed changes to its PLC and NSPL calculation methodology in its Attachment M-2 to the PJM Open Access Transmission Tariff in a filing at FERC (Docket ER22-1520-000). This analysis assumes FERC approves ComEd’s proposed changes as filed. The credit value of removing the zero (0) kW floor for capacity and transmission is subsequently calculated based on PLC and NSPL values when netted with generation.

2. A representative CS project in the ComEd territory has been modeled using the NREL (National Renewable Energy Laboratory) PVWatts tool. Systems with both tracking and without tracking have been modeled. PVWatts provides production for the solar facility by hour using historical weather data.

3. The average output of the project during each of the five ComEd peaks and PJM peaks is calculated based on the PVWatts system output during those hours during the years 2015 - 2021.

4. The average MW produced during each of the five ComEd peaks and PJM peaks, representing the PLC and NSPL reduction, is multiplied by the capacity price and transmission price, respectively, on $/MW-day basis multiplied by 365 to calculate the total annual wholesale credit for capacity and transmission.

5. The resulting wholesale credit for capacity and transmission is divided by the total annual production for the facility provided by PVWatts to calculate a cents/kWh equivalent credit.

6. The energy credit is calculated in three (3) steps. First, the realized revenue is calculated for each month by multiplying the hourly ComEd Zone Real-Time LMP for calendar year 2021 (Locational Marginal Price - adjusted for losses) and hourly generation (provided by PVWatts). This monthly revenue is then divided by the total monthly generation to arrive at a realized energy price. Next, that monthly realized price is divided by the average peak RT LMP Price for that month (2x16 and 7x8 blocks) to determine the premium/discount that the project realizes over/under the average peak LMP. Lastly, this premium / discount factor is applied to the NiHub Peak forward price for that month, grossed up for losses. The NiHub Peak forwards were sourced from the CME Group website updated on 5/29/2022 at 4PM CT, (https://www.cmegroup.com/markets/energy/electricity/pjm-northern-illinois-hub-5-mw-peak-real-time-calendar-month-lmp-swap-futures.quotes.html). The resulting cents/kWh is the energy credit.

7. The sum of the wholesale credit is equal to the sum of the energy, capacity, and transmission credits.

8. The Historical PTC and Historical PEA Factor is published on the Plug In Illinois webpage (https://www.pluginillinois.org/FixedRateBreakdownComEd.aspx). The sum of both the PTC and PEA is equal to the Total CS Credit. Since the PEA is filed monthly, ComEd utilizes the average PEA for the 2021 / 2022 delivery year as a proxy for future months.
(b) See ComEd’s response to subpart (a), above, including the referenced attachment.

(c) See ComEd’s response to subpart (a), above, including the referenced attachment. ComEd stresses that while the best available data as of 5/29/2022 indicates that ComEd will be in an over-recovery position for the majority of the 2022 / 2023 delivery year, such data includes forecasts for solar generation, projected wholesale energy market prices, and a CS Credit that is subject to change due to changes in its inputs and other circumstances out of ComEd’s control.
REQUEST NO. ICEA-COMED 1.07:

Please refer to the direct testimony of ComEd witness Mr. Scott Vogt at lines 69-71. Does Mr. Vogt believe that, for energy generated on or after June 1, 2022 by CS Projects (as that term is defined in Rider POGCS) taking service under Rider POGCS, “ComEd would compensate each RES by reducing the RES’s load obligations on its PJM statement in proportion to the generation associated with each subscription”? If the answer is anything other than an unqualified “no” please explain in detail all exceptions in which ComEd would provide such compensation to RESs.

RESPONSE:

No.
ICEA Exhibit 1.02
FERC Deficiency Letter in ER22-1520-000
Dated May 26, 2022
Dear Ms. Blauman and Ms. Luftig:

On March 31, 2022, pursuant to section 205 of the Federal Power Act (FPA), Exelon Corporation, on behalf of its affiliates Commonwealth Edison Company and Commonwealth Edison Company of Indiana, Inc. (collectively, ComEd), filed proposed revisions to Attachment M-2 (ComEd) to the PJM Open Access Transmission Tariff (Tariff) to incorporate changes in response to recent Illinois legislation.¹

Please be advised that the submittal is deficient and that additional information is required in order to process the filing. Please provide the information requested below. To the extent that some of the required information may contain confidential material, please submit a non-public version in addition to the public version for Commission review.

1. ComEd states that “although the methodology for calculating and reporting to

¹ PJM Interconnection, L.L.C., Intra-PJM Tariffs, OATT ATT M-2 (ComEd), OATT ATTACHMENT M-2 (ComEd), 3.0.0.
PJM the ComEd load will not change as a result of this filing, certain individual customers’ peak load contribution shares of that ComEd load will change.”

a. Please explain what class(es) of customers will be affected by the proposal and whether such customers are retail or wholesale customers.
b. In your response, please provide an example that illustrates how the changes in customer’s peak load share would impact a sample calculation.

2. ComEd’s proposed tariff revisions state that “load attributable to net metering and community supply projects may reflect both consumption and generation in the [capacity peak load contribution], and therefore can result in a positive or negative value for any such individual customer’s calculation.”

a. Please provide definitions of “net metering” and “community supply projects.” Also, please provide examples of each project class. If applicable, please describe these terms using defined terms found in the PJM Tariff.
b. Please explain how ComEd will determine the “consumption and generation” in the capacity peak load contribution for each individual customer’s calculation and how “consumption and generation” will be used to calculate each individual customer’s capacity peak load contribution. In addition to a narrative explanation, please provide numerical examples reflecting both consumption and generation and positive and negative capacity peak load contributions.
c. Please explain if any net metering and community supply projects include Behind the Meter Generation. If so, please explain how the proposed tariff

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2 Transmittal at 2.

3 Attachment 1 at 3.

4 According to the PJM Tariff, Behind The Meter Generation” shall refer to a generation unit that delivers energy to load without using the Transmission System or any distribution facilities (unless the entity that owns or leases the distribution facilities has consented to such use of the distribution facilities and such consent has been demonstrated to the satisfaction of the Office of the Interconnection); provided, however, that Behind The Meter Generation does not include (i) at any time, any portion of such generating unit’s capacity that is designated as a Generation Capacity Resource; or (ii) in an hour, any portion of the output of such generating unit[s] that is sold to another entity for consumption at another electrical location or into the PJM Interchange Energy Market. Intra-PJM Tariffs, OATT I. COMMON SERVICE PROVISIONS, OATT 1. Definitions, OATT Definitions – A – B.
revisions comport with PJM Tariff section 34.2, which states that the “daily load of a Network Customer shall not be reduced by energy injections into the transmission system by the Network Customer.”

d. Please explain how the benefits received by net metering and community supply projects customers from the proposed credits are commensurate with the costs associated with those credits.

This letter is issued pursuant to 18 C.F.R. § 375.307 (2021) and is interlocutory. This letter is not subject to rehearing under 18 C.F.R. § 385.713 (2021). A response to this letter must be filed with the Secretary of the Commission within 30 days of the date of this letter by making a deficiency filing in accordance with the Commission’s electronic tariff requirements. For your response, use Type of Filing Code 170 if your company is registered under program code “M” (Electric Market Based Rate Public Utilities) or Type of Filing Code 180 if your company is registered under program code “E” (Electric Traditional Cost of Service and Market Based Rates Public Utilities).

In addition, submit an electronic version of your response to Alina Halay at alina.halay@ferc.gov and Natalie Propst at natalie.propst@ferc.gov. The information requested in this letter order will constitute an amendment to your filing and a new filing date will be established. A notice will be issued upon receipt of your filing.

Pending receipt of the above information, a filing date will not be assigned to your filing. Failure to respond to this letter order within the time period specified may result in a further order rejecting your filing.

Issued by: Kurt M. Longo, Director, Division of Electric Power Regulation – East

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5 The filing must include at least one tariff record to restart the statutory timeframe for Commission action even though a tariff revision might not otherwise be needed. See generally Electronic Tariff Filings, 130 FERC ¶ 61,047, at PP 3-8 (2010) (explaining that the Commission uses the data elements resulting from the tariff filing process to establish statutory filing and other procedural dates).

6 See Duke Power Co., 57 FERC ¶ 61,215, at 61,713 (1991) (“the Commission will consider any amendment or supplemental filing filed after a utility’s initial filing . . . to establish a new filing date for the filing in question”).