

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Illinois Power Agency)
)
) Docket No. 15-0541
Petition for Approval of Procurement Plan)

**AMEREN ILLINOIS COMPANY'S VERIFIED REPLY
TO RESPONSES TO ITS OBJECTIONS**

Dated: October 30, 2015

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AMEREN ILLINOIS COMPANY'S VERIFIED REPLY

The Illinois Power Agency (“IPA”) filed a petition for approval of its procurement plan (“Plan”) with the Illinois Commerce Commission (“Commission”) on September 28, 2015. On October 5, 2015, Ameren Illinois Company (“Ameren Illinois” or “AIC”) filed its objections and comments pursuant to Section 5/16-111.5(d)(3) of the Illinois Public Utilities Act (“Act”), 220 ILCS 5/16-111.5(d)(3). On October 20, 2015, the IPA, the Staff of the Illinois Commerce Commission (“Staff”), NextEra Energy Resources LLC and Invenenergy LLC (“Renewables Suppliers”), Commonwealth Edison Company (“ComEd”), the Environmental Law and Policy Center (“ELPC”), and Wind on the Wires (“WOW”) responded to Ameren Illinois or to positions on which Ameren Illinois has previously spoken.

With this filing, Ameren Illinois replies to the responses filed by other parties in opposition to AIC’s objections.¹ The discussion is organized by party, and, within Ameren Illinois’ reply to each party, by issue, consistent with the layout of the Plan. As follows, AIC respectfully requests that the Commission approve its requested changes, as set forth in Exhibit A to its Objections filed on October 4, or otherwise grant relief in a manner consistent with AIC’s positions taken in this docket.

I. ILLINOIS POWER AGENCY (“IPA”)

A. Renewables Suppliers’ Position on REC Procurement and March 2016 Load Forecast Updates (Sections 1.2, 1.4, 8.1 and 8.2)

IPA recommends rejection of the multi-year REC procurements proposed by the Renewables Suppliers and ELPC. (IPA Response pp. 19-23.) While the arguments are similar to those put forth by Ameren Illinois and others, the IPA adds some additional elements that

¹ AIC has not responded or replied to each and every issue raised by other parties in this docket, but its silence on an issue should not be construed as agreement with any party on a particular issue.

further strengthen the case for rejection. First, the IPA correctly clarifies that projections of the available Renewable Resources Budget (“RRB”) do not represent a “significant surplus of available funds.” This is because the forecasted RRB is a function of eligible retail load, and this load can change quickly. Second, the IPA does not project that it will fall significantly short of future year compliance targets. In fact, nowhere in the Plan is it suggested that IPA procurements on behalf of the utilities will cause the REC targets for future years to fall short. Ameren Illinois joins the IPA in opposing the Renewables Suppliers and ELPC proposals for multi-year REC procurements.

The IPA also recommends rejection of the Renewables Suppliers proposal that the Commission omit pre-approved curtailment of the Long Term Power Purchase Agreements (“LTPPAs”) and, further, that the March 2016 forecast update be filed with the Commission, followed by a comment period and a Commission order approving or rejecting the updated forecast. (IPA Response pp. 23-25.) Ameren Illinois joins the IPA in opposing the Renewables Suppliers’ proposals in this regard. However, Ameren Illinois desires to clarify one point. While Ameren Illinois appreciates the IPA stating that it is unlikely that the utilities manipulate the eligible retail forecast, later the IPA states that the “IPA does appreciate that the utilities could have an interest in reducing their renewable resource obligations....” To be clear, Ameren Illinois does not manipulate its eligible retail forecast to reduce the renewable resource obligation, nor for any other reason. Furthermore, any argument that Ameren Illinois has a reason to manipulate its eligible retail forecast falls flat because power supply costs are a pass-through to customers with no potential for profit. The IPA’s statements suggesting otherwise are baseless and wrong.

The IPA disagrees with the Ameren Illinois proposal that Alternative Compliance Payment (“ACP”)² funds be combined with an IPA procurement using Renewable Energy Resource Funds (“RERF”). (IPA Response pp. 26-27.) The arguments in favor of such a proposal are included in the Ameren Illinois reply to ELPC, below (Section V), and for the sake of brevity will not be reproduced here.

The IPA also opposes the Ameren Illinois proposal that, since total REC targets have been exceeded for 2016-2017, the Commission may wish to order against the proposed one year Solar Renewable Energy Credit (“SREC”) procurement for 2016-2017. (IPA Response pp. 27-28.) Ameren Illinois’ argument is clearly articulated in the reply to ELPC, below (Section V), and will not be reproduced here.

B. Incremental Energy Efficiency (Section 7.1)

1. Prior Year Consensus Positions (Section 7.1.3)

Ameren Illinois objected to the IPA’s request that the Commission “approve” an IPA-selected list of “consensus” positions that were developed during workshops held in 2013 (the “2013 Consensus Positions”).³ In light of the significant changes and discussions occurring between parties with respect to future development, planning, implementation and evaluation of energy efficiency in Illinois, Ameren Illinois remains concerned that the evolution of and progress on energy efficiency policy made by a variety of interested stakeholders through the Illinois Stakeholder Advisory Group (“IL-SAG”)⁴ facilitation process could be blocked or

² ACP funds are renewable funds collected from customers taking supply from utility real-time pricing tariffs. These funds are held by the applicable utility in a liability account and are earmarked for future REC procurements as specified by the IPA in its Plans and as approved by the Commission.

³ The IPA also seeks approval of consensus positions reached in 2014 (the “2014 Consensus Positions”).

⁴ The IL-SAG is a group established by the Commission in ICC Docket Nos. 07-0539 and 07-0540 that consists of interested stakeholders, including Illinois gas and electric utilities, Commission Staff, the Office of the

impeded by the steadfast imposition of past positions. While past approval of consensus positions by the Commission has typically involved providing utilities with certainty of positions that affected implementation of Section 5/16-111.5B programs (*see* ICC Docket Nos. 13-0546 and 14-0588), the IPA’s current request now seeks to have parties “*bound* by prior years’ Commission-approved consensus items” for future years. (IPA Response p. 14 (emphasis added).) In so requesting, the IPA tosses aside the fact that the IPA has selectively identified only a few of the consensus positions reached in 2013 (apparently only the ones that the IPA still agreed with) and gives no regard to the current landscape of energy efficiency policy development, which no party disputes is a topic of significant discussions between interested stakeholders. Moreover, the IPA resorts to strange, baseless attacks on Ameren Illinois’ positions, incorrectly characterizing them as seeking “wholesale dismissal of prior agreements” or acting “inconsistent with the collaborative spirit called for under the law.”⁵ As explained below and in Section II.B.1 (addressing Staff’s Response on this issue), the Commission should approve Ameren Illinois’ position and remove the 2013 Consensus Positions from the 2016 IPA Procurement Plan.

As an initial matter, the IPA and Staff have provided discovery responses with respect to the consensus positions set forth in the 2016 IPA Procurement Plan that have, for now, resolved

(continued...)

Attorney General, the Citizens Utility Board, the Environmental Law & Policy Center, the Natural Resources Defense Council, the Department of Commerce and Economic Opportunity, customer and industry groups, energy efficiency evaluators, experts and consultants, as well as others who choose to participate.

⁵ Ameren Illinois would note that *no* party, including the IPA, has challenged whether AIC has complied with the law or participated in the collaborative process when developing its submission.

Ameren Illinois' concerns about the 2013 Consensus Positions conflicting with the 2014 Consensus Positions.⁶

However, Ameren Illinois maintains its assertion that the 2013 Consensus Positions should not be approved because they have become stale. In response, the IPA argues that the request to exclude what will be two- or three-year old positions from approval in the 2016 IPA Plan requires delineated identification of the problematic positions. But identification of such a list is not necessary, as there is no disagreement that the IPA's self-selected list of consensus positions reflects positions on energy efficiency policy that were developed two years ago. Tellingly, the 2016 IPA Procurement Plan does not include each and every consensus position developed during the 2013 and 2014 workshops. (*See* 2016 IPA Procurement Plan, Appendix B (Section 16-111.5B submittal) – 2016 IPA Procurement Plan, Appendix 2, pp. 55-58 (Staff Report: Summary of 2014 Section 16-111.5B EE Workshops, Attachment A), pp. 65-70 (RE: Summary of Section 16-111.5B Energy Efficiency Workshops Required by the Commission's Order in Docket No. 12-0544, dated August 2, 2013).) For example, the IPA's list makes no mention of the consensus reached regarding how it may not be possible to have any expanded incremental efficiency procured for years where there are no Commission approved Section 8-103 programs. However, in this docket the IPA asks for just that result—in the form of multi-year bids that would cover a year for which no Section 8-103 programs would be approved (i.e., the year covered by the 2017 IPA Procurement Plan). The IPA's hypocritical inconsistency only highlights how parties' positions on energy efficiency policy can and do evolve. Indeed, the

⁶ However, as set forth in AIC's Objections and in Section I.B.4 herein, there is no longer consensus on whether the Total Resource Cost Test satisfies the requirement found in 220 ILCS 5/16-111.5B(a)(3)(E) to analyze the cost of procurement energy efficiency with the cost to procure comparable supply.

parties to the 2013 and 2014 workshops acknowledged as much by agreeing that all consensus positions were subject to change in the future.⁷

Moreover, it cannot be disputed (as both Staff and, presumably, the IPA know) that the Commission currently has before it a pending Petition filed by the Office of the Attorney General (“AG”) (and supported by a variety of stakeholders, including Ameren Illinois) that seeks approval of the first-ever Energy Efficiency Policy Manual, certain provisions of which apply to Section 5/16-111.5B programs. *See* ICC Docket No. 15-0487. The Policy Manual reflects tireless efforts and compromise by utilities, consumer advocates, environmental advocates and government agencies to reach consensus on guiding principles set to go into effect as of June 1, 2017.⁸ While the Commission will address whether the Policy Manual reflects good policy for the State of Illinois in another docket, Ameren Illinois’ objection to the staleness of the 2013 Consensus Positions merely reflects the obvious concern that the Commission should be hesitant to approve select “consensus” positions developed two years ago for use over the *next* two years (i.e., 2016 and 2017), in light of the developing landscape of energy efficiency policy in the State.

Ameren Illinois thus stands by its recommendation to remove the 2013 Consensus Positions. In any event, the Commission’s approval of an alleged “consensus” position in this docket should *not* be used to block or impede the evolution of energy efficiency policy with

⁷ For example, the parties to the 2014 Workshops agreed that the “parties reserved all of their legal rights to seek further clarification and resolution of language and/or issues contained in the June 18, 2014[,] Consensus Language in the future. In addition, parties reserved the right to change, alter, or modify without prejudice their position in respect to any issue contained in their written comments, presented during the workshop process, and/or the consensus language resulting from the workshop process.” *See* 2016 IPA Procurement Plan, Appendix B (Section 16-111.5B submittal) – 2016 IPA Procurement Plan, Appendix 2, pp. 55-58 (Staff Report: Summary of 2014 Section 16-111.5B EE Workshops, Attachment A).

⁸ The Policy Manual, should it be approved, would apply to Program Years 10-12, including the year for which the 2017 IPA Procurement Plan would seek to procure supply and energy efficiency.

respect to Section 5/16-111.5B programs, whether approved as part of the Energy Efficiency Policy Manual or otherwise.

2. Policy Issues for Consideration in the 2017 Plan (Section 7.1.4)

In its Objections, Ameren Illinois agreed with ComEd that Section 5/16-111.5B does not permit consideration of “incremental” energy efficiency bids without reference to an underlying or “baseline” set of programs approved under Section 5/8-103, and that no “expanded” Section 16-111.5B energy efficiency procurement can therefore be approved until the utilities’ Section 8-103 portfolios are approved.⁹ (AIC Objections pp. 8-9.) While the IPA has proposed several options, such as “conditional” approvals of Section 16-111.5B programs, Ameren Illinois continues to believe that it is a threshold requirement that a program be “incremental” to *existing* energy efficiency measures to be approved pursuant to Section 16-111.5B. As explained by both ComEd and AIC, “conditional” approval is neither provided for in the Act nor called for in this proceeding. (ComEd Objections pp. 3-5; AIC Objections pp. 18-19.)

Notwithstanding the legal issues set forth above, Ameren Illinois has no objection to ComEd’s request to allow the IL-SAG to further address the ways to procure energy efficiency in the 2017 IPA Procurement Plan, as well as the issue of whether multi-year contracts are appropriate for the request for proposals (“RFP”) to be put out to bid prior to the 2017 IPA Procurement Plan. (AIC Objections pp. 2-3.) As recognized by the IPA, while Ameren Illinois has already issued an RFP that elicited multi-year programs (indeed, such multi-year programs will be implemented in 2016 in addition to those programs approved in this docket), there remains a question as to whether such would be appropriate for the 2017 IPA Procurement Plan,

⁹ Indeed, it is unclear whether *any* Section 16-111.5B programs can be considered “incremental” under the Act without Commission-approved Section 8-103 programs. *See, e.g.,* ICC Docket No. 13-0546, Final Order (Dec. 18, 2013) at 146-47.

which would cover only the first year of Ameren Illinois' next three-year plan set for submission under Section 8-103 next year.¹⁰ To the extent the Commission does not adopt Ameren Illinois' proposed edits to Section 7.1.4 of the Plan (as set forth in Exhibit A to Ameren Illinois' Objections filed October 5, 2015), the Commission should allow the 2017 IPA Procurement Plan issues to be timely addressed through the IL-SAG, rather than needlessly "order [the] utilities to offer the option of contracts of at least 3 years in length as part of their Section 16-111.5B RFPs for the 2017 Plan." (IPA Response p. 17.)

3. Administrative Costs (Section 7.1.5.2)

The IPA continues to argue for discounting Ameren Illinois' administrative costs for TRC test purposes. In the Plan, the IPA referenced Ameren Illinois' breakdown of the administrative adder, which was included in the AIC Submittal:

In its submittal, Ameren Illinois explained the costs as "3.5% for Evaluation, Measurement & Verification activities ("EM&V"), 5% for program implementation oversight; portion of the costs to conduct the potential study (estimated at \$1.5 million), ~3% for education and awareness activities as well as planning, assessment and tracking of the programs, as required under Section 5/16-111.5B."

(IPA Plan pp. 95-96.) And it added up the listed numerical percentages, which totaled 11.5%. From that, the IPA concluded the remainder of the 13.58% used by Ameren Illinois was unsubstantiated.

As an initial matter, Ameren Illinois now recognizes that its submittal could be read differently than what was intended. When AIC's Submittal says "~3% for education and awareness activities as well as planning, assessment and tracking of the programs," it was

¹⁰ The IPA's accusations regarding backing out of agreements are inaccurate and unhelpful to the procurement process. Ameren Illinois has not gone back on any agreements nor has it refused to issue RFPs for multi-year bids, as evidenced by the programs currently procured by the IPA pursuant to the 2015 IPA Procurement Plan. The IPA's aggressive rhetoric should be disregarded by the Commission.

intended to be read as “~3% for education and awareness activities as well as [the remainder for] planning, assessment and tracking of the programs[.]” Ameren Illinois did not previously understand the way in which the IPA was construing the sentence in question, and was under the impression the IPA was arbitrarily reducing administrative costs. But, nonetheless, the administrative costs related to planning assessment and tracking of this Plan that are not reflected in the program bids themselves *must* be considered when determining the cost-effectiveness of the programs. (AIC Objections pp. 10-12.) If they are not, the cost-effectiveness values used to approve the programs will be overstated.

Ameren Illinois notes that the administrative costs, which include allocated portions of the potential study and other planning, as well as assessment and tracking of the programs, total approximately 13.58%, a number that is consistent with the percentage that has been previously approved by the Commission and used for several years. *See* Final Order, Docket No. 14-0588 (Dec. 17, 2014), at 160. Indeed, ongoing tracking efforts to date confirm the accuracy of that number.

In any event, however, certain of the IPA’s statements about administrative costs are incorrect and must still be addressed. Specifically, the IPA continues to insist that costs that are not strictly “program-based,” such as the cost of administering the potential study, should be excluded from Ameren Illinois’ administrative costs for Total Resource Cost (“TRC”)¹¹ test purposes. And the IPA appears to be advocating for considering administrative costs, for TRC test purposes, to be separate and distinct from the administrative costs which ratepayers will *actually pay*. (IPA Response p. 11.)

¹¹ The TRC test is a statutorily defined test used to determine whether an energy efficiency program is designed to deliver net benefits to ratepayers when compared to the costs of the program. 20 ILCS 3855/1-10.

The Commission should not approve the IPA's position. The costs the IPA argues are "fixed" and at the "portfolio level," like the potential study, are real and recoverable administrative costs. Section 5/16-111.5B(a)(6) provides that "[a]n electric utility shall recover its costs," including, among other things, "all costs associated with complying with this Section and all start-up and administrative costs." This is not an issue about *recoverability* of those costs, which is not in dispute,¹² but rather whether those fixed costs will (1) be charged to the customer; and (2) fairly allocated to the programs in Ameren Illinois' energy efficiency portfolios. No party disputes the cost of the potential study *is* a cost incurred for the purposes of complying with Section 5/16-111.5B. And no party disputes that the cost of the potential study, like other portfolio-level costs, will be recovered through Rider EDR. The only dispute is whether the costs should be considered when calculating the cost-effectiveness of the energy efficiency programs proposed to be included in the 2016 IPA Procurement Plan and administered as part of all the Section 16-111.5B (IPA) programs..

The Commission should include the additional ~2.08% of program costs not reflected in the bids themselves because they are costs incurred by AIC to administer the IPA programs. A TRC test that does not measure and account for these costs does not accurately compare the benefits of an energy efficiency program against the program costs. Bidders are aware of how AIC administers the programs, and adjust their assumed bid costs accordingly. Indeed, should these extra costs not be included in the TRC calculation, AIC would be concerned that the resulting TRC values would be overstated and require adjusted inputs from the bidders after approval of the Plan. On the other hand, allocating portfolio-level costs to the programs for

¹² For clarity, Ameren Illinois has never construed this issue as one involving recovery of costs, so the IPA and AIC (as well as Staff) are in agreement on that issue.

purposes of cost-effectiveness analysis on a prorated basis fairly apportions the costs over the programs that, taken together, incur the costs. Accordingly, there is no basis for reducing Ameren Illinois' administrative adder in any respect when calculating the TRC values.

4. Cost of Supply (Section 7.1.5.3)

The IPA responds defensively to Ameren Illinois' recommendation, joined by Staff, that the Commission exclude from the Plan those two programs for which the cost of the programs exceeds the prevailing cost of comparable supply. (IPA Response pp. 4-8.) But it was not necessary to do so. The IPA's response misapprehends the request that Ameren Illinois and Staff have put forward. Ameren Illinois has *not* asked the Commission to approve a new test and has *not* asked the Commission to exercise any powers it does not already currently exercise in IPA Procurement Plan approval proceedings. Moreover, Ameren Illinois has not suggested, in any way, that the IPA was somehow wrong to include the two programs in question¹³ in its Plan submitted to the Commission for approval, as the requirements governing what the IPA must include in the Plan for the Commission's consideration are *different* from the requirements governing the Commission's review of that Plan. Ameren Illinois addresses the IPA's legal and policy arguments below, but the Commission should reject them and approve Ameren Illinois' and Staff's request to exclude those energy efficiency programs whose cost exceeds the prevailing cost of comparable supply.

(a) The IPA Misapprehends the Law.

The IPA argues that the Commission *must* approve *all* cost-effective programs and measures included in the Plan, and that the parties' prior consensus that Section 16-

¹³ The two programs in question are an electric-only behavioral energy efficiency program and an agricultural energy efficiency program.

111.5B(a)(3)(E) would be interpreted to mean the TRC test for portfolio planning purposes definitively rules out the possibility that the language could actually mean something else—or that it might mean something different for purposes of Commission review than it does for planning purposes. The IPA therefore asserts that Ameren Illinois is submitting an “entirely new test” for Commission approval, and argues that the Commission should reject the suggestion because the “new test” is unfit for adoption in an expedited proceeding. (IPA Response pp. 6-7.) The IPA is misinterpreting the relevant provisions of the Act.

First, the Commission has never been required to approve *all* cost-effective programs and measures included in the Plan. It is not even required to approve some. The Commission has far more discretion than the IPA allows. The operative language is found at Section 16-111.5B(a)(5):

Pursuant to paragraph (4) of subsection (d) of Section 16-111.5 of this Act, the Commission shall also approve the energy efficiency programs and measures included in the procurement plan, including the annual energy savings goal, if the Commission determines they fully capture the potential for all achievable cost-effective savings, *to the extent practicable*, and otherwise satisfy the requirements of Section 8-103 of this Act.

220 ILCS 5/16-111.5B(a)(5) (emphasis added).

The IPA’s interpretation stresses the phrase preceding the italicized language, and focuses myopically on the “shall” directive—but the sentence does not stop there, and the remainder of the statute suggests approval of cost-effective programs is not mandatory. Specifically, Section 16-111.5B(a) contains several additional qualifiers that clearly must be taken into account by the Commission when determining which programs to approve. One relevant example is the repeated insistence that programs must be “new or expanded,” and “incremental” (*i.e.*, not duplicative), in addition to cost-effective. *See* 220 ILCS 5/16-111.5B(a)(3)(C), (a)(3)(D). If cost-effectiveness is the only test, all of that language is

meaningless, a result which conflicts with the rules of statutory construction. *People v. Gutman*, 959 N.E.2d 621, 632 (Ill. 2011) (instructing courts to “construe statutes so as not to render any term superfluous”). Indeed, no party doubts that the Commission has the authority to exclude cost-effective, duplicative programs from the Plan. The IPA itself concedes as much, and in the process defeats its own argument that the statute does not allow the Commission to exclude programs based on additional considerations.¹⁴ (IPA Response p. 5.) Moreover, the IPA has not even attempted to explain what possible constructive reason the legislature could have had for requiring the additional information and considerations set forth in Subsections 16-111.5B(a)(3)(D) and (a)(3)(E) if the Commission is not allowed to take them into account when deciding which programs to approve.

But the Commission need not rely on inference or the rules of statutory interpretation to determine its own authority. The authority comes directly from the statute itself. The italicized phrase “to the extent practicable,” in the quote above, makes clear that the Commission *has the authority* to set practical limits on the procurement of energy efficiency. In some years, the Commission may not exclude any programs or measures. In other years, it may exclude several. The law unquestionably provides the Commission with discretion to set practical limits on energy efficiency procurement.¹⁵

Still, the IPA has attempted to limit the meaning of the phrase “to the extent practicable” by referencing the Merriam-Webster definition: “capable of being put into practice or of being

¹⁴ There is no plausible reason the IPA could give for the duplicative program analysis qualifying as an additional consideration while the information in Subsections 16-111.5B(a)(3)(D) and (a)(3)(E) does not. All are set forth in the same list of additional information, and all are presented as considerations additional to and apart from cost-effectiveness.

¹⁵ And despite the IPA’s rhetoric casting aside the very real and significant bill impact that energy efficiency programs have on customers as “changing the subject,” Staff agrees that these concerns are real. (Staff Objections pp. 5-6.)

done or accomplished.” (IPA Response p. 8 n.2.) To be sure, reference to a dictionary definition is appropriate to determine the plain meaning of a statutory term. *See People v. Perry*, 864 N.E.2d 196, 208 (Ill. 2007). But it is inappropriate to selectively revise that definition, as the IPA has done. In full, Merriam-Webster defines “practicable” to mean “capable of being put into practice or of being done or accomplished: *feasible*.”¹⁶ “Feasible,” in turn, means something different than the IPA intends. “Feasible,” as defined by Oxford, means “[p]ossible to do *easily or conveniently*.”¹⁷ Thus, reliance on dictionary definitions—without selective revision—does not support a finding that the legislature intended, when it used the word “practicable,” to mean that *every* cost-effective program *must be pursued* regardless of the practical implications. When dictionaries do not clearly establish the meaning of a term, the canons of statutory construction control—and that includes the rule against superfluity. *People v. Gutman*, 959 N.E.2d 621, 631 (Ill. 2011). Here, as discussed above, the canons counsel that the Commission has discretion to set practical limits.

The Commission should affirm Ameren Illinois’ and Staff’s interpretation of the law and find that the Act gives the Commission discretion to exclude otherwise cost-effective programs or measures on the basis of the information provided pursuant to Subsection 16-111.5B(a)(3)(E). The only remaining legal (as opposed to policy) issue is whether Subsection 16-111.5B(a)(3)(E) refers to information that is different from the TRC test. For the reasons explored at length in Ameren Illinois’ Objections, it must. (AIC Objections pp. 15-16.) The legislature uses the term “cost-effective” when it means cost-effective; it simply does not make sense to suggest that it *also* means “cost-effective” when it says “[a]nalysis of how the cost of procuring additional cost-

¹⁶ <http://www.merriam-webster.com/dictionary/practicable> (emphasis added).

¹⁷ http://www.oxforddictionaries.com/us/definition/american_english/feasible (emphasis added).

effective energy efficiency measures compares over the life of the measures to the prevailing cost of comparable supply.” 220 ILCS 5/16-111.5B(a)(3)(E). Rather, it is logical to conclude the legislature meant what it said—that utilities should provide a comparison of the cost of a program or measure to the cost of comparable supply.¹⁸

As explained above, the foregoing is not a request for Commission approval of a “new test.” It is not a “test” at all. Ameren Illinois does not suggest that the Commission must always, in the future, exclude programs that cost more than the cost of comparable supply. Ameren Illinois set forth, in its Submission to the IPA and its Objections, why this is a year that calls for the Commission’s exercise of its unquestionable authority to set practical limits on the procurement of energy efficiency, and suggested that the Commission use one of the *existing*—not new—reference points from the Act to decide which programs to exclude. There is no test to approve, and there is nothing about this that requires the analysis of “complex economic issues.” (IPA Response p. 5.) Nor will consideration of this issue in any way delay proceedings. Ameren Illinois has simply presented the unrebutted fact that the cost to procure two programs proposed in the 2016 IPA Procurement Plan—the electric-only behavioral energy efficiency and agricultural energy efficiency programs—exceeds the cost of procuring comparable supply. The Commission should exercise its discretion to not approve those programs.

(b) The IPA’s Policy Arguments are also Misguided.

The IPA has also presented a number of policy arguments against Ameren Illinois’ recommendation, but they too should be rejected.

¹⁸ The IPA’s objection that Ameren Illinois did not include transmission or distribution costs in its comparison to the cost of supply also does little to advance the argument. The provisions of the procurement statute make clear that comparison should be to the cost of *supply* for which the energy efficiency program would replace. 220 ILCS 5/16-111.5B(a)(3)(G).

First, the IPA has argued that the cost of supply is a bad metric because it “assumes a uniform cost for all customers based on the cost to eligible retail customers,” while the cost of supply may actually be higher for customers who take supply from Alternative Retail Electric Suppliers (ARES). (IPA Response p. 6.) The IPA implies that the procurement of energy efficiency may be a better deal, compared to supply, for ARES customers than for customers taking supply from Ameren Illinois. Ameren Illinois acknowledges that ARES customers can pay higher supply costs than Ameren Illinois customers. But that does not change the language of the Act. “Supply,” as used in Section 16-111.5B, means the sort of comparable supply that is procured by the IPA. *See, e.g.*, Section 16-111.5B(a)(3)(G) (instructing utilities to include in their submittals, “[f]or each expanded or new program, the estimated amount that the program may reduce the agency’s need to procure supply.”). And the IPA only procures supply for “eligible retail customers.” *See* 220 ILCS 5/16-111.5. Thus, when Subsection 16-111.5B(a)(3)(E) instructs the utilities to include a comparison of the cost of a measure or program to the “cost of supply,” it instructs the utility to compare the program to the cost of supply *for eligible retail customers*. While the IPA may disagree with the language used by the Act, the law nonetheless controls over IPA’s policy preferences.

Second, the IPA takes issue with Ameren Illinois’ use of the total bill impact on customers from the costs of the entire Section 16-111.5B energy efficiency portfolio¹⁹ to illustrate the need to set practical limits on this year’s Section 16-111.5B energy efficiency procurement. (IPA Response p. 7.) But the IPA is missing the point. Ratepayers’ bills are

¹⁹ The cost of the Section 16-111.5B portfolio will surpass \$50 million for 2016 alone.

impacted by *all* energy efficiency procured by the IPA and implemented by the utility.²⁰ Customers do not see program-level cost breakdowns. At bottom, Section 16-111.5B energy efficiency programs in Ameren Illinois' service territory in 2016 are going to have a substantially larger bill impact than they have in years past, and that bill impact could be moderated by excluding a pair of programs for which the cost exceeds the cost of comparable supply. Ameren Illinois never suggested that the two programs at issue are *solely* responsible for the significant bill impact. Rather, the bill impact as a whole is significant, and it calls for practical limits on the procurement of energy efficiency this year. The two programs in question should be excluded because the cost of the two programs exceeds the cost of comparable supply.

For the reasons set forth by Ameren Illinois and Staff, the Commission should exercise its powers to limit energy efficiency procurement by excluding the electric-only behavioral energy efficiency and agricultural energy efficiency programs from the 2016 IPA Procurement Plan.

5. Duplicative Program Screening (Section 7.1.5.4)

(a) TRC Test for Duplicative Programs

Ameren Illinois explained in its Objections why the IPA's demand that the utilities perform a TRC analysis on duplicative programs is inconsistent with the Act, needlessly inefficient, and unworkable in practice. (AIC Objections pp. 4-8). The IPA's response relies on a summary of the way the Procurement Plan development process worked several years ago. (*Id.*) At that time, the utility independently reviewed third-party RFP results and determined which programs were duplicative and competing. The utility could exclude those programs from

²⁰ Indeed, bill impact happens at the *total* portfolio level, meaning Rider EDR will reflect the cost of Ameren Illinois' Section 8-103 portfolio *and* the costs of its Section 16-111.5B portfolio, a total which will be approximately \$100 million in 2016.

estimated savings calculations, but would include those programs in their submittals so that the IPA could then make its own separate assessment of the duplicative/competing question. The IPA would then make a separate determination based on the information provided by the utility. The IPA asserts that Ameren Illinois' current request of not running costly TRC calculations on programs that sought to duplicate savings achieved by Ameren Illinois' Section 8-103 programs would then make it more difficult for the separate analysis to run smoothly, because if the IPA's determination conflicted with the utility's, the IPA would need to know whether the program in question was cost-effective to decide whether it should be included in the Plan. (IPA Response p. 13.)

The problem with the IPA's position is that the process changed this year. After last year's IPA procurement plan approval docket (No. 14-0588), Ameren Illinois worked with interested stakeholders during the bid review process, and specifically included them in the early-stage duplicative program review process. The RFP results were reviewed by Staff and other interested stakeholders, including the IPA. After the review, all parties—again, including the IPA—reached a unanimous conclusion regarding which programs were duplicative of utility-run programs and which were not.

In light of the way the process has changed and is currently being run, the IPA's argument makes very little sense. Based on the *old* process, the IPA says it needs TRC information in case *it* determines, when *it* gets a chance to review the bids, that a program is not duplicative. But if the IPA and the utility are reviewing the bids at the same time and arriving at the duplicative program determination together—as they are and will be unless the process changes—then the IPA's concern is a non-issue. In light of the numerous serious concerns raised by Ameren Illinois in its Objections with respect to running unreliable TRC calculations

(AIC Objections pp. 4-8), and in light of the IPA's non-response, Ameren Illinois continues to recommend that the Commission adopt Ameren Illinois' proposed modifications to Section 7.1.4. However, as noted below in Section II.B.2, Ameren Illinois would have no objection to simply removing this issue from the Plan altogether as suggested by Staff, as it can be resolved in a future docket, if necessary.

(b) Duplicative DCEO Programs

The IPA continues to advocate for the "conditional" approval of two programs to be administered by Ameren Illinois that would replace two programs administered by the Department of Commerce and Economic Opportunity ("DCEO"). These two programs were unanimously determined to be duplicative of DCEO's efforts pursuant to Section 8-103 by those interested stakeholders, including the IPA, who worked with AIC on analyzing the bids. IPA nonetheless asks for "conditional" approval of the programs on the grounds that future budgetary constraints may prevent DCEO from administering its energy efficiency programs in the upcoming year. The IPA's request should be denied for the reasons set forth in AIC's Objections. (AIC Objections pp. 18-19.) As noted above in Section I.B.2, the Act does not make an exception for "conditional" approvals and duplicative programs should not be approved based on speculation of what might or might not happen with DCEO's budget.

6. Performance Risks (Section 7.1.6.4)

The IPA takes issue with Staff's recommendation to exclude from the 2016 IPA Procurement Plan programs that are identified as "performance risks." (IPA Response p. 8.) However, the IPA again relies on a misread of the Act to attack Staff's position. As noted in Ameren Illinois' Response, Staff is correct to argue that the Commission has the authority to impose "practical" limits on the procurement of energy efficiency. (AIC Response p. 9.) The IPA's position on this issue is flawed and should be rejected.

II. STAFF OF THE ILLINOIS COMMERCE COMMISSION (“STAFF”)

A. Renewables Suppliers’ Position on REC Procurement and March 2016 Load Forecast Updates (Sections 1.2, 1.4, 8.1 and 8.2)

In its comments and objections, Staff opposes all of the recommendations put forth by the Renewables Suppliers. (Staff Response pp 2-6.) As discussed in more detail in Sections III and IV of this Reply, *infra*, Ameren Illinois has reached the same conclusion as Staff and therefore supports the Staff position that all of the Renewables Suppliers’ proposals should be rejected.

B. Incremental Energy Efficiency (Section 7.1)

1. Prior Year Consensus Positions (Section 7.1.3)

Like the IPA, Staff argues for inclusion of the 2013 consensus items set forth in the 2016 IPA Procurement Plan (the “2013 Consensus Positions”) and asks that they apply both to the 2016 IPA Procurement Plan and the 2017/2018 IPA Procurement Plan process. (Staff Response p. 6.) As with the IPA, Staff has provided discovery responses with respect to the consensus positions set forth in the 2016 IPA Procurement Plan that have, for now, resolved Ameren Illinois’ concerns about the 2013 Consensus Positions conflicting with the 2014 Consensus Positions.²¹

However, also like the IPA, Staff takes issue with Ameren Illinois’ assertion that the 2013 Consensus Positions should not be approved because they have become stale, again noting that Ameren Illinois has not identified “specific” items that should be excluded. But, as noted above in Section I.B.1, identification of such a list is not necessary. Staff readily agreed in its

²¹ Staff argues that that Ameren Illinois has not “explicitly identified” any contradictions between the 2013 Consensus Positions and the 2014 Consensus Positions. (Staff Response p. 7.) While Ameren Illinois does not agree such explicit identification is necessary to reject the 2013 Consensus Positions, and notes that it has spent pages upon pages regarding the alleged “consensus” on whether the TRC test satisfies the analysis required under Section 16-111.5B(a)(3) to analyze the cost of procuring energy efficiency to the cost of procuring comparable supply, the argument has been mooted by Ameren Illinois’ revised position.

Response (p. 7) that an evolution of energy efficiency policy regarding the future development, planning, implementation and evaluation of energy efficiency in Illinois, including those policies that apply to Section 5/16-111.5B programs, has occurred and is presently occurring. Indeed, Staff itself is participating on ICC Docket No. 15-0487 (the Petition to Approve the Energy Efficiency Policy Manual Version 1.0), though as of October 22, 2015, Staff remains the *only party* objecting to the approval of the Policy Manual. Again, whether the Commission approves the Policy Manual will be determined in that docket, but Ameren Illinois' objection to the staleness of the 2013 Consensus Positions highlights the need to be cautious about the approval of a select list of prior years' "consensus" positions for use over the *next* two years (i.e., 2016 and 2017).

As reflected in Section I.B.1, Ameren Illinois recommends removal of the 2013 Consensus Positions as stale, but in an effort to limit the contested issues in this docket, Ameren Illinois would withdraw its objection provided the Commission makes clear that approval of the 2013 and 2014 Consensus Positions does not "bind" parties and should not be used to block or impede the evolution of energy efficiency policy with respect to Section 5/16-111.5B programs.

Finally, to the extent the Commission approves the 2013 consensus items for inclusion in the 2016 IPA Procurement Plan, Ameren Illinois agrees with the Staff that there are certain items that would apply to the preparation of the RFP process for the 2017 IPA Procurement Plan. To be clear, Ameren Illinois has never taken the position that consensus items do not apply to the following RFP process, as that time period would be included in what Ameren Illinois considers the "current planning cycle." (AIC Objections p. 3.) However, Ameren Illinois would object to pre-approval of these consensus items to be again *included* in the 2017 IPA Procurement Plan, as

Ameren Illinois believes each Plan should reflect the approach that is current for a given Plan cycle.

For the above reasons, Ameren Illinois respectfully requests that the Commission reject inclusion of the 2013 Consensus Positions in the 2016 IPA Plan.

2. Duplicative Program Screening (Section 7.1.4)

Ameren Illinois raised several objections to the IPA's request that the utilities be forced to run unnecessary, costly TRC tests on programs that duplicate savings already being captured by the utilities' Section 5/8-103 programs. AIC's objections and IPA's response to those objections, are addressed above in Section I.B.5. However, on this issue it is important to note Staff's agreement that "Ameren [Illinois] raises several valid concerns" with its objections. (Staff Response p. 9.) In light of these valid concerns, Staff recommends that the "Commission need not and should not at this time determine whether utilities need to conduct TRC analyses for programs that are determined to be duplicative of existing programs." (Staff Response p. 11.) While Ameren Illinois does not agree with each of Staff's points, and believes AIC's positions should be adopted for the reasons set forth above in Section I.B.5, it does not object to the recommendation as it would effectively push the issue to another Plan cycle such that Ameren Illinois would not need to run TRC test results on duplicative programs for the 2017 IPA Procurement Plan.

3. Review of Ameren Illinois TRC Analysis (Section 7.1.5.2)

Staff, like the IPA, advocates for reducing the administrative cost adder used by Ameren Illinois when performing the TRC analysis, and it does so for similar reasons. While the same reasons why the IPA's position on this issue should be rejected apply to Staff's position, a few additional points must be addressed.

Staff acknowledges, as it must, that costs like the potential study do qualify as incurred costs that are not included by bidders in their program bids. (Staff Response p. 13.) Staff maintains, however, that these costs should nonetheless be excluded from the calculation of a *program-level* TRC. But that cannot be right. Staff’s position would make it possible for Ameren Illinois to compile groups of Section 16-111.5B programs which pass the TRC test individually, but when adding the costs to administer the IPA programs, it could result in the individual programs *not* being cost-effective. Such would be the case if the net benefits of all programs, determined by relying only on those program costs provided by the bidders, do not exceed the total of Ameren Illinois’ alleged “fixed” administrative costs. And such a result would be nonsensical. Semantics aside, the TRC test is meant to ensure that energy efficiency is procured in Illinois only when it is *cost-effective*. The test compares the costs of a program, including those costs that might be allocated across the programs but not considered by the bidders themselves, to the program benefits, which results in a determination of whether the benefits outweigh the costs. Ignoring costs that were not included in the bids because they are incurred for the benefit of all programs would only set the test up to produce overstated results.²²

In summary, for this reason, as well as those outline above in Section I.B.3 and in prior submissions, Ameren Illinois’ fixed administrative costs should be allocated across the programs for purposes of the TRC analysis. This will ensure that the programs ultimately adopted bring more benefits to Illinois ratepayers than costs.

²² Ameren Illinois acknowledges the unfortunate possibility raised by Staff that, if no programs are cost-effective when fixed costs are taken into account, a situation may be created where no programs are adopted and ratepayers are left holding the bag for a quintessentially cost-ineffective “portfolio” made up solely of fixed costs. (See Staff Response p. 13.) But that outcome has never occurred and remains implausible, given that Ameren Illinois has always included fixed costs in prior Commission-approved IPA Procurement Plans and yet the IPA procurement of energy efficiency has grown significantly each year.

III. RENEWABLES SUPPLIERS

A. Renewables Suppliers' Position on REC Procurement and March 2016 Load Forecast Updates (Sections 1.2, 1.4, 8.1 and 8.2)

Renewables Suppliers continue to argue that the curtailment of LTPPAs should not be pre-approved by the Commission in the event the March 2016 forecast indicates such a curtailment is warranted. Renewable Suppliers also continue to argue that the March 2016 forecast updates should be filed with the Commission followed by a comment period and a subsequent Order by the Commission. (Renewable Suppliers Response pp. 6-8.)

Ameren Illinois continues to recommend that the Renewables Suppliers' proposals should be rejected by the Commission; additional details were set forth in the Ameren Illinois Response to Objections but are again briefly summarized below.

First, switching uncertainty remains a major consideration and if switching to alternative suppliers escalates only a moderate amount throughout the remainder of 2015 and early in 2016, a curtailment of LTPPAs for 2016-2017 becomes a possibility. The Plan has recognized this possibility and correctly proposes a continuation of prior practice where the Commission pre-approves a curtailment of LTPPAs if the March forecast indicates a curtailment is warranted and a group of financially neutral parties reach consensus (i.e., IPA, Staff, Procurement Monitor and applicable utility). Therefore, the Renewables Suppliers proposal should be rejected and the Commission should pre-approve curtailment of the LTPPAs in a manner consistent with prior Plans.

Second, as in prior years, the Renewables Suppliers have put forth a proposal that the March 2016 forecast updates should be filed in the docket, followed by a comment period and a Commission order. The Renewables Suppliers fail to recognize that the March 2016 forecast also determines the final quantities for the energy procurement (and the SREC procurement if

approved by the Commission—note Ameren Illinois questioned the need for this SREC procurement in its Objection) and the procurement timetable does not allow for the process proposed by the Renewables Suppliers. In addition, the Renewables Suppliers have a financial interest in achieving a forecast outcome that eliminates or reduces a curtailment of LTPPAs. The same is not true of the IPA, Staff, Procurement Monitor and the applicable utility (who incur no profit or loss on power supply contracts—including LTPPAs). Therefore, the Renewables Suppliers’ proposal should be rejected and, as in prior years, the Commission should allow the IPA, Staff, Procurement Monitor and the applicable utility to determine if the March 2016 forecast update requires a curtailment of LTPPAs.

IV. COMMONWEALTH EDISON COMPANY (“COMED”)

A. Renewables Suppliers’ Position on REC Procurement and March 2016 Load Forecast Updates (Sections 1.2, 1.4, 8.1 and 8.2)

ComEd opposes the Renewables Suppliers proposal that the IPA conduct a multi-year REC procurement event during 2016-2017 to address a portion of forecasted REC shortfalls for the future delivery periods of the planning years 2017 through 2020. (ComEd Response pp. 2-5.) Ameren Illinois agrees with the arguments articulated by ComEd.

Ameren Illinois reiterates that the level of existing REC hedges is already much higher than the Plan’s proposed hedging level for energy. The Plan’s proposal for energy properly balances the desire to forward hedge, while also considering the risks of hedging too much in an environment where eligible retail load declines faster than anticipated. Under the Renewables Suppliers’ proposal, procuring multi-year RECs in this Plan would compound the risk to customers and suppliers under the LTPPAs. The Renewables Suppliers fail to acknowledge that eligible retail load currently represents less than 20% of Ameren Illinois’ total delivery service load and existing REC hedges are already elevated when compared to energy hedges. Additional

hedging as proposed by the Renewables Suppliers could result in higher levels of curtailment for the LTPPAs, but it could also increase risk to customers in a scenario where switching to alternative suppliers escalates and the remaining pool of eligible retail customers absorbs the contractual liability for all REC contracts which cannot be curtailed. For all of these reasons, Ameren Illinois agrees with ComEd that the Renewables Suppliers recommendation for a multi-year REC procurement should be rejected by the Commission.

ComEd also opposes the Renewables Suppliers proposal which would eliminate pre-approval of LTPPAs subject to the March 2016 forecast update. Further, ComEd opposes the review process proposed by Renewables Suppliers. Consistent with its Response to the Renewable Suppliers, Ameren Illinois agrees with ComEd that the Renewables Suppliers' proposals should be rejected by the Commission.

V. ENVIRONMENTAL LAW AND POLICY CENTER (“ELPC”)

A. Additional Distributed Generation REC Procurement Using RRB Funds (Section 8)

ELPC continues to propose to expand Distributed Generation Renewable Energy Credit (“DG REC”) procurements in 2016 using the remaining available Renewable Resource Budget (“RRB”) and ACP funds collected from real time priced customers. Using these dollars, ELPC proposes to expand the DG REC procurement through 2020-2021 and procure 100% of the forecasted DG REC shortfall for this period. (ELPC Response p. 1.)

Ameren Illinois recommended in its Response to Objections that the ELPC proposal be rejected. While ELPC has presented no new arguments in its Response to Objections, Ameren Illinois reiterates its position below, but does so in an abbreviated manner. The argument against the ELPC proposal is similar to the argument against the Renewables Suppliers' proposed multi-year REC procurement.

It cannot be overstated that uncertain switching translates into uncertain dollars associated with the RRB and in the event the RRB is exceeded in the future, without any contractual provisions for curtailment, remaining eligible retail customers would be expected to absorb the cost and financial risk of pre-existing contracts. The proposal to hedge 100% of DG REC sub-targets through 2020-2021 is extreme and in conflict with the IPA's tempered approach to energy where only 50% is proposed to be hedged for 2017-2018 and 25% for 2018-2019. Further, the DG REC procurement recently approved by Commission resulted in only one contract awarded to Ameren Illinois and this contract had a value of only a small portion of the targeted budget for the DG REC procurement. The ELPC proposal would not only increase hedging risk, it would add procurement and administrative costs at a time when the recent procurement had significant deficiencies in reaching targets. For all of these reasons, Ameren Illinois urges the Commission to reject ELPC's proposal.

ELPC favors the IPA's one year SREC procurement and believes that sub-targets are statutory requirements. ELPC shares some of Ameren Illinois' concern that the 2015 one year SREC procurement resulted in the majority of SRECs from states other than Illinois. But for reasons not clear, ELPC implies that Ameren Illinois desires to "abandon the procurement of additional renewable resources". (ELPC Response, p. 3.) In addition, ELPC opposes the Ameren Illinois proposal that future DG REC procurements would be streamlined and all parties would benefit if the IPA were the sole contractual counterparty and the applicable utility then reimbursed the IPA for contractual expenses using ACP funds previously collected by the applicable utility. (ELPC Response p. 4.)

Regarding the IPA's proposed one year SREC procurement, the facts remain clear; the total REC target for 2016-2017 has been exceeded with existing contracts, incremental

procurements of RECs for sub-targets will add costs to eligible retail customers, cost increases for customers would be compounded due to the significant rise in MISO capacity prices and the Commission has previously ruled that a procurement for sub-targets was not necessary in a year where total REC targets had been exceeded (even if there may be dollars left over in the RRB to spend). Ameren Illinois presents these facts so as to be concise and transparent; but Ameren Illinois appreciates the complexity of the matter and that the Commission has a difficult task in determining the best course of action.

Ameren Illinois also refutes as baseless any suggestion that the Company advocates an abandonment of future renewable procurements. A review of renewable contracts resulting from the IPA process since commencement reveals that for the period June 2008 through May 2015, Ameren Illinois contracts resulted in over 6 million RECs of retirement. Expenditures for the same period approach \$120 million including energy and RECs or about \$50 million for just RECs. Further, over numerous years, Ameren Illinois has demonstrated a tempered approach to voicing objections regarding renewables issues. Such objections are typically put forth only when proposals have the potential to create unnecessary risks, when proposals add questionable costs to customers, or when proposals may not be consistent with the statute. The record is clear that Ameren Illinois has *never* advocated an abandonment of future renewable procurements—a fact that no party can dispute or has disputed.

Regarding the DG REC procurement and the alternative proposal by Ameren Illinois and ComEd that the IPA act as the contractual counterparty for ACP funds in conjunction with Renewable Energy Resource Funds (“RERF”), the facts are as follows. The ACP funds held in a liability account continue to grow at a time when the recent DG REC procurement fell well short of budget and quantity goals. Because the Ameren Illinois and ComEd proposal was rejected

last year, customers in 2015 incurred incremental costs to develop separate contracts and incremental administrative costs for a separate procurement. These costs could be avoided in the future should the Commission approve the proposal to combine the two procurements. In addition, having multiple procurements, one for RERF and one for ACP, creates confusion for market participants, while also creating a requirement for separate contracts, RFPs and timelines. While ELPC argues that the statute says that the electric utilities are to make REC procurements using ACP funds, the statute clearly intends for the IPA to make such procurements on behalf of the electric utilities; nowhere in the statute are the electric utilities given the authority to make any supply procurements outside of the IPA procurement process in the manner ELPC suggests. In addition, ELPC states that credit concerns with Illinois state agencies (including the IPA) are a reason why DG developers hesitate to build DG resources in Illinois. And yet ELPC fails to acknowledge that the ACP funds Ameren Illinois proposes to be used in a combined IPA procurement have already been collected from customers and therefore any credit concerns of DG developers could be addressed through a supplemental agreement between the IPA and Ameren Illinois that links the IPA contract with suppliers to the funds previously collected by the applicable utility.

In summary, Ameren Illinois notes that the proposed approach for DG RECs is unique and the Commission needs to agree with the approach and approve prior to implementation. But Ameren Illinois can find no party that is harmed by the proposal and none have been identified in this proceeding. And the benefits are significant; one clear line of sight for multi-year DG REC contracts and reduced administrative costs. Further, any concern that the proposal may be inconsistent with the statute could be addressed during the implementation portion of the process. For example, the RFP for the combined DG REC procurement could specify that the

procurement is intended to solicit DG RECs using both RERF and utility collected ACP funds. The IPA could then have a pre-determined methodology to retire RECs in a manner that tracks the portion applicable to RERF and ACP funds. To ensure transparency and an audit trail, this information could be made public in each IPA procurement plan and/or in the IPA's annual renewables report to the Illinois General Assembly.

Ameren Illinois encourages the Commission to consider the merits of this alternative proposal and recommends adoption of the alternative proposal. To the extent the Commission remains concerned that significant implementation details remain, Ameren Illinois recommends the Commission approve the proposal, subject to the IPA and the applicable utility reaching consensus in early 2016 regarding the implementation details. The IPA and applicable utility would then provide the Commission with an informational filing which provides a summary of the process to be implemented and documentation that the IPA and applicable utility have reached consensus.

VI. WIND ON THE WIRES

A. Renewables Suppliers' Position on REC Procurement and March 2016 Load Forecast Updates (Sections 1.2, 1.4, 8.1 and 8.2)

WOW supports the Renewables Suppliers' proposal that curtailment of LTPPAs should not be pre-approved by the Commission or, in the alternative, the March 2016 forecast should be filed in the docket, followed by a comment period and a Commission order. WOW also questions why the applicable utility is involved in the consensus process regarding the updated forecast. (WOW Response pp. 3-5.)

WOW fails to recognize that unlike the Renewable Suppliers, the applicable utility has no financial interest in whether a curtailment should occur to the LTPPAs. The utilities do not make any profit on power supply contracts -- including contracts for renewables. While the

applicable utility expects full cost recovery of power supply costs, no markup is sought or allowed. An example of Ameren Illinois' impartiality in this regard occurred in 2012-2013. First, in July 2012, Ameren Illinois provided the IPA with a forecast that projected a curtailment of LTPPAs for 2013-2014. In its Final Order regarding the IPA Plan, the Commission pre-approved this curtailment subject to the March 2013 forecast indicating a curtailment was still justified and subject to consensus by the IPA, Staff, Procurement Monitor and Ameren Illinois. Second, in March 2013, Ameren Illinois updated its forecast to reflect switching levels that were lower than previously expected and the resulting forecast indicated no curtailment for 2013-2014. Consensus among the IPA, Staff, Procurement Monitor and Ameren Illinois was reached and therefore a curtailment for 2013-2014 did not occur. In fact, the Commission has never curtailed the LTPPAs for Ameren Illinois; yet the capability to curtail as described in the Plan remains critical to protect the interest of remaining eligible retail customers. This protection was stipulated in the LTPPAs themselves and executed by all suppliers and Ameren Illinois.

For the reasons articulated in the above reply in Section III to the Renewable Suppliers and for the additional responses to WOW, Ameren Illinois urges the Commission to reject the proposal put forth by the Renewables Suppliers as supported by WOW.

VII. CONCLUSION

For the reasons set forth above, Ameren Illinois Company respectfully requests that the Commission adopt the positions and modifications set forth in its Objections and in the Exhibit A attached thereto, or grant any other such relief consistent with Ameren Illinois' positions in this docket.

Dated: October 30, 2015

Respectfully submitted,

The Ameren Illinois Company

By: /s/ Mark W. DeMonte

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VERIFICATION

I Richard L. McCartney, certify that: (i) I have read the attached Verified Reply; (ii) I am familiar with the facts stated therein; and (iii) the facts stated therein are true and correct to the best of my knowledge, information and belief.

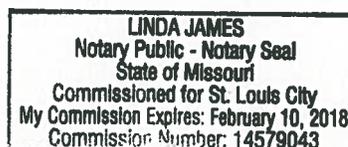
Richard L. McCartney

Richard L. McCartney
Director, Power Supply Acquisition
Ameren Illinois Company

SUBSCRIBED and SWORN to before
me this 30th day of October, 2015.

Linda James
Notary Public

My commission expires: 2/10/18



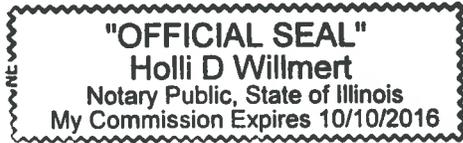
VERIFICATION

I Keith Goerss, certify that: (i) I have read the attached Verified Reply; (ii) I am familiar with the facts stated therein; and (iii) the facts stated therein are true and correct to the best of my knowledge, information and belief.

Keith Goerss
NAME Keith Goerss

SUBSCRIBED and SWORN to before me this 30 day of October, 2015.

Holli Willmert
Notary Public



My commission expires: 10/10/16

CERTIFICATE OF SERVICE

I, Mark W. DeMonte, an attorney, certify that a copy of the foregoing Verified Reply to Responses to Objections was filed on the Illinois Commerce Commission's e-docket and was served electronically to all parties of record in this docket on this 30th day of October, 2015.

/s/ Mark W. DeMonte

Mark W. DeMonte

Attorney for Ameren Illinois Company