

November 30, 2017

Dear Illinois Commerce Commissioners and Staff,

These comments are being submitted in response to the request for questions with regards to the MISO Zone 4 Resource Adequacy white paper prepared by the ICC.

Before presenting my questions, I had two issues I hope will be addressed by an update to the corresponding page on the ICC web site or via email.

1. After reading the white paper, I wished I had more background on the circumstances that brought it about. I would ask that the **letter from MISO to Governor Rauner in May 2017 as well as the instructions from Governor Rauner to the ICC requesting the creation of the white paper both be made available** in conjunction with the white paper.
2. I plan to attend but would like some **details on the workshop**. Which location is the primary and which is the satellite? What time will it end? Will the submitted questions be addressed there or in writing beforehand? Will there be an opportunity for questions by the public? Is it an appropriate forum for public comments on the MISO Zone 4 Resource Adequacy situation and proposed solutions?

I am a community activist from rural Peoria County. I volunteer with numerous environmental organizations, including several that signed a letter outlining various public process issues, discussing the lack of impetus for immediate action and outlining factors that could significantly change the resource adequacy landscape in the immediate future. I agree with all those points. I am writing this letter to introduce some concerns I have regarding the content of the white paper.

I am a long-time environmental and climate justice activist and have followed the machinations of the utility industry for years. I am concerned about undue levels of air and water pollution as well as greenhouse gas emissions. As someone concerned with social justice, I am also concerned about the affordability of electrical power – both for consumers and for industrial customers who often cite Illinois' low power prices as the one positive aspect of being based in Illinois. From another perspective, I am keenly committed to leveling the playing field when individuals advocate against corporations whose laser focus on shareholder value often results in approaches that are not in the public interest. The perspectives guide my questions:

1. Upon reading the white paper I was surprised at how narrowly it was cast. It seems to silo the intertwined objectives of the MISO market and ignore the **ramifications of the reliability issue on retail cost, environmental performance, and future power mix**. I hoped for a discussion of how reliability impacts and is impacted by each of these areas. Can these relationships please be studied as part of this effort or explored in one of the workshops?
2. The white paper proposes several solutions involving Alternative Electricity Retail Suppliers (ARES), including requiring each ARES to submit a Fixed Resource Adequacy Plan and having the Illinois Power Authority procure capacity on ARES's behalf. I believe these suggestions cannot be effectively weighed as presented.

As a member of a local group that successfully advocated for city and county aggregations and purchase of 100% green energy via Renewable Energy Credits (RECs) in Central Illinois, I continue to see the benefits aggregation has delivered through lower electricity prices and much-needed (albeit small) revenue streams to participating communities. I feel that much more analysis is needed---of the past impact of the aggregation program in MISO Zone 4, of how aggregation will function in concert with the changes to the REC market mandated as part of the Future Energy Jobs Act (FEJA), and of **whether the proposed solutions will impede ARES's ability to deliver electricity savings to participants.**

When Peoria and Peoria County announced their ARES of choice, I was a little surprised to learn that it was Homefield, a company in the Dynegy family tree. At the time I supposed it was not that different from the historic Ameren having a generation and transmission branch. Knowing the size of the Homefield aggregation block, now I am rethinking that. **With Dynegy owning 50% of generating capacity in MISO Zone 4 and capturing the lion's share of the downstate residential market via Homefield Energy, I feel it is imperative that the white paper explore whether additional safeguards beyond those implemented by the Federal Energy Regulatory Commission (FERC) for 2016 are needed.** Changes to the capacity auction should never be considered independent of cost impacts because history demonstrates they are integrally connected.

Can these types of analyses be conducted as part of this effort or explored in one of the workshops?

3. I had hoped to see some context relative to future FERC. When I had studied the MISO Zone 4 resource adequacy concerns in conjunction with Dynegy's many attempts to grab a piece of FEJA for itself, I came across the Sustainable FERC priorities (<http://sustainableferc.org/rethinking-electricity-capacity-markets/>).

I believe that these bullets from Sustainable FERC should also be considerations in the white paper:

- Supporting capacity markets or other long-term markets, when needed, to encourage the development of fast-acting and reliable resources – like gas turbines [note this is Sustainable FERC's wording and I do not believe development of more natural gas generation is needed in Illinois] and demand response – needed to complement and integrate variable energy resources into the grid.
- **Full participation of demand response, energy efficiency and energy storage in capacity markets.**
- Non-discrimination against government-authorized or subsidized clean energy resources, which should be able to participate in capacity markets without penalty.
- Since capacity market procurement goals are based on load forecasts, those **forecasts must fully account for energy efficiency and small-scale distributed generation** resources so as to avoid the unnecessary purchase of resources in the capacity market auctions.

Can these types of foundational changes be considered as part of this effort or explored in one of the workshops?

4. I had hoped to see some context relative to future directions of MISO itself. When I researched this in 2015, MISO had just proposed numerous changes to resolve resource adequacy from three perspectives—seasonal, locational, and in terms of new generation queueing. Obviously locational resource adequacy is what the white paper is all about, but I didn't see anything addressing the other areas.

Can the impacts of **seasonal capacity needs (both winter and summer) and the development of mechanisms for increasing the speed at which new generating capacity is both queued and added to the grid** both be addressed through the white paper and workshops?

5. I was surprised that the paper said nothing about Reliability Must Run (RMR) orders and payments. The Edwards #1 unit in Bartonville was under one of these rules/payment schedules for years while a transmission project dragged on and on. I could not find the specific auction participation rules, but would hope **that if units under RMR declarations are not already prohibited from participating, the feasibility of doing so could be examined** as part of this effort. Double-dipping by claiming both RMR payments and capacity payments should not be allowed. If needed, can RMR rules be studied in concert with the white paper and workshop?
6. I am unclear whether thermal discharges have been factored into the resource adequacy analysis. In 2012, the Chicago Tribune reported that four coal-fired and four nuclear plants received variances from the 90° thermal discharge standard, allowing for discharges up to 97°. Again, I am handicapped without the actual auction rules, but would hope that nuclear and coal plants with thermal discharge limits are not allowed to collect payment for any capacity that is only available due to a thermal pollution waiver. I also believe plants requiring variances are also be disqualified from participating in future capacity auctions. As the impacts of global warming intensify, we can expect the number of high heat days to increase and these thermal discharge waivers to become more and more common. Can a **policy for dealing with thermal discharge, and any other relevant pollution waivers**, be developed in conjunction with the recommendations?
7. One of the main reasons I am interested in these MISO resource adequacy issues is because I do not want to see clean renewables disadvantaged by a fossil-fuel-centric auction designs. Reliability does not occur in a vacuum. There is always a cost component, and, for fossil fuel generation, an environmental component as well. One simple way to address these interrelationships would be to **introduce a carbon tax in conjunction with the capacity auction** and require participants to pay some per fee per emitted ton of greenhouse gas. This would ensure that the capacity auction complements other Illinois initiatives to move to clean renewable energy rather than extends the life of plants lacking best available pollution controls.

8. Finally, in several places the white paper mentions the difficulty of obtaining accurate forecasts about future capacity. This could be remedied by **mandating that all power plants in Illinois create a transition plan**. The environmental community has been advocating for just transition and asking powerplants, labor and frontline communities to get together and determine how to make the least painful transition possible—one that deals with the lost jobs and tax base and ensures the site is cleaned up and ready for another use. Will the ICC join us in making this call?

Thanks for your time and attention to this important matter. If I can clarify any of my questions, please feel free to contact me.

A handwritten signature in black ink that reads "Tracy Meints Fox". The signature is written in a cursive, flowing style.

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