

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

The Illinois Power Agency)
)
Petition for Approval of the 2016 IPA) **Docket No. 15-0541**
Procurement Plan Pursuant to Section)
16-111.5(d)(4) of the Public Utilities Act)

**OBJECTIONS OF THE RENEWABLES SUPPLIERS REGARDING
THE ILLINOIS POWER AGENCY’S 2016 PROCUREMENT PLAN**

Pursuant to Section 16-111.5(d)(3) of the Public Utilities Act, 220 ILCS 5/16-111.5(d)(3), the companies listed below, collectively referred to as the Renewables Suppliers, submit these Objections regarding the Illinois Power Agency’s (“IPA”) proposed 2016 Electricity Procurement Plan (“IPA Plan”). The Renewables Suppliers are comprised of the following companies:

- Invenergy LLC and its affiliated project companies Grand Ridge Energy IV LLC and Invenergy Illinois Solar I LLC; and
- NextEra Energy Resources, LLC and its subsidiary project company FPL Energy Illinois Wind, LLC.

Each of the project companies holds a long-term power purchase agreement (“LTPPA”) with Commonwealth Edison Company (“ComEd”) to supply electricity from renewable resources bundled with the associated renewable energy credits (“RECs”). The Renewables Suppliers actively participated in the Commission proceeding concerning the IPA’s 2014 Procurement Plan, Docket 13-0546, including the rehearing in that docket, and in the proceeding concerning the IPA’s 2015 Procurement Plan, Docket 14-0588.

I. March 2016 Load Forecast Updates

The IPA Plan shows that there is a significant margin between (i) ComEd’s (and Ameren Illinois’) forecasted eligible retail customer load for the 2016-2017 Plan Year, and (ii) the levels to which the electric utilities’ eligible retail customer loads would have to fall for a curtailment of purchases under the LTPPAs to be necessary in order to remain within the Renewable

Portfolio Standard (“RPS”) rate caps.¹ See Tables 8-4 (Ameren Illinois) and 8-5 (ComEd) on page 132 of the IPA Plan. For ComEd, the already-contracted REC costs for the 2016-2017 Delivery Year are 63% of ComEd’s estimated 2016-2017 Renewable Resources Budget (“RRB”) cap. IPA Plan at 132. The IPA Plan observes that the RRBs depend directly on eligible retail load, and therefore, so long as ComEd’s March 2016 load forecast update for its 2016-2017 eligible retail customer load is close to 63% (or greater) of its July 2015 forecast value, ComEd will not need to curtail its LTPPAs. *Id.* In fact, the IPA Plan notes, even under its “low” July 2015 load forecast of 2016-2017 load, ComEd would not have to curtail its LTPPAs. *Id.*

However, despite these large margins, the IPA Plan continues to recommend (as in the Plans for several recent years) that the Commission, in its order to be issued in December 2015 on the proposed Procurement Plan, “pre-approve” curtailments of the LTPPAs if the electric utilities’ March 2016 load forecast updates show curtailments to be necessary. IPA Plan at pages 6 and 7 (Action Plan item nos. 2 and 7). The IPA Plan does propose that “The consensus of each utility, the IPA, the ICC Staff, and the Procurement Monitor will be required if a utility load forecast triggers the curtailment of the Long-Term Power Purchase Agreements.” IPA Plan at 6 (Action Plan item no. 2). Absent such consensus, the electric utilities’ July 2015 load forecasts (*i.e.*, the load forecasts presented in the IPA Plan) would continue to be used. IPA Plan at 7 (Action Plan item no. 7).

In light of the significant margin between the electric utilities’ load forecasts for the 2016-2017 Delivery Year and the levels of load at which LTPPA curtailments would be necessary, the Commission should direct that Action Plan item no. 7 in the IPA Plan be changed to provide that no LTPPA curtailments will be required for the 2016-2017 Delivery Year. In other words, the Commission does not need to wait for (or even provide for) March 2016 load forecast updates, but rather can decide based on the utilities’ current load forecasts provided in

¹ The 2016-2017 Delivery Year refers to the 12-month period from June 1, 2016 to May 31, 2017.

the IPA Plan that no LTPPA curtailments are necessary in the 2016-2017 Delivery Year.

Alternatively, if the Commission still wants to provide for March 2016 load forecast updates from the electric utilities, then Action Plan item no. 7 should be changed in one or both of the following ways:

First, Action Plan item no. 7 should be changed to provide that if an electric utility's March 2016 load forecast update indicates a need for LTPPA curtailments, then the Renewables Suppliers, other LTPPA suppliers, and other interested stakeholders, will be allowed to review the load forecast updates and submit comments to the Commission, and the Commission will then make a final determination as to the need for LTPPA curtailments. This would eliminate the dubious practice of the Commission "pre-approving" LTPPA curtailments based on load forecasts that have not yet been produced or filed and the entities that potentially would be the most severely impacted – the LTPPA suppliers – get no opportunity to comment on.

The Renewables Suppliers note that they made a similar recommendation in connection with a previous year's procurement plan, and it was not adopted by the Commission. However, the circumstances here are different, in that it would take *significant* changes in the electric utilities' load forecasts – particularly in ComEd's forecast – between July 2015 and March 2016 in order for the electric utilities' eligible retail customer load to fall to levels at which LTPPA curtailments would be indicated. In other words, the March 2016 load forecast "updates" would have to be materially different from the current (July 2015) load forecasts for LTPPA curtailments to be indicated. Given the significant changes in the electric utilities' load forecasts that would have to occur in just the 8 months between July 2015 and March 2016 in order to trigger LTPPA curtailments, and the resulting potential adverse consequences for LTPPA suppliers, the Renewables Suppliers and other LTPPA suppliers should be allowed to review and comment on the March 2016 load forecast updates before they are accepted as the basis for ordering LTPPA curtailments. Stated differently, the Commission should not simply "pre-

approve” LTPPA curtailments, if shown to be needed by the electric utilities’ as yet unprepared March 2016 load forecast updates, given the very significant changes in the load forecasts that would have to occur to trigger curtailments, without the LTPPA suppliers and other interested parties having the opportunity to submit comments on the revised, March 2016 load forecasts.

To implement this proposal, each electric utility should be required to file its March 2016 load forecast update in this docket, with an explanation of the reasons for changes from the utility’s July 2015 load forecast. If the filed March 2016 load forecast update indicates a need for curtailments of the electric utility’s LTPPA, then interested parties should have 14 days to file comments in the docket on the updated load forecast. The Commission would then make a determination as to whether the July 2015 load forecast, the March 2016 load forecast update, or a different, modified load forecast, should be adopted for purposes of determining if curtailments of the electric utility’s LTPPAs are required during the 2016-2017 Delivery Year.

Second, either alternatively to or in addition to modification 1 above, Action Plan item no. 2 in the IPA Plan should be modified to provide that if an electric utility’s March 2016 load forecast update indicates the need for curtailment of its LTPPAs, the consensus of the utility, the IPA, Commission Staff, the Procurement Monitor and the impacted LTPPA suppliers should be required to adopt the load forecast. The Renewables Suppliers question why one party to the LTPPAs – the electric utility – should be allowed to participate in determining if a modified (from July 2015) load forecast that triggers a curtailment should be adopted, thereby relieving the utility of a contractual commitment, while the counterparties to the LTPPAs are not allowed to participate in this determination (even though they may suffer significant revenue losses as a result of the determination).

II. Need for a Procurement Event During 2016-2017 to Purchase RECs to Cover a Portion of the Electric Utilities’ Renewable Resources Shortfalls for the 2017-2018 through 2020-2021 Delivery Years

The IPA Plan shows that for each of the Delivery Years 2017-2018 through 2020-2021,

ComEd is projected to have a shortfall between presently-contracted renewable resources and its RPS targets for total renewable resources, renewable resources from wind, and renewable resources from photovoltaics. The shortfall is 536,862 MWh for wind and 113,769 MWh for photovoltaics in 2017-2018, and the shortfall increases to 1,608,267 MWh for wind and 199,481 MWh for photovoltaics in 2020-2021. *See* Table 8-2 on page 130. Similarly, for the Delivery Year 2017-2018, Ameren Illinois is projected to have a shortfall between presently-contracted renewable resources and its RPS targets for total renewable resources and renewable resources from photovoltaics; and for Delivery Years 2018-2019, 2019-2020, and 2020-2021, Ameren Illinois is projected to have a shortfall between presently-contracted renewable resources and its RPS targets for total renewable resources, renewable resources from wind, and renewable resources from photovoltaics. The shortfall reaches 328,241 MWh for wind and 70,556 MWh for photovoltaics in 2020-2021. *See* Table 8-1 on page 129. These increasing shortfalls between presently-contracted renewable resources and the RPS targets reflect, in part, that the RPS percentages specified by §1-75(c)(1) of the IPA Act (20 ILCS 3855/1-75(c)(1)) continue to increase, by 1.5% each year, through 2025.

However, the IPA Plan indicates that the IPA does not plan any procurement activity during 2016-2017 to address these shortfalls. The Summary of Procurement Plan Recommendations on Table 1-5 (page 5) states “revisit next year” for the indicated shortfalls in renewable resources in each of the 2017-2018 through 2020-2021 Delivery Years.

The Renewables Suppliers strongly believe that in order to promote the further development of renewable generating resources serving the State of Illinois, it will be necessary for the IPA to conduct more long-term renewable resources procurements, since many developers require and use long-term off-take agreements in order to finance the construction of new wind and solar generation facilities. The Renewable Suppliers recognize, however, that the stability of the electric utilities’ eligible retail customer load has been an issue over the past two

to three years, due primarily to the migration of customers from the utilities to alternative retail electric suppliers, and back to the electric utilities, as a result of the initiation and subsequent reduction in active municipal aggregation programs and the differences (both positive and negative) between market electricity prices and the electric utilities' price offerings to their eligible retail customers. Given the instability in the size of ComEd's and Ameren Illinois' eligible retail customer loads subject to RPS requirements over the last two to three years, the Renewables Suppliers recognize that conducting a procurement event for new long-term renewable resources supply during the 2016-2017 Plan Year may be premature. To determine that the levels of the utilities' eligible retail customer loads subject to the RPS have sufficiently stabilized, another one to two years of experience may be appropriate before the IPA resumes conducting procurement events for long-term renewable resources contracts. Additionally, there are at least two bills pending in the General Assembly that would make significant revisions to the current statutory RPS provisions, and it may be wise to refrain from further long-term renewable resources procurements until the outcome of these proposals is determined.²

Nonetheless, the Renewables Suppliers recommend that the Commission modify the IPA Plan to add an item to the Action Plan to conduct limited procurements of wind and photovoltaic RECs, under relatively short-term contracts, during 2016-2017, to address a portion of the indicated shortfalls in renewable resources for ComEd and Ameren Illinois for the 2017-2018 through 2020-2021 Delivery Years. By "short-term," the Renewables Suppliers mean REC procurements under contracts of one year to no more than five years. Conducting short-term REC procurements in 2016-2017 would be beneficial for the REC market in Illinois, as it would generate some activity in the markets for wind and photovoltaic RECs, which has been generally lacking during the past several years.

Given the lingering uncertainty over the stability of the electric utilities' eligible retail

² Section 2.9 on page 18 of the IPA Plan identifies and briefly summarizes legislation introduced in the Spring 2015 session of the General Assembly that would amend the current statutory RPS provisions.

customer loads, the Renewables Suppliers believe it would be prudent and appropriate to conduct REC procurement events in 2016-2017 to cover only a portion of the indicated shortfalls in years 2 through 5 of the forecast period. Further, given that greater certainty can be assigned to the electric utilities' load forecasts for the 2017-2018 Delivery Year than for the subsequent three Delivery Years (*i.e.*, the certainty that can be attributed to the load forecasts diminishes the farther out into the forecast period one goes), these REC procurements should cover a decreasing portion of the indicated renewable energy resources shortfalls in each of years 2 through 5 of the forecast period. The portion of the forecasted annual shortfalls to be procured should be based on the electric utilities' projected available Renewable Resources Budgets, as this approach minimizes the risk of the statutory RPS rate caps being exceeded in years 2 through 5.

Additionally, the short term REC procurement contracts should specify that REC purchases are subject to available funding under each utility's RRB as determined by the final approved load forecast or load forecast update for the respective Delivery Year. Finally, LTPPA deliveries and payments must be considered senior to the delivery and payment for RECs procured under the short term REC contracts. In other words, in the case of a future shortfall of RRB funds to pay for all contracted renewable energy resources, which leads to curtailments (a risk minimized by the short-term nature of the REC contracts and the limitations on the portion of the RRB that can be spent on the REC procurements, as Renewables Suppliers are proposing), the short-term REC contracts would be the first to be curtailed.

Tables 8-4 and 8-5 on page 132 of the IPA Plan show that Ameren and ComEd are projected to have the following Available RPS Funds (*i.e.*, Delivery Year RPS Budget less cost of Contracted RECs for the Delivery Year) for Delivery Years 2017-2018 through 2020-2021:

Delivery Year	Ameren Illinois (\$)	ComEd (\$)
2017-2018	3,255,883	16,916,581
2018-2019	4,721,183	17,524,528
2019-2020	4,769,585	17,687,604
2020-2021	5,015,585	18,101,144

The Renewables Suppliers recommend that the Commission modify the IPA Plan to provide for short-term REC procurement events during the 2016-2017 Plan Year to procure RECs for the electric utilities' RPS requirements for Delivery Years 2017-2018 through 2020-2021, in amounts equal to the following percentages of the electric utilities' forecasted Available RPS Funds in those Delivery Years:

Delivery Year 2017-2018:	30%
Delivery Year 2018-2019:	25%
Delivery Year 2019-2020:	20%
Delivery Year 2020-2021:	10%

III. Use of the IPA Renewable Energy Resources Fund to Procure Curtailed LTPPA RECs

The IPA Plan includes a proposed 2016 procurement of RECs from distributed generation ("DG"), to be funded from the electric utilities' available balances of funds at May 1, 2015, accumulated in respect of Alternative Compliance Payments attributed to kwh sales to their retail customers served on hourly pricing tariffs ("Hourly ACP funds"):

Approve an early summer 2016 procurement of distributed generation RECs using already collected hourly ACP funds for Ameren Illinois and ComEd minus the total dollar value of each utility's distributed generation REC contracts awarded through the Fall 2015 procurement and any hourly ACP funds committed to the purchase of curtailed RECs stemming from the 2010 long-term power purchase agreements. (IPA Plan at 7 (Action Plan item no. 9))

In their comments submitted to the IPA on its draft 2016 Procurement Plan, the Renewables Suppliers expressed concern that the IPA was not sufficiently clear that the proposed DG REC procurement would be funded from the utilities' Hourly ACP funds only to the extent that those funds were not needed to fund the purchase of curtailed LTPPA RECs during the 2016-2017 Delivery Year (should a curtailment be necessary), using the pricing methodology adopted by the Commission in its Order on Rehearing in Docket 13-0546. The IPA has addressed the Renewables Suppliers' comment by modifying text in the IPA Plan filed with the Commission, thereby resolving this concern. See Section 1.2 on page 4, Action Plan

item no. 9 on page 7, and the fourth paragraph on page 134, of the IPA Plan.

The Renewables Suppliers wish, however, to comment on the following statement on page 132 of the IPA Plan: “The IPA proposes to address a potential curtailment through continuing its prior offer to purchase curtailed REC at the imputed REC prices from the 2010 contracts using the Renewable Energy Resources Fund.” The Renewables Suppliers appreciate the IPA’s offer, which the Renewables Suppliers understand to be a backstop in the event that an electric utility’s accumulated Hourly ACP funds are insufficient to purchase all curtailed LTPPA RECs using the pricing methodology adopted in the Docket 13-0546 Rehearing Order. Although the IPA Plan does not define or explain the term used by the IPA, “imputed REC prices from the 2010 contracts,” the Renewables Suppliers assume that the “imputed REC price” means the bundled LTPPA contract price less the forecasted 2016-2017 energy market prices from the IPA’s forward energy price curve developed at the time of the 2010 procurement event for the LTPPAs. The Renewables Suppliers also understand that the Commission does not have authority to direct the IPA in its use of the RERF. The Renewables Suppliers point out, however (as they did in Docket 13-0546) that the IPA’s “imputed REC price” for the LTPPAs, unlike the pricing method adopted in the Docket 13-0546 Rehearing Order, does not provide full recovery of the LTPPA suppliers’ lost revenues in the event of an LTPPA curtailment. Therefore, purchases of curtailed LTPPA RECs at the “imputed REC price” is not a complete backstop to a utility’s purchase of curtailed LTPPA RECs using Hourly ACP funds and the pricing methodology adopted in the Docket 13-0546 Rehearing Order.

IV. Conclusion

The Renewables Suppliers respectfully request that the Commission adopt the Renewables Suppliers’ Objections to the IPA Plan as set forth herein, and that the Commission issue an order in this docket making determinations and issuing directives, including revisions to the IPA Plan, in accordance with these Objections.

Respectfully submitted,

RENEWABLES SUPPLIERS

By: /s/ Owen E. MacBride
Owen E. MacBride

Schiff Hardin LLP
233 South Wacker Drive, Suite 6600
Chicago, IL 60606
(312) 258-5680
omacbride@schiffhardin.com

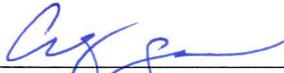
Representatives of the Renewables Suppliers:

<p>Julie Voeck Director Regulatory and Legislative Affairs NextEra Energy Resources, LLC 700 Universe Blvd. FEB/JB Juno Beach, FL 33408 (414) 475-1035 Julie.voeck@nexteraenergy.com</p>	<p>Craig Gordon Vice President of Sales and Marketing Invenergy LLC One South Wacker Drive, Suite 1900 Chicago, IL 60606 (312) 582-1467 cgordon@invenergyllc.com</p>
---	--

STATE OF ILLINOIS)
)
COUNTY OF COOK) SS.

VERIFICATION

Craig Gordon, on oath, states that he is Vice President of Sales and Marketing for Invenergy LLC, one of the Renewables Suppliers; that he is authorized to make this verification on behalf of the Renewables Suppliers; that he has read the foregoing Objections of the Renewables Suppliers Regarding the Illinois Power Agency's 2016 Procurement Plan ("Objections") and is familiar with the matters set forth therein; and that the matters set forth in the Objections are true and correct to the best of his knowledge, information and belief.



Craig Gordon

Subscribed and sworn to before me
this 5th day of October, 2015.



Notary Public

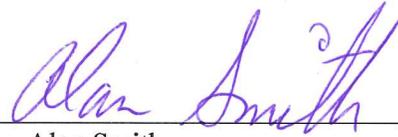


STATE OF FLORIDA)
)
COUNTY OF PALM BEACH)

SS.

VERIFICATION

Alan Smith, C.F.A, P.E., on oath, states that he is Regional Director, Business Management, for NextEra Energy Resources, LLC, one of the Renewables Suppliers; that he is authorized to make this Verification on behalf of the Renewables Suppliers; that he has read the "Objections of the Renewables Suppliers Regarding the Illinois Power Agency's 2016 Procurement Plan" ("Objections") and is familiar with the matters set forth therein; and that the matters set forth in the Objections are true and correct to the best of his knowledge, information and belief.



Alan Smith

Subscribed and sworn to before me
This 5th day of October, 2015.



Notary Public



JANET KELLY
NOTARY PUBLIC
STATE OF FLORIDA
Comm# FF072856
Expires 11/24/2017

CERTIFICATE OF SERVICE

The undersigned attorney hereby certifies that he caused the Objections of the Renewables Suppliers Regarding the Illinois Power Agency's 2016 Procurement Plan in ICC Docket 15-0541 to be served on each of the persons on the Service List by e-mail on October 5, 2015.

/s/ Owen E. MacBride

Owen E. MacBride

Attorney for the Renewables Suppliers

Mario Bohorquez, Bureau Chief
Planning & Procurement
Illinois Power Agency
160 N. LaSalle St., Ste. C-504
Chicago, IL 60601
mario.bohorquez@illinois.gov

William P. Cox
NextEra Energy Resources, LLC
700 Universe Blvd.
Juno Beach, FL 33408
will.p.cox@fpl.com

Glennon P. Dolan, Administrative Law Judge
Illinois Commerce Commission
160 North LaSalle, Suite C-800
Chicago, IL 60601-3104
gdolan@icc.illinois.gov

Erika Dominick, Illinois Regulatory Paralegal
Ameren Services Company
1901 Chouteau Ave.
PO Box 66149
St. Louis, MO 63166-6149
edominick@ameren.com

John Feeley
Office of General Counsel
Illinois Commerce Commission
160 N. LaSalle, Ste. C-800
Chicago, IL 60601
jfeeley@icc.illinois.gov

Gerard T. Fox, Atty. for RESA
Law Offices of Gerard T. Fox
203 N. LaSalle St., Ste. 2100
Chicago, IL 60601
gerardtfox@gerardtfoxlawoffices.com

Keith Goerss
Ameren Illinois Company
300 Liberty St.
Peoria, IL 61602
kgoerss@ameren.com

Craig Gordon, Vice President
Sales & Marketing
Invenergy LLC
One S. Wacker Dr., Ste. 1900
Chicago, IL 60606
cgordon@invenergyllc.com

Brian P. Granahan, Chief Legal Counsel
Illinois Power Agency
160 N. LaSalle St., Ste. C-504
Chicago, IL 60601
brian.granahan@illinois.gov

Mark R. Johnson,
Atty. for Commonwealth Edison Company
Eimer Stahl LLP
224 S. Michigan Ave., Ste. 1100
Chicago, IL 60604
mjohnson@eimerstahl.com

Owen E. MacBride, Atty. for the Renewables Suppliers
Schiff Hardin LLP
233 S. Wacker Dr., Ste. 6600
Chicago, IL 60606
omacbride@schiffhardin.com

Jennifer S. Moore, Senior Attorney
MidAmerican Energy Company
PO Box 4350
106 E. Second St.
Davenport, IA 52808
jmoore@midamerican.com

James V. Olivero
Office of General Counsel
Illinois Commerce Commission
527 E. Capitol Ave.
Springfield, IL 62701
jolivero@icc.illinois.gov

Thomas J. Russell
Exelon Business Services Company, LLC
10 S. Dearborn St., 49th Fl.
Chicago, IL 60603
thomas.russell@exeloncorp.com

David M. Simon, Atty. for Commonwealth Edison
Company
Eimer Stahl LLP
224 S. Michigan Ave., Ste. 1100
Chicago, IL 60604
dsimon@eimerstahl.com

Theresa Thompson, Paralegal
MidAmerican Energy Company
PO Box 4350
106 E. Second St.
Davenport, IA 52808
tthompson@midamerican.com

Richard L. McCartney
Ameren Illinois Company
PO Box 66149 (M/C 1310)
1901 Chouteau Ave.
St. Louis, MO 63166-6149
rmccartney@ameren.com

Thomas S. O'Neill, Sr. Vice President & General Counsel
Commonwealth Edison Company
440 S. LaSalle St., Ste. 3300
Chicago, IL 60605
thomas.oneill@comed.com

Justin Range
Ameren Illinois Company
PO Box 66149 (M/C 1310)
1901 Chouteau Ave.
St. Louis, MO 63166-6149
jrange@ameren.com

Claudia Sainsot, Administrative Law Judge
Illinois Commerce Commission
160 N. LaSalle St., Ste. C-800
Chicago, IL 60601-3104
csainsot@icc.illinois.gov

Anthony Star, Director
Illinois Power Agency
160 N. LaSalle St., Ste. C-504
Chicago, IL 60601
anthony.star@illinois.gov

Julie Voeck, Director
Regulatory & Legislative Affairs
NextEra Energy Resources, LLC
700 Universe Blvd.
Juno Beach, FL 33408
julie.voeck@nexteraenergy.com

Richard Zuraski, Case Manager
Illinois Commerce Commission
527 E. Capitol Ave.
Springfield, IL 62701
rzuraski@icc.illinois.gov