Frequently Asked Questions Concerning the Illinois Renewable Portfolio Standard for Alternative Retail Electric Suppliers and Illinois Utilities Selling Electricity to Retail Customers Outside their Own Utility Service Territories

Disclaimer (Please Read): The contents of this document represent an informal response by the Staff of the Illinois Commerce Commission ("ICC") to actual and anticipated questions from various parties interested in understanding how Illinois’ Renewable Portfolio Standard may affect Alternative Retail Electric Suppliers and Illinois Utilities Selling Electricity to Retail Customers Outside their Own Utility Service Territories. This document is not a substitute for the relevant Illinois statutes and official ICC rules. The information contained herein should not be construed as market, financial, or legal advice, or advice of any kind, and should not be considered a substitute for seeking the advice of qualified professionals. The ICC makes no representations or warranties of any kind, expressed or implied, concerning the accuracy or adequacy of the information contained herein.

Acronyms used

ARES    One or more Alternative Retail Electric Supplier(s)
RES     One or more ARES and/or Illinois electric utilities selling electricity to retail customers outside their own utility service territories
RPS     Renewable Portfolio Standard
ICC     Illinois Commerce Commission
PUA     Public Utilities Act
IPA     Illinois Power Agency
IPAA    Illinois Power Agency Act
ACP     Alternative compliance payment
REC     Renewable energy credit (or certificate)
FEJA    Future Energy Jobs Act (Public Act 99-0906)
Questions and Answers

1. **What are the statutes that govern the Illinois RPS for RES?**

   The primary statute is Section 16-115D of the PUA [220 ILCS 16-115D]. However, also relevant are referenced portions of the IPAA [20 ILCS 3855] and Section 16-115 of the PUA [220 ILCS 16-115].

2. **What are the statutes that govern the Illinois CCPS for RES?**

   The primary statutes are Sections 16-115(d)(5) and 16-116(c) of the PUA [220 ILCS 5/16-115(d)(5) and 16-116(c)] and referenced portions of the IPAA [20 ILCS 3855].

3. **How does Public Act 99-0906 change the responsibility for procuring renewable energy resources?**

   Effective this compliance year (the period ending May 31, 2019), the utilities will cover the RPS requirements for 75% of the RES load and the RES is responsible for covering the remaining, or uncovered, half.

   For the compliance year ending May 31, 2020 and thereafter, the RES will no longer be responsible for renewable energy resources procurement obligations pursuant to Section 16-115D of the PUA. See Section 16-115D(a)(3.5) of the Act and Code Part 455.10, Definition of “Covered amount of energy supplied.”

4. **What compliance period does this FAQ pertain to?**

   This FAQ document primarily addresses the compliance report for compliance year ending May 31, 2019. This FAQ is not a substitute for the ICC’s official rules.

5. **What are the ICC rules that govern the Illinois RPS?**

   The primary rule is Title 83, Chapter I, Subchapter c, Part 455 of the Illinois Administrative Code. RES are encouraged to study this rule carefully. As a result of Public Act 99-0906, the ICC adopted changes to the rules to implement the new law in Docket No. 17-0267.

6. **Are there still separate minimum solar and wind requirements?**

   Effective this compliance year, the separate wind and solar requirements have been consolidated into a single minimum wind or solar requirement of 32%. See Code Part 455.110(d).

7. **I understand that Public Act 99-0906 now prohibits “any resources from a facility whose costs were being recovered through rates regulated by any state or states on or after January 1, 2017” (See Section 16-115D(a)(3.5) of the PUA) and that Code Part 455.120(b)(4) accordingly requires a certification by each RES that RECs used for compliance for the compliance period were not produced by such**
facilities. How can I find out whether a particular facility is affected by this change in the law?

Commission Staff, in consultation with the IPA, previously reviewed facilities currently registered as IL ARES-RPS eligible in the PJM GATS and M-RETS tracking systems to identify renewable energy generating facilities that are no longer eligible for RPS compliance under the changes quoted above. Consult those registries for complete lists.

All reports which use RECs to comply with the RPS must contain some certification that RECs used for compliance for the compliance period were not produced by facilities whose costs were being recovered through rates regulated by any state or states on or after January 1, 2017. This must state that the generating facility’s presence on the REC tracking system’s list is the basis for this certification.

8. Are alternative compliance payments (ACPs) still required?

No. While you still have the option of meeting your RPS obligations by making ACPs for a portion or all of those obligations, there is no longer a minimum ACP requirement.

9. I understand that any ACPs no longer go to the ICC and instead must now be remitted to each utility in whose service territory the RES is providing service. Where can I find additional information about submitting payment to the utilities?

ComEd:

The following information has been provided by ComEd for your use in performing a wire transfer of your ACP:

Account Name: Commonwealth Edison Company

Bank Name and Address: Bank of America N.A

100 N Tryon St, STE 170

Charlotte NC

ComEd will provide under ComEd letterhead details regarding the bank account and routing numbers for making your ACP payment.

Ameren:

From Ameren’s revised RES Handbook.

8.5 Alternative Compliance Payments
The remittance of such alternative compliance payments by a RES must be made via ACH. When an ACH payment for an alternative compliance payment is made, please send an email to Patrick Eynon (peynon@ameren.com) containing the following:

1) "Re: Alternative Compliance Payment";

2) Name and address of Retail Electric Supplier (RES);

3) The RES' FEIN;

4) Contact information for the person writing the email;

5) Dollar amount of the ACH payment;

7) Compliance period for which the payment is being made (e.g., June 1, 2016 through May 31, 2017); and

8) An indication whether the payment is intended to satisfy the balance of alternative compliance payment requirements for the compliance period or whether more payments may be forthcoming.

In addition, here are links to the utilities' tariff pages that address ACPs:

- Ameren Illinois (Sheets No. 5.055 and 5.056)
- ComEd (Rate RESS, Sheet No. 85.1)

10. **Can a RES comply with the RPS by making alternative compliance payments?**

Yes, as mentioned above, an ACP can be made for any or all of the RES' RPS obligations. The applicable energy consumption, measured at the customers' meters, must be applied to the applicable ACP rate. (Also see FAQ #11, 20, 22, and 23)

11. **Where can I find the applicable ACP rate?**

ACP rates can be found here. There are separate rates posted for RES load served in the ComEd service territory, the Ameren service territories, and the MidAmerican service territory. **Final Rates will be posted no later than July 1.**

12. **Can a RES comply with the RPS by purchasing renewable energy resources or RECs?**

Yes, a RES may purchase renewable energy resources and/or RECs for any or all of its RPS obligations. Proof of purchase must be in the form of retired RECs from facilities determined by the IPA to be compliant with the Illinois RPS for RES. These RECs must
be tracked by PJM-GATS or M-RETS. The number of RECs needed to comply is equal to the RPS percentage requirement for the compliance year times the Mega-Watt Hours of energy consumption subject to the RPS that were not applied to the ACP rate.

Documentation from PJM-GATS and M-RETS shall show, at a minimum the generating facility associated with the RECs, the location of each of the generating facilities associated with the RECs, the quantity of RECs associated with each of those generating facilities and the month and year that the electricity associated with the RECs was generated, the retirement status of the RECs, and the State RPS and compliance period for which the RECs were retired. Furthermore, all reports which use RECs to comply with the RPS must contain some certification that RECs used for compliance for the compliance period were not produced by facilities whose costs were being recovered through rates regulated by any state or states on or after January 1, 2017. This must state that the generating facility’s presence on the REC tracking system’s list is the basis for this certification.

13. Are there any requirements about how to name the PJM-GATS and M-RETS subaccounts where a RES would deposit RECs intended to comply with the Illinois RPS for RES?

Not specifically, but it is highly recommended that descriptive names be used that indicate the relevant RPS program and compliance period (e.g., “RECs Retired for Illinois RES RPS 2018-2019”). If, when retiring a certificate, the account holder is asked to enter a single year for “Compliance Year,” it is recommended that the end year be provided (e.g., for a 2018-2019 compliance period, enter “2019”).

14. How did the definition of “renewable energy resources” change with Public Act 99-0906?

Public Act 99-0906 changed the IPA Act’s definition of “renewable energy resources”. For compliance years ending after May 31, 2017, renewable energy resources no longer includes energy and its associated renewable energy credit or renewable energy credits from other alternative sources of environmentally preferable energy.

15. What vintage RECs must be used for compliance?

Section 16 115D(c)(1) of the Public Utilities Act states:

Renewable energy credits that are not used by an alternative retail electric supplier to comply with a renewable portfolio standard in a compliance year may be banked and carried forward up to 2 12-month compliance periods after the compliance period in which the credit was generated for the purpose of complying with a renewable portfolio standard in those 2 subsequent compliance periods.

Thus, all RECs retired for this compliance year must be generated between 6/1/2016 and 5/31/2019. In addition, RECs (banked or otherwise) intended to be used for compliance years ending AFTER May 31, 2017 must be compliant with the provision prohibiting use of RECs from facilities whose costs have been recovered through rates regulated by any state described in # 5 above as well as the new definition of “renewable energy resources” described in #14 above.
16. Are there locational requirements associated with RECs used to comply with the Illinois RPS for RES?

Yes. All RECs must be generated from resources located within Illinois, Wisconsin, Indiana, Iowa, Kentucky, Michigan, Missouri, or within portions of the PJM and MISO footprint in the United States.

17. May a RES use RECs from MISO to comply with the RPS requirements associated with a RES’s ComEd customers (and may a RES use RECs from PJM to comply with the RPS requirements associated with a RES’s Ameren or MidAmerican customers)?

Yes. RECs from both MISO and PJM can be used to comply with the RPS requirements associated with a RES’s Ameren customers; RECs from both MISO and PJM can be used to comply with the RPS requirements associated with a RES’s MidAmerican customers; and RECs from both MISO and PJM can be used to comply with the RPS requirements associated with a RES’s ComEd customers.

18. Are there resource type requirements associated with the Illinois RPS for RES?

Yes. First, all renewable energy resources used to comply with the RPS must comply with the definition of renewable energy resources found in Section 1-10 of the IPAA. Note the recently changed definition described in #14 above. Second, for compliance years beginning after June 1, 2017, wind or solar photovoltaic must comprise at least 32% of a RES’s compliance.

19. How do alternative compliance payments contribute toward a RES’s resource type requirements?

By Commission rule, RES may convert their ACPs into the equivalent of MWHs of RECs and then designate these REC equivalents as wind, solar, and/or other, for purposes of meeting the RPS type requirements. For instance, for June 2018 through May 2019, the total RPS requirement is 14.5% of the RES customers' energy consumption subject to the RPS. Suppose the RES wants to use ACPs to satisfy the entire 32% wind or solar requirement. The RES can choose to satisfy the RPS by making an ACP for 32% times 14.5% of its customers’ usage, with all of it being designated as wind and solar REC equivalents. The remaining 68% times 14.5% can be met through the purchase of RECs of any type. Also note: In this example, the ACP would be calculated by multiplying 32% times the customers’ usage times the ACP rate; you would NOT also multiply by 14.5%. (Also see FAQ #23 and 24 below).

20. Is there an easy way for a RES to calculate the ACPs and RECs needed to comply with all the quantity and type requirements of the Illinois RPS for RES?

Yes. ICC Staff will produce an electronic spreadsheet called a Sample RPS Compliance Report that can be used to help a RES determine how to comply. Once the final ACP Rates are posted, Staff will post the spreadsheet on the Renewable Portfolio Standards For ARES page of the ICC’s web site. While not a requirement, RES may use this
informal sample compliance spreadsheet as part of (or as an aid in preparing) annual RPS compliance reports.¹

21. Why do the posted ACP rates that I have seen on the ICC website appear so low compared to the market price of RECs?

REC prices are generally stated in dollars per REC (where 1 REC represents 1 MWH of energy generated though a renewable energy resource). In contrast, Illinois ACP rates are stated in dollars per MWH of customers’ annual energy consumption (or cents per kwh of customers’ annual energy consumption). Since the Illinois RPS mandates the use of renewable energy for less than 100% of energy consumption, the ACP rates tend to be considerably lower than REC prices. For a better comparison, one might try dividing the applicable ACP rate by the RPS percentage requirement for the compliance period. But keep in mind that the alternative compliance payment is going to be equal to the ACP rate times the RES customers’ annual energy consumption during the compliance period times a percentage representing the extent to which the RES seeks to comply with the RPS through ACPs. Do NOT also multiply by the RPS percentage applicable to that year (like the 14.5% applicable for the June 2018 through May 2019 compliance period).

22. To whom should a RES send its annual reports, alternative compliance payments, and other correspondence associated with Title 83, Chapter I, Subchapter c, Part 455?

Annual reports must be verified by an executive officer of the filing party having knowledge of the facts before either a notary public or other officer authorized to administer oaths. This requirement may be fulfilled through an affidavit signed by the executive officer. A REVISED sample affidavit is available on the Renewable Portfolio Standards For ARES page of the Commission’s web site. For Annual Reports and ACP notice letters pursuant to Code Part 455:

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<tr>
<th>Send originals to:</th>
<th>Send copies to:</th>
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<tbody>
<tr>
<td>Illinois Commerce Commission</td>
<td>Illinois Commerce Commission</td>
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<tr>
<td>Office of the Chief Clerk</td>
<td>Policy Division</td>
</tr>
<tr>
<td>527 East Capitol Avenue</td>
<td>Attn: Director</td>
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<tr>
<td>Springfield, IL 62701</td>
<td>527 East Capitol Avenue</td>
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¹ On page 18 of its June 2, 2010 Second Notice Order, in Docket 10-0109, the Commission stated, The Commission agrees with Staff and the ICEA that a spreadsheet is useful but need not be part of the rule. In further regard to the development of an appropriate spreadsheet the Commission finds Staff’s proposed implementation of ICEA’s proposed methodology to be fair and reasonable, including Staff’s proposed modification to Section 455.130 (a), and we hereby adopt same. We further direct Staff to engage the parties fully and promptly in a collaborative process if requested by any party to address the details or mechanics of Staff’s illustrative spreadsheet, and to maintain a current “informal/sample” compliance spreadsheet on the Commission’s website that is to be posted well in advance of the September 1 annual compliance deadline.
Although not required by the Commission’s administrative rules, RES are encouraged to send electronic copies of all reports and letters associated with the Part 455 to David Sackett (david.sackett@illinois.gov)

23. How do I request confidential treatment of my RPS compliance report?

Do not send a petition. Unlike most confidential filings with the Commission, a RES obtains confidential treatment for an RPS report merely by asking for it in the affidavit that must accompany the report. A REVISED sample affidavit is available on the Renewable Portfolio Standards For ARES page of the Commission’s web site. All Filings which contain confidential information should have the following four items:

1. Include a cover letter and note that this is a Section 455.120 Annual Report of Compliance with the Renewable Energy Portfolio Standard and also note the confidential treatment and that the filing includes both public and confidential reports. Do not put any confidential information in the cover letter because the cover letter gets posted as is.

2. Using the Affidavit provided on the ICC RPS page, provide the original signed (may use blue ink) affidavit. Do not put any confidential information in the affidavit which gets posted as is.


4. Provide a public copy of the Report with documentation. Redact all portions of the Report and documentation that you consider to be confidential.

24. Is there any other communication required by Part 455?

Yes. For those RES making an ACP to a utility, Section 455.130 requires that RES provide a letter to the commission within one business day after making any ACP to any utility. Since Subsection 455.130(e) ACP notice letters contain inherently confidential information, they will be treated as confidential by the Chief Clerk’s Office. However, please mark each page that contains confidential information with “CONFIDENTIAL”. Furthermore, they do not require any verification and may be included with the Section 455.120 Annual Report.

1) "Re: 83 Ill. Adm. Code 455.130”;

2) Name and address of RES;

3) The RES' FEIN;

4) Name and telephone number of person writing the letter;

5) Dollar amounts of the alternative compliance payments;

6) The payee for each payment;

7) Compliance period for which the payment is being made (e.g., June 1, 2018 through May 31, 2019); and
8) An indication whether the payment is intended to satisfy the balance of alternative compliance payment requirements for the compliance period or whether more payments may be forthcoming.

Please direct recommended corrections or additional questions for this FAQ to: David Sackett (david.sackett@illinois.gov).