

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

ILLINOIS POWER AGENCY	:	
	:	
Petition for Approval of the 2016 IPA	:	ICC Docket No. 15-0541
Procurement Plan pursuant to Section 16-	:	
111.5(d)(4) of the Public Utilities Act	:	

**RESPONSES TO OBJECTIONS
OF THE ENVIRONMENTAL LAW AND POLICY CENTER**

Pursuant to the Commission’s October 6, 2015 scheduling order, the Environmental Law & Policy Center (ELPC) respectfully submits its responses to other parties’ Objections to the Illinois Power Agency’s (IPA) 2016 Procurement Plan, which the IPA filed with the Illinois Commerce Commission (ICC) for consideration and approval on September 28, 2015. ELPC’s response comments will focus on the Plan’s treatment of renewable energy issues, but ELPC reserves the right to comment on other issues in its reply comments, including the Plan’s treatment of incremental energy efficiency.

As indicated in ELPC’s Objections, the IPA and the Commission have a window of opportunity to leverage expiring federal solar tax credits to lower the cost of the IPA’s Plan, but the current Plan fails to maximize this opportunity. In order to capture the value of these tax credits, ELPC recommends that the IPA expand the amount of distributed generation (DG) resources procured in early 2016. (ELPC Objection at 1-4) As described further below, the Commission has already resolved several renewable energy contracting issues raised by Ameren and ComEd in prior cases, and there are no good reasons to justify reopening those issues again in this docket. For the following reasons, ELPC respectfully urges the Commission to reject Ameren and ComEd’s Objections to the renewable energy aspects of the IPA’s Plan and instead

order the IPA to amend its 2016 Plan to further expand the procurement of DG resources in early 2016.

Response to Renewable Energy Suppliers

The Renewable Energy Suppliers agree with ELPC that the IPA should plan to procure more renewable energy resources to meet projected shortfalls of total renewables and solar resources for Delivery Years 2018-2019, 2019-2020, and 2020-2021. (Renewables Suppliers Objections at 4-5) The Renewables Suppliers recommend a balanced approach in which the IPA could procure “short-term” contracts for RECs (i.e. no more than five years). According to the Renewables Suppliers, “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.” (Renewables Suppliers Objections at 6) In order to mitigate the risk of load migration affecting the available renewable resources budget, the Renewables Suppliers recommend that the IPA allocate a decreasing portion of the electric utilities’ forecasted available RPS funds for future delivery years through 2020-2021. (Renewables Suppliers at 8)

ELPC agrees with the overall goal of the Renewables Suppliers to expand renewable resources procurement in the IPA’s 2016 Plan and recommends that the Commission closely consider the Renewables Suppliers proposed allocation of forecasted available RPS funds for future delivery years. ELPC continues to believe that its recommendation to expand the IPA’s procurement of distributed generation resources in early 2016 represents the best value for Illinois consumers as it will likely result in new resources built in Illinois and the majority of distributed resources will likely be solar, which will be eligible for expiring federal solar investment tax credits. The IPA could also structure the DG procurement to provide for a one-

time payment for a future five-year stream of DG RECs in order to minimize any budgeting risk related to future customer switching trends. (See ELPC Objection at 5)

Response to Ameren

Ameren opposes the IPA's planned spring 2016 procurement of Solar Renewable Energy Credit (SRECs) claiming that it is "unclear whether REC sub-targets must be met in a year where the total REC target has been exceeded." (Ameren Objection at 21) This issue was litigated and resolved by the Commission in last year's procurement docket, 14-0588. The Illinois RPS establishes a number of overlapping statutory mandates that the IPA and Commission must harmoniously balance. Furthermore, the Act does not support Ameren's suggestion that the specific technology sub-targets are any less important or mandatory than the overall total REC targets. The Commission should reject Ameren's interpretation of the statute that would devalue the explicit technology sub-targets in the Act.

Ameren also questions the value of one-year SRECs, claiming that last-year's one-year SREC procurement resulted "in the majority of the SRECs coming from states other than Illinois." (Ameren Objection at 21) ELPC shares some of Ameren's concerns about the value of one-year RECs. However, in ELPC's opinion, the solution is not to abandon the procurement of additional renewable resources (as Ameren suggests), but instead to structure the IPA's procurement in a way that maximizes value to Illinois residents by encouraging in-state development of new projects. ELPC's recommendation to expand the procurement of *distributed generation* (DG) resources in early 2016 would accomplish that goal because distributed resources, by definition, must be sourced from projects interconnected to the distribution system of an Illinois utility. *See* 20 ILCS 3855/1-10.

Finally Ameren recommends that the IPA be the contractual counterparty for the DG REC procurement. (Ameren Objection at 22) However, substituting a state agency for the utility as the contractual counterparty would likely result in major problems for renewable energy developers. Due to a continuing state budget impasse, the credit of the state of Illinois is not in good condition. It is our understanding that many developers would have trouble financing contracts that include an Illinois state agency as a counterparty. This will increase risk and increase costs for consumers. The Commission should clearly indicate that the electric utilities should remain the counterparty for the IPA's REC procurements.

Responses to ComEd

ComEd includes only one paragraph related to renewable resources in its Objections, stating only that it has proposed "limited revisions" to the contracting terms "designed to clarify the meaning of certain terms of concepts." (ComEd Objection at 8) However, the "limited revisions" that ComEd has proposed to Section 8.4.1 (Procurement Process) of the IPA's Plan are not merely "clarifications." Instead, the proposal to require bidders to submit bids of at least one megawatt in size *for each REC product size* (<25 kW and 25 kW to 2 MW) departs from the Commission's resolution of this issue last year and would create very significant challenges for the procurement of DG RECs from small (<25 kW) systems. (See ComEd Appendix A at 137) As the IPA's Final 2015 Procurement Plan states, "[b]ids must be at least one megawatt in size, but may feature a number of DG systems of all qualifying sizes and resource types." (Final 2015 Procurement Plan at 106) (emphasis added). There is no requirement that bids must be segregated by "each REC product size," as ComEd suggests, nor is there good reason to do so. In fact, ELPC is aware of several project developers that have expressed significant concern about their ability to assemble the requisite number of <25 kW projects in order to meet a 1 MW

bidding threshold from small projects alone. The Commission should reject ComEd's proposed "clarifying" amendments to Section 8.4.1 of the Plan.

Conclusion

As described in ELPC's Objection, procuring additional solar and distributed generation resources would further the overall purpose and goals of the Act and would deliver tangible benefits to Illinois consumers. As described above, the IPA and the Commission should endeavor to accelerate and increase the procurement of distributed solar resources now, while those resources are effectively "on sale," in order to meet the goals of the Illinois Renewable Energy Standard at 20 ILCS 3855/1-75(c) and the Illinois Power Agency Act's requirement to procure "adequate, reliable, affordable, efficient, and environmentally sustainable electric service at the lowest cost over time, taking into account any benefits of price stability." (20 ILCS 3855/1-5)

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Respectfully submitted,



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