

**COMMENTS OF THE RENEWABLES SUPPLIERS
ON THE ILLINOIS POWER AGENCY'S
DRAFT 2017 ELECTRICITY PROCUREMENT PLAN**

These comments on the Illinois Power Agency's ("IPA") draft 2017 Electricity Procurement Plan ("Draft Plan") are submitted by the following companies (collectively, the "Renewables Suppliers"):

- Invenergy LLC and its affiliated project companies Grand Ridge Energy IV LLC and Invenergy Illinois Solar I LLC.
- EDP Renewables North America LLC and its affiliated project companies Meadow Lake Wind Farm I LLC, Meadow Lake Wind Farm II LLC, Meadow Lake Wind Farm III LLC, Meadow Lake Wind Farm IV LLC, and Blackstone Wind Farm LLC.
- NextEra Energy Resources, LLC and its subsidiary project company FPL Energy Illinois Wind, LLC.

Each of the project companies holds one or more long-term power purchase agreements ("LTPPA") with Commonwealth Edison Company ("ComEd") and/or Ameren Illinois Company ("AIC") to supply electricity from renewable resources bundled with the associated renewable energy credits ("RECs"). Renewables Suppliers actively participated in the Commission proceeding concerning the IPA's 2014 Procurement Plan, Docket 13-0546, including the rehearing in that docket, in the Commission proceeding concerning the IPA's 2015 Procurement Plan, Docket 14-0588, and in the Commission proceeding concerning the IPA's 2016 Procurement Plan, Docket 15-0541.

The Renewables Suppliers have comments on the Draft Plan in the following two areas:

I. Use of Hourly ACP Funds for DG REC Procurement vs. to Purchase Curtailed RECs

The Draft Plan proposes a spring or early summer 2017 procurement event to purchase Renewable Energy Credits ("RECs") from Distributed Generation ("DG") resources for ComEd and AIC, using the electric utilities' Alternative Compliance Payments accumulated in respect of their sales to customers served on hourly pricing tariffs ("Hourly ACP funds"). Draft Plan at 3, 6 (Action Plan item no. 8) and 101-102.

While the Renewables Suppliers do not object in principle to the planned 2017 procurement of DG RECs, the IPA Plan should be revised to clarify that the IPA will not proceed with the 2017 DG REC procurements for ComEd or AIC unless and until (1) it is determined that no LTPPA curtailment will be needed for the electric utility for the 2017-2018 Plan Year, and/or (2) if it is determined (based on the electric utility's March 2017 load forecast update) that curtailments of the electric utility's LTPPAs are necessary during the 2017-2018 Plan Year to comply with the renewable Portfolio Standard ("RPS") rate cap, the IPA has determined that the electric utility has a sufficient balance of Hourly ACP funds to purchase the LTPPA suppliers' curtailed RECs. The pricing formula used for this determination should be that approved by the Commission in the Order on Rehearing in Docket 13-0546. Finally, the IPA Plan should further be revised to clarify that each electric utility's procurement of DG RECs will be funded only from any balance of its Hourly ACP funds in excess of the amount needed to purchase the curtailed LTPPA RECs.

The Renewables Suppliers believe the foregoing to be the IPA's intent, as it was in the 2015 and 2016 Procurement Plans, which included DG REC procurements. However, the Draft Plan contains several somewhat conflicting statements on this point:

1. Page 3: "For Ameren Illinois and ComEd, the distributed generation procurement budget will be equal to the amount of hourly ACP funds collected by each utility as of May 31, 2017, minus the value of contracts awarded through the 2015 and 2016 distributed generation REC procurements and any hourly ACP funds committed to the purchase of curtailed RECs stemming from the 2010 long-term power purchase agreements ("LTPPAs")."
2. Page 6 (Action Plan item no 8): "Approve a Spring or early summer 2017 procurement of distributed generation RECs using already collected hourly ACP funds for Ameren Illinois and ComEd minus the total dollar value of each utility's distributed generation REC contracts awarded through the Fall 2015 and Summer 2016 procurements and any hourly ACP funds committed to the purchase of curtailed RECs stemming from the 2010 long-term power purchase agreements."
3. Page 100: "Starting with the 2013-2014 delivery year, the Commission approved the use of hourly ACP funds to purchase RECs from any curtailed LTPPAs. In the unlikely event of future curtailments, the IPA recommends a continuation of that policy, with the caveat that these purchases would be secondary to contractually committed use of the hourly ACP funds for the DG procurement as discussed below."
4. Page 101: "[T]he IPA's DG renewable resource procurements will continue to use hourly ACP funds for Ameren Illinois and ComEd, and use the Renewable Resources Budget for MidAmerican (including forecasts of the available budget over the life of the contracts). Only hourly ACP funds that have been collected as of May 31, 2017 and not allocated to the purchase of either DG RECs from the previous five-year DG procurement contracts or curtailed RECs for the 2017-2018 delivery year will be used for Ameren Illinois and ComEd."

Statements 1, 2 and 4 (in particular, statement 4) quoted above from the Draft Plan indicate that the hourly ACP funds will be used for the 2017 DG REC procurement only to the extent the hourly ACP funds are not needed to purchase curtailed LTPPA RECs during the 2017-2018 Plan Year. However, statement 3 indicates that using the hourly ACP funds to fund the 2017 DG REC procurement will take precedence over using the hourly ACP funds to purchase curtailed LTPPA RECs during the 2017-2018 Plan Year (if necessary).

To ensure the use of hourly ACP funds to purchase any and all curtailed LTPPA RECs (if necessary) during the 2017-2018 Plan Year has priority over the use of the hourly ACP funds for the proposed 2017 DG REC procurement, the Renewables Suppliers recommend the following changes to the Draft Plan:

1. The Plan should specify that the 2017 DG REC procurement event(s) will be scheduled for a date(s) well after the submission of ComEd's and AIC's March 2017 load forecast updates and the consensus determination is made by the IPA, Commission Staff, Procurement Monitor and the applicable utility that the updated March 2017 load forecast should be adopted. This timing will enable the IPA to size the DG REC procurement knowing whether the electric utility's hourly ACP funds need to be used to purchase curtailed LTPPA RECs.

2. The Plan should specify that if, based on the March 2017 load forecast updates, it is determined that curtailments of purchases from suppliers under ComEd's or AIC's LTPPAs is necessary for the 2017-2018 Plan Year, the DG REC Procurement will be sized at no larger than the level that can be funded by the utility's Hourly ACP funds after setting aside (i) the amount of Hourly ACP funds estimated to be needed to purchase the curtailed LTPPA RECs during 2017-2018, at the level of curtailment determined based on the March 2017 updated load forecast, and (ii) the amount of Hourly ACP funds committed to fund the 2015 and 2016 DG REC procurements. Because the prices of curtailed LTPPA RECs that would be purchased using the Hourly ACP funds are dependent on day-ahead hourly locational marginal prices during the Plan Year, and therefore cannot be calculated in advance with certainty, the Plan should specify that the amount of the electric utility's Hourly ACP funds set aside for purchase of curtailed RECs should be 110% of the estimated amount needed to purchase curtailed LTPPA RECs. This amount (110% of the estimate) will be "the hourly ACP funds committed to the purchase of curtailed RECs stemming from the 2010 long-term power purchase agreements" (Draft Plan, Action Plan item no. 8.)

3. In the second paragraph of Section 8.3 of the Draft Plan (page 100), the following text should be deleted: "with the caveat that these purchases would be secondary to contractually committed use of the hourly ACP funds for the DG procurement as discussed below."

II. Conducting REC Procurements for Contracts Longer Than One Year

The Draft Plan shows that for each of the Delivery Years 2018-2019 through 2021-2022, each of ComEd and AIC (and MidAmerican) is projected to have a shortfall between presently-contracted renewable resources and its RPS targets for total renewable resources, renewable resources from wind, and renewable resources from photovoltaics. See Tables 8-1, 8-2 and 8-3 on pages 96-98. Nonetheless, the IPA proposes in the Draft Plan to procure general RECs, wind RECs and solar RECs for ComEd and AIC for the 2017-2018 Plan Year only through one-year contracts (contracts not extending beyond 2017-2018). Draft Plan at 6 (Action Plan item no. 7) and 94.¹

In the proceedings relating to the IPA's 2016 Procurement Plan, Docket 15-0541, the Renewables Suppliers advocated, under somewhat similar circumstances, that the IPA should procure RECs to cover a conservative portion of the projected shortfalls in years 2 through 5 of the forecast period through contracts of up to 5 years in length. That proposal was not accepted by the IPA or by the Commission. For purposes of the 2017 Plan, the Renewables Suppliers do not object to the IPA's decision to only procure general RECs, wind RECs and solar RECs pursuant to one-year contracts. However, the Renewables Suppliers urge the IPA, in each year's Plan, to continue to evaluate the advisability of procuring RECs through contracts longer than one year, based on the facts and circumstances pertinent to each year's Plan, including any changes in applicable statutes and regulations.

¹ The Renewables Suppliers understand that if the utilities' March 2017 load forecast updates show that curtailments of either utility's LTPPAs are necessary (*i.e.*, that the "Available RPS Funds" in either utility's Renewable Resources Budget ("RRB") is negative), then the proposed 2017-2018 REC procurement for the utility using the RRB will not be conducted. Draft Plan at 8 (Action Plan item 7).

Respectfully submitted,
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