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(I)(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
Thank you
For the opportunity to participate!