

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

ILLINOIS POWER AGENCY

**Petition for Approval of the
220 ILCS 5/16-111.5(d) Procurement Plan**

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Docket No. _____

**THE ILLINOIS POWER AGENCY’S PETITION FOR APPROVAL
OF THE 220 ILCS 5/16-111.5(d) PROCUREMENT PLAN**

Pursuant to the Illinois Power Agency Act, 20 ILCS 3855/1-1, et seq., and the Illinois Public Utilities Act, 220 ILCS 5/1-101, et seq., the Illinois Power Agency (“IPA”) hereby submits to the Illinois Commerce Commission (“Commission”) its proposed plan for the procurement of electricity for certain customers of Ameren Illinois Company (“Ameren”), and Commonwealth Edison (“ComEd”) (collectively referred to as the “Utilities”). The IPA hereby submits to the Commission for its consideration and approval, the IPA’s proposed Power Procurement Plan for the period June 2013 through May 2018 (“Procurement Plan” or “Plan”). The Procurement Plan sets forth a recommendation relating to procured electricity commodity and associated transmission services, and renewable energy resources, to meet the supply needs of eligible retail customers served by Ameren and Commonwealth Edison. The Procurement Plan is designed to meet its statutory mandate “to ensure adequate, reliable, affordable, efficient, and environmentally sustainable electric service at the lowest total cost over time....” 220 ILCS 5/16-111.5(d)(4).

Pursuant to Section 16-111.5(d)(3) of the Illinois Public Utilities Act (“PUA”), 220 5/16-111.5(d)(4), the Illinois Commerce Commission shall enter its order confirming or modifying the

Procurement Plan on or before December 27, 2012¹. The Illinois Power Agency respectfully requests that the Commission confirm and adopt the Procurement Plan submitted contemporaneous with this Petition.

In accordance with Section 16-111.5(d)(2) of the PUA, the IPA posted its draft of the Procurement Plan to its website on August 15, 2012 (hereinafter the “Draft Plan.”) 220 ILCS 5/16-111.5(d)(2). Section 16-111.5(d) sets forth the process for commenting on the Draft Plan. Affected utilities and other interested parties were given thirty days following the date of the posting to provide comment to the IPA on the Draft Plan. Comments were required to be “specific, supported by data or other detailed analyses, and if objecting to all or a portion of the procurement plan, accompanied by specific alternative wording or proposals.” 220 ILCS 5/16-111.5(d)(2). The IPA has fourteen days following the end of the 30-day review period to revise the Draft Plan as necessary based on the comments and to file the final Plan with the Commission for posting on its website. 220 ILCS 5/16-111.5(d)(2). The accompanying Procurement Plan represents that filing. Following the submission of this Plan, within five days, any person objecting to the Plan may file its objection with the Commission. 220 ILCS 5/16-111.5(d)(3). Any objections to this Plan are due to be filed on October 3, 2012.

The IPA also notes that as required by the Illinois Public Utilities Act, the IPA was required to hold at least one public hearing within each utility's service area for the purpose of receiving public comment on the procurement plan. 220 ILCS 5/16-111.5(d)(2). In accordance with that statutory provision, the IPA hosted two meetings for parties wishing to make public comments. The meetings were held on September 20, 2012 in Springfield and on September 17, 2012 in Chicago.

¹ Section 16-111.5(d)(3) requires that the Commission act on the Procurement Plan within 90 days after the filing of the Procurement Plan.

Comments to the August 15, 2012 Draft Plan were submitted by the Staff of the Illinois Commerce Commission (“Staff”), The Illinois Attorney General, The City of Chicago, ComEd, Ameren, Exelon Generation Company, LLC and Constellation NewEnergy, Inc. (collectively, “Exelon”), Natural Resources Defense Counsel (“NRDC”), Illinois Competitive Energy Association, Wind on the Wires (“WoW”), Illinois Wind Watch (“IWW”), Retail Energy Supply Association, Illinois Industrial Energy Consumers (“IIEC”), the Illinois Coalition to Advance Renewable Energy (“I-Care”), SoCore Energy, Vote Solar, Sunrun, Inc., 3C, FutureGen Alliance, Rich Boris, Bryan Cave, Michael D’Elia, John Gebhardt, Elizabeth Nieman, Bob Rosenquist, various individuals that commented regarding FutureGen, and the joint comments of The Environmental Law & Policy Center (ELPC), Illinois Environmental Council, Interstate Renewable Energy Council, Respiratory Health Association, Sierra Club Illinois Chapter, and Union of Concerned Scientists.

The IPA appreciates the parties’ efforts in providing their respective comments. There are four primary areas where the IPA modified its Draft Plan in response to the comments: (1) corrections to numbers, charts and graphs; (2) The IPA proposes that it conduct no capacity procurement for either ComEd or Ameren in 2013; (3) FutureGen 2.0 has provided the IPA with a revised proposed sourcing agreement, which is attached to the Plan in Appendix IV, which the IPA recommends for approval subject to Commission modification, and (4) the IPA no longer recommends that it conduct a solar REC procurement for delivery year 2013/2014. While all of the comments were carefully considered by the IPA in developing the 2013 Procurement Plan, not all proposals submitted for consideration were accepted by the IPA. The IPA welcomes comments on proposals that were not included in the Plan through the Commission proceeding, accompanied by “specific alternative wording,” where appropriate.

I. Corrections to Typographical Errors, Numbers, Charts, Tables, and Graphs

Several parties provided comments regarding the accuracy of the numbers and text throughout the Draft Plan. Many corrections were incorporated to those aspects of the Plan, including typographical errors, and corrections to certain charts and tables. These changes will be reflected in a document comparison which will be available from the IPA's website.

II. Capacity Procurement for Ameren

The Draft Plan had proposed to procure approximately 290 MW of capacity resources for 2013/2014 for Ameren. However, given the current uncertainty in customer migration in Ameren's territory, and the mechanics of the Midwest ISO capacity auctions, the Plan proposes that Ameren Illinois purchase any remaining 2013/14 capacity in the MISO auction to satisfy the initial MISO resource adequacy requirement, with any balancing of capacity requirements to be achieved as required by MISO. In addition, the Draft Plan had proposed to conduct a bilateral capacity procurement of 540 MW of Zonal Resource Credits for 2015/2016. However, given the administrative costs of conducting such a bi-lateral capacity procurement in the absence of any energy or renewable resource procurements, the IPA recommends that no bi-lateral procurement for capacity products be conducted in the 2013 Procurement Plan.

III. Proposed Sourcing Agreement From FutureGen 2.0

FutureGen 2.0 has proposed to the IPA a sourcing agreement intended for "utilities and alternative retail electric suppliers." FutureGen 2.0 has delivered to the IPA a revised sourcing agreement after the Draft Plan was published. FutureGen 2.0's revised proposed sourcing agreement is attached Appendix IV to the Plan. Also included in Appendix IV is a summary of the expected costs per kwh of output from the FutureGen facility and a comparison with the legislative rate caps for clean coal. In response to stakeholder comments, the IPA has added

additional language regarding the Commission's authority for approval of the FutureGen 2.0 sourcing agreement.

IV. Solar Renewables Energy Credit Procurement for Ameren

The Draft Plan discussed the possibility that the IPA would conduct a solar photo voltaic ("PV") renewable resource REC procurement for 2013-14 delivery, funded by the accumulated unspent hourly ACPs collected during Cycles 1 and 2. However, given the risks associated with potential customer migration in Ameren's territory, and the potential that any remaining renewable resource budget may not be available for 2013/14, the IPA does not recommend that it conduct a solar REC procurement for this period.

V. Proposals Not Accepted for Inclusion in the 2012 Procurement Plan

The IPA considered, but did not include, all suggestions made in the 2012 Plan. While not all of the suggestions were included in its final Plan, the IPA does not want to foreclose development of some issues for consideration in this or future Procurement Plans. As such, the IPA welcomes additional discussion of issues that were not fully developed in the comments to date through the Commission proceeding.

VI. Procedural Steps

Within five days of the filing of this Procurement Plan, any person objecting to the Procurement Plan may file an objection with the Commission.² 220 ILCS 5/16-111.5(d)(3). The IPA reserves its right to file responsive comments to the Commission. In addition, the Commission has fourteen days from the filing of objections, on or before October 17, 2012, to decide if a hearing is necessary. 220 ILCS 5/16-111.5(d)(3). At this time, the IPA does not believe a hearing is required or necessary to consider or approve the Procurement Plan. Parties

² Objections to the Plan are due by October 3, 2012.

may file objections based on alternative policy recommendations, or present legal arguments regarding the Plan, and the Commission may take those written objections into consideration in approving or modifying the Plan in accordance with its authority under Section 16-111.5. However, based on the comments that were submitted in response to the Draft Plan, the IPA anticipates that no hearing will be required.

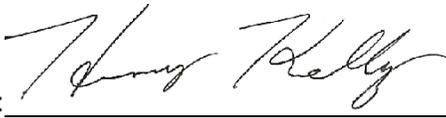
Conclusion

The Illinois Power Agency's Procurement Plan is consistent with the requirements of the Act, meets the needs of customers, and should be approved by the Commission. The IPA reserves the right to file responsive comments, and any corresponding edits, to its Procurement Plan during the ten-day period where the Commission is determining the need for a hearing.

Dated: September 28, 2012

Respectfully submitted,

Illinois Power Agency

By: 

One of its Attorneys

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COUNTY OF COOK

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SS.

VERIFICATION OF ARLENE A. JURACEK

I, Arlene A. Juracek, being duly first duly sworn and on oath state that I am Acting Director of the Illinois Power Agency, and am competent to testify that I have read the Procurement Plan submitted to the Illinois Commerce Commission on September 28, 2012 (the "Plan"), that I am familiar with facts sets forth in the Plan, and those facts are true and correct to the best of my knowledge, information and belief.

Arlene A. Juracek

Arlene A. Juracek

Subscribed and sworn before me
This 28 day of September 2012

Carmen Bye

