Overview Of The Illinois Power Agency And Changes To The Illinois Renewable Portfolio Standard

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Background on IPA and Procurement Approach

- The Illinois Power Agency (IPA) is a state agency created in 2007 as part of resolution of debate on how to procure power for customers who did not switch to alternative suppliers (eligible retail customers)
- Entrusted by legislation to conduct procurement activities with transparency, objectivity, and in an ethical manner
- In 2011 became independent Agency under the oversight of the Illinois Executive Ethics Commission
- Funded through fees charged to utilities (for planning), suppliers (to run procurement events), and investment income from a Trust Fund

- Key responsibilities include:
  - Developing annual procurement plan, subject to Illinois Commerce Commission (ICC) approval
  - Running procurements and programs via third-party administrators. Procurment results subject to ICC approval

Power Procurement Approach

- Procurement of energy to meet the load requirements of "eligible retail customers"
- Criteria in the Illinois Power Agency Act:

  "Develop electricity procurement plans to ensure adequate, reliable, affordable, efficient, and environmentally sustainable electric service at the lowest total cost over time, taking into account any benefits of price stability."
- Approach has been to procure each year standard energy blocks to meet 100% of expected load in the current delivery year, 50% in the following year, and 25% in the next year.
  - This allows for a multi-year laddered approach to managing supply risks
- Current serving approximately 50% of ComEd's potentially eligible load, 40% of Ameren's potentially eligible load, and 15% of MidAmerican's load
  - Municipal Aggregation main driver of customer switching

Prior IPA Renewables Responsibilities (2008-2016)

- Utilities have annual RPS percentage requirements for eligible retail customers
  - Increases each year to 25% by 2025
  - Through 2016 the IPA included in its annual procurement plan proposed procurements to meet those targets

- Alternative Suppliers also had a separate RPS responsibility (same percentage goals)
  - Payment of Alternative Compliance Payments for at least 50% of their load
    - Payment level designed to mirror the rate that eligible retail customers were paying for RPS compliance
  - Purchase of additional RECs (or self-supply) for the balance of RPS obligations

- IPA administers the Renewable Energy Resources Fund to purchase additional renewable~~s~~ resources (funds collected from alternative suppliers as a portion of their RPS compliance)

- In reality Illinois had multiple RPSs

The Challenges of the Original RPS

- Retail choice meant that customers could switch back and forth between utility service and alternative suppliers leading to budget and target uncertainties
  - Large wave of municipal aggregation starting in 2011 led to the majority of eligible retail customer load leaving utility service
  - Curtailment of ComEd long-term contracts in 2013 and 2014
- The Renewable Energy Resources Fund encountered challenges as funds were redirected to other purposes, and the wording of the law constrained its use

Changes Ahead!

- Public Act 99-0906 fundamentally alters the Illinois RPS
  - Move to single RPS rather than separate mechanisms for customer taking service from alternative suppliers
  - Creation of programs as well as procurements
- Existing procurement approach (utility-scale) is well tested and might not need significant modification for future procurements (although the size and scope of renewable resources to be procured will increase significantly)
- New programs will necessitate development of new approaches for distributed solar and community solar
- Other changes in law will require consideration of new policy issues

Long-term Renewable Resources Procurement Plan

- Published for comment on September 29th
  - See: www.illinois.gov/sites/ipa/Pages/Renewable_Resources.aspx
- 45 days for stakeholder comment
- 21 days to file with Commission for approval
- 120 day proceeding before Commission

What’s In the Plan?

- Percentage-based targets – 25% by 2025 of retail sales
- Quantitative targets for new build
  - New utility-scale wind projects
  - New solar projects (utility-scale, brownfield, distributed)
- Procurements to meet percentage targets
- Adjustable Block Program
  - Community Solar
  - Distributed Photovoltaic Generation
- Illinois Solar for All Program (low-income customers)
- Use of existing contracts to help meet targets

Adjustable Block Programs

- Three programs
  - Distributed Generation below 10 kW, upfront payment
  - Distributed Generation between 10 kW and 2 MW, 20% payment when energized, remainder over four years
  - Community Solar, 20% payment when energized, remainder over four years
- Contracts to purchase 15 years of RECs
- Plan includes proposed approach for the determination of prices, block size/schedule, application process/criteria, ongoing credit/performance requirements, etc.
- Agency will be issuing an RFP to hire a third-party program administrator to run day-to-day operations

Illinois Solar for All Program

"The objectives of the Illinois Solar for All Program are to bring photovoltaics to low-income communities in this State in a manner that maximizes the development of new photovoltaic generating facilities, to create a long-term, low-income solar marketplace throughout this State, to integrate, through interaction with stakeholders, with existing energy efficiency initiatives, and to minimize administrative costs."

- Four specific programs
  - Low-income Distributed Generation Incentive
  - Low-income Community Solar Project Initiative
  - Initiatives for Non-profits and Public Facilities
  - Low-Income Community Solar Pilot Projects

- "Ensure tangible economic benefits flow directly to program participants"
- Targeting of funds for environmental justice communities

What’s not in the Plan

- Net metering (handled by the utilities)
- Smart Inverter rebates (handled by the utilities)
- Energy sales from renewable resources (Plan focuses on RECs)