

Supplemental Direct Testimony

of

Steven R. Knepler

Accounting Department

Financial Analysis Division

Illinois Commerce Commission

Commonwealth Edison Company

**Petition for Approval Pursuant to Section 7-102 of the Public
Utilities Act of the Entry into Certain Contracts Relating to Wind
Generation and Approval Under Section 9-201 of a Tariff
Concerning the Governor's Sustainable Energy Plan and the
Illinois Commerce Commission's Resolution in Docket No. 05-0437**

Docket No. 06-0270

July 18, 2006

1 Witness Identification

2 Q. Please state your name and business address.

3 A. My name is Steven R. Knepler. My business address is 527 East Capitol
4 Avenue, Springfield, Illinois 62701.

5 Q. Have you previously filed testimony in this proceeding?

6 A. Yes. My direct testimony was filed on July 7, 2006 as ICC Staff Exhibit 2.0.

7 Q. What is the purpose of your supplemental direct testimony?

8 A. The purpose of my supplemental direct testimony is to clarify the Rider RPS tariff
9 language. It is my understanding, based on conversations with a ComEd
10 representative, that ComEd will not be responsible for, or seek recovery through
11 Rider RPS of, the expenses related to the transmission of wind generated
12 electric power from the wind generator's site to ComEd's node or point of
13 injection. It is also my understanding that the wind generators will pay a fee to
14 cover the RFO manager's expenses and that there are no ongoing, annual RFO
15 expenses beyond the initial evaluation period. Therefore, I have revised the RPS
16 tariff language related to the ARE component accordingly. My proposed
17 changes are shown (in ***bold italic*** font) on the attached Appendix B. I have also
18 included an Appendix C, which is Staff's proposed tariff language incorporating
19 the changes proposed in this supplemental direct testimony.

20 **CONCLUSION**

21 Q. Does this question end your prepared supplemental direct testimony?

22 A. Yes, it does.

Docket No. 06-0270
ICC Staff Exhibit 4.0

APPENDIX B

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**RIDER RPS
RENEWABLE PORTFOLIO STANDARD**

BACKGROUND.

The Illinois Commerce Commission (ICC) has adopted a resolution in Docket 05-0437 (Resolution) setting forth a voluntary Renewable Portfolio Standard (RPS Standard). The Resolution establishes a voluntary goal for Illinois electric suppliers to obtain supply from renewable energy resources sufficient to meet 2% of bundled service retail load by 2007, 3% by 2008, escalating by 1% increments up to 8% by 2013. Sources of renewable energy include wind, solar thermal, photovoltaic cells and panels, dedicated crops grown for energy production and organic waste biomass, methane recovered from landfills, hydropower that does not involve new construction or significant expansion of existing dams and other sources of environmentally preferable energy. The Resolution also calls for 75% of the renewable energy used to meet this voluntary RPS Standard to come from wind generation facilities.

The Resolution further sets forth an Energy Efficiency Portfolio Standard (EEP Standard) with a voluntary goal of reducing load growth. The Resolution establishes a voluntary goal for the Illinois electric suppliers in years 2007-2008 at a 10% reduction of load growth, 2009-2011 at a 15% reduction in load growth, 2012-2014 at a 20% reduction in load growth and 2015-2017 at a 25% reduction in load growth. The Resolution calls for creativity and innovation with respect to energy efficiency programs eligible for satisfying the voluntary goals set forth in this EEP Standard.

COMMITMENT.

The Company is committed to following the roadmap the ICC has set forth for voluntarily complying with the Governor's Sustainable Energy Plan and to work with the ICC and others toward meeting the voluntary goals set forth in the Resolution. Specifically, consistent with the ICC's order approving this tariff and providing for full cost recovery, the Company commits to an initial procurement by entering into long-term agreements that comprise a portfolio of approximately 850 gigawatt-hours (GWhs) per year of wind generation and associated Renewable Energy Credits (RECs), to be available for delivery on or before December 31, 2007, subject to the Company's assessment of the potential rate effects of those agreements consistent with the report accepted by the ICC in Docket 05-0437 (Staff Report). Further, subject to the satisfactory resolution of cost recovery for the Company, consideration of customer bill impacts, and other important issues in one or more ICC rulemaking proceedings, and to appropriate timely internal corporate approvals, the Company would commit to enter into agreements for additional wind generation and associated RECs beyond the initial procurement as set forth in the Background section of this rider, and for the remaining 25% of non-wind renewable generation and associated RECs, consistent with the voluntary goals outlined in the Resolution. Finally, subject to the same conditions, the Company would also commit to provide for energy efficiency programs consistent with the goals outlined in the Resolution.

(Continued on Sheet No. 83.10)

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RIDER RPS
RENEWABLE PORTFOLIO STANDARD

(Continued from Sheet No. 83)

APPLICABILITY.

Rider RPS-Renewable Portfolio Standard (Rider RPS) is applicable to the following retail customers:

- (1) all residential customers;
- (2) nonresidential customers with (a) watt-hour only metering, and (b) the highest 30-minute demand established by such customer less than or equal to 1,000 kW during the most recent twelve (12) consecutive monthly billing periods prior to the current monthly billing period; and
- (3) all lighting customers.

Notwithstanding the previous sentence, Rider RPS is not applicable to retail customers that elect service from a Retail Electric Supplier or receive hourly energy supply service from the Company.

Notwithstanding the previous provisions of this Applicability section, no retail tariff charge or credit computed in accordance with the provisions of this rider will be applied for service provided prior to January 2, 2007.

PURPOSE.

As a first step in furthering the voluntary goals set forth in the Resolution, the Company has sought permission to enter into long-term contracts that support the development of a portfolio of new and existing wind resources totaling approximately 850 GWhs per year. Any new contracts are entered through the issuance of a Request For Offers (RFO) conducted by an independent manager (RFO Manager) and execution of long-term agreements with wind generators for the procurement of RECs. Such contracts will also result in the incidental purchase of the energy generated by the associated wind generation facility. The Company will sell all such energy incidentally purchased under such existing and new agreements into the real-time energy market of the appropriate Regional Transmission Organization (RTO). The Company will act as a price-taker on such sales. ~~As provided in the ICC's order approving this rider, such purchases and sales are not subject to after-the-fact prudence or other regulatory reviews.~~ The Company will pass through to customers for which this rider is applicable the difference (charge or credit) between the agreed upon price in the agreement (energy plus RECs) and the value of the applicable real-time locational marginal price (LMP) for the electric energy delivered by the wind generator to its generator node or injection point into the applicable transmission grid, as determined in the RPS Factor section of this rider. Such difference over the life of the agreement represents the costs of the RECs to the Company. This Rider RPS establishes the methodology by which the Company will establish and recover the costs incurred through all wind purchase agreements that are entered into and used to meet the Resolution goals, the costs of which are approved for recovery through this rider as provided by the ICC's order approving this rider.

(Continued on Sheet No. 83.20)

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**RIDER RPS
RENEWABLE PORTFOLIO STANDARD**

(Continued from Sheet No. 83.10)

DEFINITIONS.

The following definitions are provided in addition to those contained in the Definitions section of the general Terms and Conditions of the Company's Schedule of Rates.

G-LMP

G-LMP means the real-time locational marginal price for the electric power and energy delivered by the wind generator to its generator node, which is the hourly-integrated market clearing price for energy at the specific location that energy is delivered. Such generator node or point of injection into the grid may be in the Midwest Independent Transmission System Operator, Inc. (MISO) or PJM Interconnection, L.L.C. (PJM) market. Where a generator is connected to neither MISO nor PJM, the G-LMP is the price for energy at an agreed upon MISO or PJM node.

Renewable Energy Credit or REC

A Renewable Energy Credit or REC means a credit tradable in secondary markets that represents the environmental attributes of one MWh of energy produced from a Renewable Energy Resource.

Renewable Energy Resource

Renewable Energy Resource means a source of electric energy that is continually available or that can be renewed or replaced and that qualifies as a renewable energy resource under the Resolution or through subsequent ICC rulemakings or other ICC proceedings. Examples include wind, solar thermal, photovoltaic cells and panels, crops grown for energy production, organic waste biomass, hydropower that does not involve new or expansion of existing dams, and other sources of environmentally preferable energy.

Request For Offer or RFO

Request For Offer or RFO means the process to solicit bids for the procurement of energy and RECs produced from qualifying Renewable Energy Resources.

Resolution

The ICC's response to the Governor's Sustainable Energy Plan for the State of Illinois, issued July 19, 2005, in Docket 05-0437.

RPS Determination Period

RPS Determination Period means the calendar month for which a Renewable Portfolio Standard Factor (RPS Factor) is determined for retail customers subject to this tariff.

RPS Effective Period

RPS Effective Period means the monthly billing period occurring two (2) months after the RPS Determination Period, during which a RPS Factor is applied to kilowatt-hours (kWhs) of energy provided to retail customers subject to this tariff. The March 2007 monthly billing period is the first such RPS Effective Period.

(Continued on Sheet No. 83.30)

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**RIDER RPS
RENEWABLE PORTFOLIO STANDARD**

(Continued from Sheet No. 83.20)

DEFINITIONS (CONTINUED).

RPS Factor

RPS Factor means the factor that is calculated as set forth in the Charges section herein and represents the cost to the Company that is associated with acquiring RECs from wind to energy facilities.

Staff

Staff means the Staff of the ICC.

REQUEST FOR OFFERS.

All new contracts related to wind generation entered into to meet the Resolution goals are secured through an RFO process approved by the Commission in Docket 06-~~XXXX~~0270.

Pursuant to this tariff, the Company will enter into long-term agreements, contingent on the Company receiving on-going cost recovery, with suppliers selected from the RFO process. Such agreements are for the procurement of energy and RECs from wind generated renewable resources and contain the terms and conditions of such purchase.

(Continued on Sheet No. 83.40)

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**RIDER RPS
RENEWABLE PORTFOLIO STANDARD**

(Continued from Sheet No. 83.30)

CHARGES.

RPS Factor

An RPS Factor is determined on a monthly basis and applied in the applicable RPS Effective Period to the bills for electric service of retail customers to which this rider applies. An RPS Factor is determined in accordance with the following equation:

$$\text{RPSF} = \frac{((\text{ARE} - \text{ARR}) + \text{ARB})}{\text{U}} \times \frac{1 \text{ MWh}}{1,000 \text{ kWh}} \times \frac{100 \text{ } \phi}{\$ 1}$$

Where:

RPSF = RPS Factor, in ϕ /kWh, rounded to the nearest 0.001 ϕ /kWh, applied as a credit or charge during the RPS Effective Period.

ARE = Accrued RPS Expenses, in \$, equal to the sum of the accrued expenses incurred during the RPS Determination Period to meet the Resolution goals set forth in the Background section related to wind generation and associated RECs purchase agreements of this tariff for retail customers to which this rider applies. Such cost recoverable through Rider RPS are Accrued RPS Expenses (ARE). ~~expenses are incurred pursuant to the transactions authorized by the ICC in its order approving this rider.~~

(a) Recoverable ARE through Rider RPS shall include the following:

1. Direct cost paid to wind generators for electric energy delivered to (an approved ComEd) generator node or point of injection (and pursuant to contracts on file with Commission), including the cost of transmission services from any non-wind generator **including related Renewable Energy Credit or REC.**
2. ~~Costs from company owned, controlled, or affiliated (in whole or in part) services, which shall be noted and described as part of any filing;~~
3. ~~Direct cost of purchasing or otherwise acquiring Renewable Energy Credit or REC, from such wind generators; and~~
4. ~~Direct out-of-pocket cost for the procurement of wind generated electric energy and RECs related to supply management or contract management.~~

(Continued on Sheet No. 83.50)

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**RIDER RPS
RENEWABLE PORTFOLIO STANDARD**

(Continued from Sheet No. 83.30)

(b) For the costs included in Subsection (a) above;

(1) Any of the costs from companies owned, controlled, or affiliated with ComEd (in whole or in part), shall be noted and described as part of any filing; and

(2) All associated contracts and any amendments thereto shall be filed annually with the Commission.

~~(b) With respect to the price of renewable wind generated electric power or transmission services from company controlled sources pursuant to contracts which are not subject to regulatory authority, the utility company shall file such contracts and amendments thereto annually with the Commission.~~

~~(c) Renewable wind generated electric energy or transmission charges by affiliated companies which do not appear reasonable may result in the suspension of Rider RPS or cause an investigation thereof to be made by the Commission on its own motion. Any suspension of Rider RPS may occur, if after a hearing, a finding is made that such charges are unreasonable.~~

- = Accrued RPS Revenues, in \$, equal to the accrued revenues recorded during the RPS Determination Period. Such accrued revenues are the net amounts equal to (1) the summation, over all the hours in the monthly billing period, of (a) the G-LMP for each such hour, in \$/MWh, multiplied by (b) the energy procured through the agreements and/or contracts that contribute to meeting the Resolution goals related to wind generation and associated RECs purchase agreements referenced above, in MWhs, in each such hour, less (2) the balancing operating reserve charges, applicable administrative fees, and any other applicable charges or credits incurred in accordance with the provisions of the tariffs of the applicable RTO.
- ARB = Automatic RPS Balancing factor, in \$, equal to the cumulative debit or credit balance resulting from the application of the RPS Factor through the RPS Determination Period.
- U = Usage forecasted, in MWhs, to be provided in the RPS Effective Period to retail customers to which this rider applies.

The RPS Factor is applied to the bills for electric service of retail customers to which this rider applies as a separate line item on the customer's monthly bill—~~in addition to or subtraction from the applicable~~

(Continued on Sheet No. 83.50)

Docket No. 06-0270
ICC Staff Exhibit 4.0
Appendix B

Commonwealth
Edison Company

ELECTRICITY

ILL. C. C. No. 4
2nd Revised Sheet No. 83.40
(Canceling 1st Revised Sheet No. 83.40)

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**RIDER RPS
RENEWABLE PORTFOLIO STANDARD**

(Continued from Sheet No. 83.30)

~~Accuracy Assurance Factor that is determined in accordance with the Accuracy Assurance Mechanism part of Rider CPP.~~

(Continued on Sheet No. 83.50)

Filed with the Illinois Commerce Commission on
XXXXXXX xx, xxxx.
Asterisk (*) indicates change.

Date Effective: XXXXXXX xx, xxxx
Issued by A. R. Pramaggiore, Sr. Vice President
Post Office Box 805379
Chicago, Illinois 60680-5379

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RIDER RPS
RENEWABLE PORTFOLIO STANDARD

(Continued from Sheet No. 83.30)

Annual Reconciliation Process

Annually, the Commission shall initiate public hearings to determine whether Rider RPS reflects actual costs for the procurement of renewable wind generated electric power and energy and to reconcile any amounts recovered with the actual costs of the procurement of renewable wind generated electric power and energy beginning the first monthly period the Rider RPS in effect and ending on December 31 of such year. Thereafter, the reconciliation years shall be the calendar year.

In conjunction with a docketed reconciliation proceeding, the Company shall file with the Commission an annual reconciliation statement, which shall be verified by an officer of the Company. The statement shall show the difference between the following:

1. The costs recoverable through Rider RPS during the reconciliation year; and
2. The revenues arising through the application of Rider RPS to applicable kWh during the reconciliation year.

Rider RPS Update

Following the anticipated compliance filing at the conclusion of Docket No. 06-0270, Rider RPS shall be updated as necessary.

MISCELLANEOUS GENERAL PROVISIONS.

~~The RPS Factor is submitted to the ICC in an informational filing at least three (3) business days prior to the start of the RPS Effective Period during which it is to be applied. As provided in the ICC's order approving this rider, such purchases and sales are not subject to after-the-fact prudence or other regulatory reviews.~~

The RPS Factor is submitted to the ICC in an informational filing at with a postmark dated no later than the twentieth day of the month prior to the start of each effective period, the Company submits the RPS Factor applicable during such effective period, along with supporting work papers, to the ICC for informational purposes. The Company is not required to obtain any consent or other approval, whether prospective, contemporaneous, or retrospective, from the ICC or any other entity in order to issue bills containing any such RPSF or in order to collect any such RPSF, provided, however, that any such RPSF is subject to adjustment in accordance with lawful orders issued by the ICC in annual docketed reconciliation proceedings or otherwise as provided for in the ICC's Order entered in Docket No. 06-0270.

Any submission of an RPSF postmarked after the twentieth day of a month but prior to the start of the applicable effective period is acceptable only if such submission corrects an error or errors from a timely submitted RPSF for such effective period. Any other such submission postmarked after such twentieth day is acceptable only if such submission is made in accordance with the special permission request provisions of Section 9-201(a) of the Act.

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**RIDER RPS
RENEWABLE PORTFOLIO STANDARD**

(Continued from Sheet No. 83.30)

~~An annual report on the operation of the RPS Factor during the previous calendar year is prepared by the Company and submitted to the ICC on or before the last business day of April, beginning in 2008. Such report shall be verified by an officer of the Company.~~

Each year, beginning in 2008, the Company (a) conducts an annual internal audit of its costs and recoveries of such costs pursuant to this rider, (b) prepares an annual report verified by an officer of the Company that summarizes the results of such audit, and (c) submits such report to the ICC in an informational filing by April 30, with copies of such report provided to the Manager of the Staff's Accounting Department and the Director of the Staff's Financial Analysis Division.

The Company's Schedule of Rates, of which this rider is a part, includes general Terms and Conditions and other tariffs. Service hereunder is subject to the general Terms and Conditions and such other tariffs, as applicable.

Docket No. 06-0270
ICC Staff Exhibit 4.0

APPENDIX C

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**RIDER RPS
RENEWABLE PORTFOLIO STANDARD**

BACKGROUND.

The Illinois Commerce Commission (ICC) has adopted a resolution in Docket 05-0437 (Resolution) setting forth a voluntary Renewable Portfolio Standard (RPS Standard). The Resolution establishes a voluntary goal for Illinois electric suppliers to obtain supply from renewable energy resources sufficient to meet 2% of bundled service retail load by 2007, 3% by 2008, escalating by 1% increments up to 8% by 2013. Sources of renewable energy include wind, solar thermal, photovoltaic cells and panels, dedicated crops grown for energy production and organic waste biomass, methane recovered from landfills, hydropower that does not involve new construction or significant expansion of existing dams and other sources of environmentally preferable energy. The Resolution also calls for 75% of the renewable energy used to meet this voluntary RPS Standard to come from wind generation facilities.

The Resolution further sets forth an Energy Efficiency Portfolio Standard (EEP Standard) with a voluntary goal of reducing load growth. The Resolution establishes a voluntary goal for the Illinois electric suppliers in years 2007-2008 at a 10% reduction of load growth, 2009-2011 at a 15% reduction in load growth, 2012-2014 at a 20% reduction in load growth and 2015-2017 at a 25% reduction in load growth. The Resolution calls for creativity and innovation with respect to energy efficiency programs eligible for satisfying the voluntary goals set forth in this EEP Standard.

COMMITMENT.

The Company is committed to following the roadmap the ICC has set forth for voluntarily complying with the Governor's Sustainable Energy Plan and to work with the ICC and others toward meeting the voluntary goals set forth in the Resolution. Specifically, consistent with the ICC's order approving this tariff and providing for full cost recovery, the Company commits to an initial procurement by entering into long-term agreements that comprise a portfolio of approximately 850 gigawatt-hours (GWhs) per year of wind generation and associated Renewable Energy Credits (RECs), to be available for delivery on or before December 31, 2007, subject to the Company's assessment of the potential rate effects of those agreements consistent with the report accepted by the ICC in Docket 05-0437 (Staff Report). Further, subject to the satisfactory resolution of cost recovery for the Company, consideration of customer bill impacts, and other important issues in one or more ICC rulemaking proceedings, and to appropriate timely internal corporate approvals, the Company would commit to enter into agreements for additional wind generation and associated RECs beyond the initial procurement as set forth in the Background section of this rider, and for the remaining 25% of non-wind renewable generation and associated RECs, consistent with the voluntary goals outlined in the Resolution. Finally, subject to the same conditions, the Company would also commit to provide for energy efficiency programs consistent with the goals outlined in the Resolution.

(Continued on Sheet No. 83.10)

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**RIDER RPS
RENEWABLE PORTFOLIO STANDARD**

(Continued from Sheet No. 83)

APPLICABILITY.

Rider RPS-Renewable Portfolio Standard (Rider RPS) is applicable to the following retail customers:

- (1) all residential customers;
- (2) nonresidential customers with (a) watt-hour only metering, and (b) the highest 30-minute demand established by such customer less than or equal to 1,000 kW during the most recent twelve (12) consecutive monthly billing periods prior to the current monthly billing period; and
- (3) all lighting customers.

Notwithstanding the previous sentence, Rider RPS is not applicable to retail customers that elect service from a Retail Electric Supplier or receive hourly energy supply service from the Company.

Notwithstanding the previous provisions of this Applicability section, no retail tariff charge or credit computed in accordance with the provisions of this rider will be applied for service provided prior to January 2, 2007.

PURPOSE.

As a first step in furthering the voluntary goals set forth in the Resolution, the Company has sought permission to enter into long-term contracts that support the development of a portfolio of new and existing wind resources totaling approximately 850 GWhs per year. Any new contracts are entered through the issuance of a Request For Offers (RFO) conducted by an independent manager (RFO Manager) and execution of long-term agreements with wind generators for the procurement of RECs. Such contracts will also result in the incidental purchase of the energy generated by the associated wind generation facility. The Company will sell all such energy incidentally purchased under such existing and new agreements into the real-time energy market of the appropriate Regional Transmission Organization (RTO). The Company will act as a price-taker on such sales. ~~As provided in the ICC's order approving this rider, such purchases and sales are not subject to after-the-fact prudence or other regulatory reviews.~~ The Company will pass through to customers for which this rider is applicable the difference (charge or credit) between the agreed upon price in the agreement (energy plus RECs) and the value of the applicable real-time locational marginal price (LMP) for the electric energy delivered by the wind generator to its generator node or injection point into the applicable transmission grid, as determined in the RPS Factor section of this rider. Such difference over the life of the agreement represents the costs of the RECs to the Company. This Rider RPS establishes the methodology by which the Company will establish and recover the costs incurred through all wind purchase agreements that are entered into and used to meet the Resolution goals, the costs of which are approved for recovery through this rider as provided by the ICC's order approving this rider.

(Continued on Sheet No. 83.20)

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**RIDER RPS
RENEWABLE PORTFOLIO STANDARD**

(Continued from Sheet No. 83.10)

DEFINITIONS.

The following definitions are provided in addition to those contained in the Definitions section of the general Terms and Conditions of the Company's Schedule of Rates.

G-LMP

G-LMP means the real-time locational marginal price for the electric power and energy delivered by the wind generator to its generator node, which is the hourly-integrated market clearing price for energy at the specific location that energy is delivered. Such generator node or point of injection into the grid may be in the Midwest Independent Transmission System Operator, Inc. (MISO) or PJM Interconnection, L.L.C. (PJM) market. Where a generator is connected to neither MISO nor PJM, the G-LMP is the price for energy at an agreed upon MISO or PJM node.

Renewable Energy Credit or REC

A Renewable Energy Credit or REC means a credit tradable in secondary markets that represents the environmental attributes of one MWh of energy produced from a Renewable Energy Resource.

Renewable Energy Resource

Renewable Energy Resource means a source of electric energy that is continually available or that can be renewed or replaced and that qualifies as a renewable energy resource under the Resolution or through subsequent ICC rulemakings or other ICC proceedings. Examples include wind, solar thermal, photovoltaic cells and panels, crops grown for energy production, organic waste biomass, hydropower that does not involve new or expansion of existing dams, and other sources of environmentally preferable energy.

Request For Offer or RFO

Request For Offer or RFO means the process to solicit bids for the procurement of energy and RECs produced from qualifying Renewable Energy Resources.

Resolution

The ICC's response to the Governor's Sustainable Energy Plan for the State of Illinois, issued July 19, 2005, in Docket 05-0437.

RPS Determination Period

RPS Determination Period means the calendar month for which a Renewable Portfolio Standard Factor (RPS Factor) is determined for retail customers subject to this tariff.

RPS Effective Period

RPS Effective Period means the monthly billing period occurring two (2) months after the RPS Determination Period, during which a RPS Factor is applied to kilowatt-hours (kWhs) of energy provided to retail customers subject to this tariff. The March 2007 monthly billing period is the first such RPS Effective Period.

(Continued on Sheet No. 83.30)

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**RIDER RPS
RENEWABLE PORTFOLIO STANDARD**

(Continued from Sheet No. 83.20)

DEFINITIONS (CONTINUED).

RPS Factor

RPS Factor means the factor that is calculated as set forth in the Charges section herein and represents the cost to the Company that is associated with acquiring RECs from wind to energy facilities.

Staff

Staff means the Staff of the ICC.

REQUEST FOR OFFERS.

All new contracts related to wind generation entered into to meet the Resolution goals are secured through an RFO process approved by the Commission in Docket 06-~~XXXX~~0270.

Pursuant to this tariff, the Company will enter into long-term agreements, contingent on the Company receiving on-going cost recovery, with suppliers selected from the RFO process. Such agreements are for the procurement of energy and RECs from wind generated renewable resources and contain the terms and conditions of such purchase.

(Continued on Sheet No. 83.40)

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**RIDER RPS
RENEWABLE PORTFOLIO STANDARD**

(Continued from Sheet No. 83.30)

CHARGES.

RPS Factor

An RPS Factor is determined on a monthly basis and applied in the applicable RPS Effective Period to the bills for electric service of retail customers to which this rider applies. An RPS Factor is determined in accordance with the following equation:

$$\text{RPSF} = \frac{((\text{ARE} - \text{ARR}) + \text{ARB})}{\text{U}} \times \frac{1 \text{ MWh}}{1,000 \text{ kWh}} \times \frac{100 \text{ } \phi}{\$ 1}$$

Where:

RPSF = RPS Factor, in ϕ /kWh, rounded to the nearest 0.001 ϕ /kWh, applied as a credit or charge during the RPS Effective Period.

ARE = Accrued RPS Expenses, in \$, equal to the sum of the accrued expenses incurred during the RPS Determination Period to meet the Resolution goals set forth in the Background section related to wind generation and associated RECs purchase agreements of this tariff for retail customers to which this rider applies. Such cost recoverable through Rider RPS are Accrued RPS Expenses (ARE). ~~expenses are incurred pursuant to the transactions authorized by the ICC in its order approving this rider.~~

(a) Recoverable ARE through Rider RPS shall include the following:

1. Direct cost paid to wind generators for electric energy delivered to (an approved ComEd) generator node or point of injection (and pursuant to contracts on file with Commission), **including related Renewable Energy Credit or REC**;

(b) For the costs included in Subsection (a) above;

(1) Any of the costs from companies owned, controlled, or affiliated with ComEd (in whole or in part), shall be noted and described as part of any filing; and

(2) All associated contracts and any amendments thereto shall be filed annually with the Commission.

= Accrued RPS Revenues, in \$, equal to the accrued revenues recorded during

(Continued on Sheet No. 83.50)

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**RIDER RPS
RENEWABLE PORTFOLIO STANDARD**

(Continued from Sheet No. 83.30)

the RPS Determination Period. Such accrued revenues are the net amounts equal to (1) the summation, over all the hours in the monthly billing period, of (a) the G-LMP for each such hour, in \$/MWh, multiplied by (b) the energy procured through the agreements and/or contracts that contribute to meeting the Resolution goals related to wind generation and associated RECs purchase agreements referenced above, in MWhs, in each such hour, less (2) the balancing operating reserve charges, applicable administrative fees, and any other applicable charges or credits incurred in accordance with the provisions of the tariffs of the applicable RTO.

ARB = Automatic RPS Balancing factor, in \$, equal to the cumulative debit or credit balance resulting from the application of the RPS Factor through the RPS Determination Period.

U = Usage forecasted, in MWhs, to be provided in the RPS Effective Period to retail customers to which this rider applies.

The RPS Factor is applied to the bills for electric service of retail customers to which this rider applies as a separate line item on the customer's monthly bill ~~an addition to or subtraction from the applicable Accuracy Assurance Factor that is determined in accordance with the Accuracy Assurance Mechanism part of Rider CPP.~~

(Continued on Sheet No. 83.50)

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**RIDER RPS
RENEWABLE PORTFOLIO STANDARD**

(Continued from Sheet No. 83.30)

Annual Reconciliation Process

Annually, the Commission shall initiate public hearings to determine whether Rider RPS reflects actual costs for the procurement of renewable wind generated electric power and energy and to reconcile any amounts recovered with the actual costs of the procurement of renewable wind generated electric power and energy beginning the first monthly period the Rider RPS in effect and ending on December 31 of such year. Thereafter, the reconciliation years shall be the calendar year.

In conjunction with a docketed reconciliation proceeding, the Company shall file with the Commission an annual reconciliation statement, which shall be verified by an officer of the Company. The statement shall show the difference between the following:

1. The costs recoverable through Rider RPS during the reconciliation year; and
2. The revenues arising through the application of Rider RPS to applicable kWh during the reconciliation year.

Rider RPS Update

Following the anticipated compliance filing at the conclusion of Docket No. 06-0270, Rider RPS shall be updated as necessary.

MISCELLANEOUS GENERAL PROVISIONS.

~~The RPS Factor is submitted to the ICC in an informational filing at least three (3) business days prior to the start of the RPS Effective Period during which it is to be applied. As provided in the ICC's order approving this rider, such purchases and sales are not subject to after-the-fact prudence or other regulatory reviews.~~

The RPS Factor is submitted to the ICC in an informational filing at with a postmark dated no later than the twentieth day of the month prior to the start of each effective period, the Company submits the RPS Factor applicable during such effective period, along with supporting work papers, to the ICC for informational purposes. The Company is not required to obtain any consent or other approval, whether prospective, contemporaneous, or retrospective, from the ICC or any other entity in order to issue bills containing any such RPSF or in order to collect any such RPSF, provided, however, that any such RPSF is subject to adjustment in accordance with lawful orders issued by the ICC in annual docketed reconciliation proceedings or otherwise as provided for in the ICC's Order entered in Docket No. 06-0270.

Any submission of an RPSF postmarked after the twentieth day of a month but prior to the start of the applicable effective period is acceptable only if such submission corrects an error or errors from a timely submitted RPSF for such effective period. Any other such submission postmarked after such twentieth day is acceptable only if such submission is made in accordance with the special permission request provisions of Section 9-201(a) of the Act.

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**RIDER RPS
RENEWABLE PORTFOLIO STANDARD**

(Continued from Sheet No. 83.30)

~~An annual report on the operation of the RPS Factor during the previous calendar year is prepared by the Company and submitted to the ICC on or before the last business day of April, beginning in 2008. Such report shall be verified by an officer of the Company.~~

Each year, beginning in 2008, the Company (a) conducts an annual internal audit of its costs and recoveries of such costs pursuant to this rider, (b) prepares an annual report verified by an officer of the Company that summarizes the results of such audit, and (c) submits such report to the ICC in an informational filing by April 30, with copies of such report provided to the Manager of the Staff's Accounting Department and the Director of the Staff's Financial Analysis Division.

The Company's Schedule of Rates, of which this rider is a part, includes general Terms and Conditions and other tariffs. Service hereunder is subject to the general Terms and Conditions and such other tariffs, as applicable.