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Scenario 12 Presentation
Renewable Portfolio Standard

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Introduction

✓ Navitas Energy, wind energy developer.
✓ Navitas successfully developed the Mendota Hills Wind Farm, which has been up & running since Nov. 2003.
✓ Mendota, a 50.4 MW facility located in Lee County, IL, is the first utility scaled wind energy facility in Illinois.
✓ Mendota & Navitas are wholly owned subsidiaries of Gamesa.
✓ GEV Corp., an energy consulting firm, is working closely with Navitas and has been instrumental in the development of a competitive electricity market in IL.
Why Renewable Energy?

- **Clean, non-polluting electricity production** (no mercury, nuclear waste, etc.)

- **National source of energy** — Reduces reliance on foreign fossil fuels — Increased energy independence — Enhanced **National Security**.

- **Unlimited source** of energy (Wind, sun, water is endless).

- **Economic development** throughout rural areas (No concentration).

- **Job creation** in Illinois
Why a Renewable Portfolio Standard (RPS)?

- The benefits (environmental, economic, etc.) stay local in the state of Illinois.
- IL - 21,000 MW of wind resource potential and even more from solar, biomass, etc.
- Encourage/Enable long term investment.
- Renewable generation represents new technology. Without RPS, investments will tend towards traditional sources.
- Initial capital costs higher than fossil fuel generation on a per MW basis, but NO fuel cost, and therefore NO fuel VOLATILITY.
- Efficient, cost-effective source of energy ($35-50/MWh).
- Diversification of generation portfolio.
RPS in other states

14 states have RPS.

Examples include

1. CA: 20% by 2017
2. NY: 25% by 2012
3. TX: 2,000 MW installed renewable capacity by 2009.
4. MD: 7.5% by 2019.

Elements of a successful RPS

- Long-term policy providing stability.
- Clear and binding commitments (not just goals).
- RPS to be phased in over time.
- Competitively neutral: applicable to all load serving entities (LSE) in Illinois.
- Enforcement mechanism.
- Green ticket trading program.
Scenario 12- Special Rules for Renewable Energy Acquisition

✓ Renewable resources requirement is purchased separately from FRP under a long-term supply contract.

- Long-term Power Purchase Agreements (PPA) allows long-term financing/investment with resulting lower energy cost.
- PPAs linked to revolving 3-5 year tranches limited to shorter-term financing, with higher resulting energy cost.
- Long-term PPA to supply renewable energy would be competitively bid. Same as other tranches.
- LSE passes the cost through to customers.

✓ Implementation of RPS through acquisition approaches outlined in other scenarios (e.g., by requiring their inclusion in products acquired via auction or RFP) is less desirable.
Example of RPS implementation

Texas

✓ Applies to “competitive retailers”.

✓ REC program administrator allocation.

✓ REC must be physically metered and verified in TX.

✓ Allowed shortfall, 10%.

✓ Penalties.
Let’s work together to improve Illinois!!