

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

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**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 and Clean Coal 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.*

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**Acronyms used**

<b>ARES</b>	<b>Alternative Retail Electric Supplier(s)</b>
<b>RES</b>	<b>One or more ARES and/or Illinois electric utilities selling electricity to retail customers outside their own utility service territories</b>
<b>RPS</b>	<b>Renewable Portfolio Standard</b>
<b>CCPS</b>	<b>Clean Coal Portfolio Standard</b>
<b>ICC</b>	<b>Illinois Commerce Commission</b>
<b><u>PUA</u></b>	<b>Public Utilities Act</b>
<b>IPA</b>	<b>Illinois Power Agency</b>
<b><u>IPAA</u></b>	<b>Illinois Power Agency Act</b>
<b>ACP</b>	<b>Alternative compliance payment</b>
<b>REC</b>	<b>Renewable energy credit (or certificate)</b>

## 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. What are the ICC rules that govern the Illinois RPS and CCPS for RES?

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. This FAQ is not a substitute for the [ICC's official rules](#).

4. Can RES comply with the RPS by making alternative compliance payments?

Yes. In fact, ACPs must be made for at least one-half of the energy consumption by a RES's retail customers supplied pursuant to contracts executed or extended after March 15, 2009. The applicable energy consumption, measured at the customers' meters, must be applied to the applicable ACP rate. (Also see FAQ #5, 13, 14, and 15)

5. Where can I find the applicable ACP rate?

[ACP rates can be found on the ICC web site](#). There are separate rates posted for RES load served in the ComEd service territory and the Ameren service territories. The "actual ACP rates" are not determined until July 1 following the compliance period. However, "maximum ACP rates" will be posted several months prior to each compliance period, soon after the ICC issues an order approving an electric procurement plan for ComEd and Ameren; and "estimated ACP rates" will be posted soon after each of the IPA's renewable energy procurement events. Most of these procurement events have taken place in the spring, just prior to the start of each RPS compliance period.

6. Can RES comply with the RPS by purchasing renewable energy resources or renewable energy credits?

Yes. However, as already noted, ACPs must be made for at least one-half of the energy consumption by a RES's retail customers supplied pursuant to contracts executed or extended after March 15, 2009. For the remaining portion of the customers' energy consumption supplied pursuant to

contracts executed or extended after March 15, 2009 (i.e., no more than one-half), the RES may purchase renewable energy resources and/or renewable energy credits (“RECs”). In any case, 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.

7. 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 2009-2010”). 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 2009-2010 compliance period, enter “2010”).

8. Where can I obtain the list of facilities determined by the IPA to be compliant with the Illinois RPS for ARES?

From the [Illinois Power Agency](#).

9. How long can a REC be banked and still 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. For the 2009-2010 and 2010-2011 compliance periods, an alternative retail electric supplier may use renewable credits generated after December 31, 2008 and before June 1, 2009 to comply with this Section.

10. 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, states that adjoin Illinois, or anywhere in the PJM or MISO footprint within the US. However, within that broad geographic area, there are no preferences (as there are with the Illinois RPS for the eligible retail customers of ComEd and Ameren described in Section 1-75(d) of the [IPAA](#)).

11. May RECs from MISO only be used to comply with the RPS requirements associated with a RES's Ameren customers (and may RECs from PJM only be used to comply with the RSP requirements associated with a RES's ComEd customers)?

No. RECs from both MISO and PJM can be used to comply with the RPS requirements associated with a RES's Ameren customers; and RECs from both MISO and PJM can be used to comply with the RPS requirements associated with a RES's ComEd customers.

12. 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](#). As mentioned above, the IPA is responsible for designating all such resources. Second, wind resources must comprise at least 60% of a RES's compliance and, after June 1, 2015, solar photovoltaic must comprise at least 6% of a RES's compliance.

13. 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 REC and then designate these REC equivalents as wind, solar, and/or other, for purposes of meeting the RPS type requirements. For instance, for June 2011 through May 2012, the total RPS requirement is 6% of the RES customers' energy consumption subject to the RPS. Suppose the RES wants to use ACPs to satisfy the entire 60% wind requirement. The RES can choose to satisfy the RPS by making an ACP for 60% times 6% of its customers' usage, with all of it being designated as wind REC equivalents. The remaining 40% times 6% can be met through the purchase of RECs of any type. Also note: In this example, the ACP would be calculated by multiplying 60% times the customers' usage times the ACP rate; you would NOT also multiply by 6%. (Also see FAQ #14 and 15).

14. 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 has produced an electronic spreadsheet that can be used to help a RES determine how to comply. It is available on the [Renewable Portfolio Standards For ARES](#) area 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.<sup>1</sup>

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<sup>1</sup> On page 18 of its June 2, 2010 *Second Notice Order*, in Docket 10-0109, the Commission stated,

15. 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 through 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 (no lower than 50%) 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 6% applicable for the June 2011 through May 2012 compliance period).

16. I'm confused about how the central procurement process works. I've read that 50% of a RES's renewable quota must be paid via the ACP. Does that mean that the IPA will be responsible for procuring one-half of a RES's RECs?

No. While it is true that at least 50% of a RES's RPS compliance must be in the form of an ACP, there is no interaction between RES and the IPA. The RES just sends an ACP check to the ICC made out to the "Illinois Commerce Commission," which the ICC shall deposit into the Illinois Power Agency Renewable Energy Resources Fund, a special fund in the State treasury administered by the Illinois Power Agency. The IPA will not be purchasing any renewable energy on behalf of ARES.

17. 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 sample affidavit is available on the [Renewable Portfolio Standards For ARES](#) section of the Commission's web site.

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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.

18. 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 (Sections 455.130 and 455.210):**

<b>Send originals to:</b>	<b>Send copies to:</b>
Illinois Commerce Commission Office of the Chief Clerk 527 East Capitol Avenue Springfield, IL 62701	Illinois Commerce Commission Energy Division Attn: Director 527 East Capitol Avenue Springfield, IL 62701  Illinois Commerce Commission Financial Analysis Division Attn: Director 527 East Capitol Avenue Springfield, IL 62701

**Alternative Compliance Payments (Section 455.130):**

<b>Send checks and original letters to:</b>	<b>Send letter copies to:</b>
Illinois Commerce Commission Administrative Services Division Attn: Manager of the Revenues Section Re: Illinois Power Agency Renewable Energy Resources Fund 527 East Capitol Avenue Springfield IL 62701  Make check payable to: Illinois Commerce Commission	Illinois Commerce Commission Energy Division Attn: Director 527 East Capitol Avenue Springfield, IL 62701  Illinois Commerce Commission Office of the Chief Clerk 527 East Capitol Avenue Springfield, IL 62701

**Although not required by the Commission’s administrative rules, RES may also wish to send electronic copies of all reports and letters associated with the Part 455 to Richard Zuraski ([rzuraski@icc.illinois.gov](mailto:rzuraski@icc.illinois.gov)).**

19. Please direct recommended corrections or additional questions for this FAQ to: [rzuraski@icc.illinois.gov](mailto:rzuraski@icc.illinois.gov).