

# Economic Theory and Environmental Policy

## FEJA and Competitive Energy Markets



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## *Aiding or interfering with markets?*

- Competitive markets are the most efficient means of allocating scarce resources
  - Illinois electric consumers and renewable resources
    - Choices in energy supply – including distributed generation
  - Ameren and ComEd as “IDCs” (83 ILAC 452 Subpart B)
- Theory
  - “Perfectly Competitive” market theory
- Reality
  - Most consumer markets are competitive but none exist in a perfectly competitive state

# Competitive market alternatives – renewable energy

- Today's consumer markets
  - New consumer technologies – delay before they gain entry to consumer markets
    - Supply side
      - Manufacturing
      - Wholesale distribution channels
      - Retail outlets
    - Demand side
      - Consumer awareness and marketing
      - Consumer experience

# Environmental Policy

- Concept of externalities and collective action
  - Tragedy of the commons
- Legislation/regulation/policy – impact markets
  - Codes – building codes
  - Standards – vehicle emissions
  - Regulations – DG Interconnection (83 ILAC 466/477)
  - Programs – state solar rebates/energy efficiency
  - Policies – tax incentives for renewables
- FEJA
  - Environmental Policy and a Restructured Market

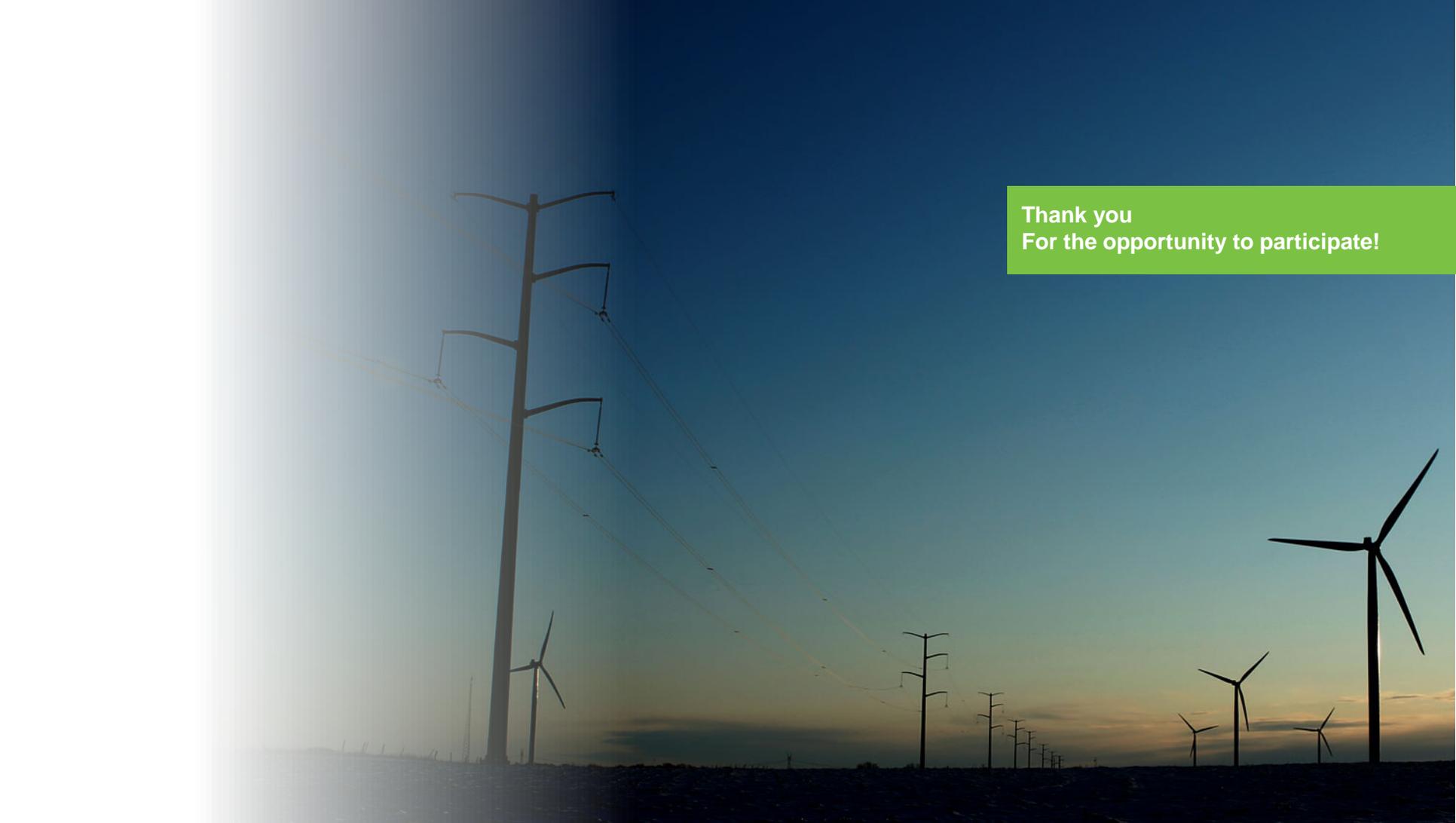
# Future Energy Jobs Act

- **The Illinois Power Agency and the revised RPS**
  - 20 ILCS 3855/1-75 (c)
- **Renewable Block Program**
  - 20 ILCS 3855/1-75 (c)(1)(K)
- **Community/subscription solar**
  - 220 ILCS 5/16-107.5(l)(1)(C) (*See also 20 ILCS 3855/1-75(c)(1)(N)*)
- **Distributed Generation Rebates**
  - 220 ILCS 5/16-107.6
- **Enhanced energy efficiency framework and revised goals**
  - 220 ILCS 5/8-103B



## *Interfering with Markets?*

- No, so long as stakeholders are...
  - *Open minded and Informed*
- Policy foundation of FEJA is clearly not intended to disrupt competitive markets
- If we are successful we will **enhance and accelerate market choices** for Illinois energy consumers
  - Energy efficiency experience
- Special considerations for low income customers

A silhouette of a wind farm and power lines against a sunset sky. The image shows several wind turbines and a tall utility pole with power lines stretching across the horizon. The sky is a mix of blue and orange, indicating the time is either dawn or dusk. The foreground is dark, suggesting a field or a body of water.

**Thank you  
For the opportunity to participate!**



***Ameren***

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