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Illinois Power Agency
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Ameren Illinois' Comments – Draft Long Term Renewable Procurement Plan

Ameren Illinois Company d/b/a Ameren Illinois (Ameren Illinois) respectfully submits comments on the Draft Long-Term Renewable Procurement Plan (Plan), which the Illinois Power Agency (IPA) released for public review and comment on September 29, 2017. To the extent that a docketed proceeding follows filing of the revised Plan with the Illinois Commerce Commission (ICC or Commission), Ameren Illinois may provide more formal comments at that time.

Ameren Illinois compliments the IPA regarding its past successes and wishes them continued success, especially in light of the significant changes associated with the Future Energy Jobs Act (FEJA). Specifically in reference to the Plan for which our comments herein address, Ameren Illinois appreciates the considerable effort the IPA put forth in Plan development. While Ameren Illinois agrees or is neutral with the majority of the positions taken by the IPA, we respectfully offer the following comments and recommendations in an attempt to strengthen the Plan and prepare it for implementation. Ameren Illinois reserves the right to make further comments or proposals after the Plan is filed with the Commission and other parties' positions are available.

Pages 5-6, Section 2.1.1:

The Plan references that the legacy swap contracts from 2007 were "out of the money" when prices declined for several years, which led to alternative supply options being more cost effective to customers and ultimately to significant switching away from default utility supply through municipal aggregation initiatives in 2011 through 2013. While true, Ameren Illinois recommends the Plan also reference that the Long Term Power Purchase Agreements (LTPPAs or 20 Year Renewable Contracts) executed in 2010 were also "out of the money" during this same period making alternative supply options even more attractive.

In addition, the Plan references that switching due to municipal aggregation caused less than full funding for the LTPPAs, and ComEd was therefore required to curtail a portion of the LTPPA quantities for two years. For clarity, we recommend the Plan state that Ameren Illinois LTPPAs were not curtailed.

Page 12, Section 2.2.3, "Fourth" point, and Several Other Places:

In regards to the Adjustable Block Program and Illinois Solar for All, the Plan references "prepayment" for RECs under contract. Ameren Illinois recommends the Plan clarify throughout that up-front payments for RECs are contingent on the statutory stipulation that utilities have previously collected these monies from their customers. In other words, the statute does not

require the utilities to pay for RECs in advance of collecting funds from customers through utility tariff charges.

Page 14, Section 2.2.5.1:

In prior IPA procurements, it was not a requirement that the Commission approve the actual contract language. Instead, the Commission approved the winning suppliers, quantities and prices after recommendation by the IPA and its Procurement Administrator, and the contract terms and conditions were developed and agreed upon by the IPA, Procurement Administrator, Procurement Monitor, ICC Staff, utilities and potential sellers. The Plan appears to suggest that the Commission will be required to approve all terms and conditions for all future renewable contracts. Specifically, the Plan quotes the following language in the statute: "the Plan must identify the process whereby the Agency will submit to the Commission for review and approval the proposed contracts to implement the programs required by such plan".

While Ameren Illinois does not provide an interpretation at this time, Ameren Illinois believes that additional flexibility in the Plan on this point may be helpful. If the Commission determines that the phrase "approval [of] the proposed contracts" means to approve the winning suppliers, quantities and prices for which contracts are to be executed by the utilities, then the Commission may determine that prior practice could continue. Therefore, it may be beneficial to broaden the discussion in the Plan to include not only a description of prior practice, but also to allow for a degree of uncertainty should the Commission choose to continue past practice.

Page 25, Section 2.3.3:

The Plan indicates that the IPA has no position on whether it could procure a bundled REC and energy product through the Plan or future revisions to it. The IPA does not propose bundled product procurements as part of this Plan and believes that no changes made to the law jeopardize prior executed bundled "renewable energy resource" contracts (i.e., 2010 LTPPAs). While Ameren Illinois agrees that the statutory changes have no impact on the viability of the existing 2010 LTPPAs, the statute is quite clear that renewable procurements under the Plan are to be for RECs only.[1] Nevertheless, Ameren Illinois sees no reason to debate a hypothetical matter before the Commission when doing so could divert the parties from the primary objective of implementation of actual proposals. Ameren Illinois therefore recommends this hypothetical reference be removed prior to filing the Plan with the Commission.

Page 28, Section 2.4.2:

Ameren Illinois believes there is no need to "recreate the wheel" here. The Plan should use the threshold criteria established by the interconnection rules approved by the Commission to determine what constitutes a system being "energized." A generator should be considered "energized" when the interconnecting utility approves its interconnection following a Witness Test or the utility's waiver of the Witness Test. Utilities do not approve interconnection for operation

[1] For example, in Section 1-20(a)(1.5) of the IPA Act, 20 ILCS 3855/1-20(a)(1.5) (*emphasis added*), the IPA is "authorized to" "[d]evelop a long-term renewable resources procurement plan in accordance with subsection (c) of Section 1-75 of this Act ***for renewable energy credits*** in amounts sufficient to achieve the standards specified in this Act for delivery years commencing June 1, 2017 and for the programs and ***renewable energy credits*** specified in Section 1-56 of this Act.."

until the customer's equipment is installed and available for inspection because all equipment has to operate in order for a Witness Test to be conducted and a determination made on whether the operation meets safety and reliability requirements. In addition, by using the date of approved operation, it provides generators and the IPA with a clear and widely understood timeframe to determine eligibility that will not penalize any generator who was not aware of criteria when they requested approval for operation.

Ameren Illinois proposes the following edits for purposes of clarity (deletions in strikethrough, and additions in italics):

> Of course, both of these definitions raise the question of what constitutes a facility being "energized." ~~Unlike interconnection, where official approval is required and associated forms are produced and executed on a specific date, "energized" is more nebulous and, unfortunately, not defined through the law. Faced with a similar quandary in developing its Supplemental Photovoltaic Procurement Plan, the Agency settled on a definition of "energized" as being "the date by which the System has been turned on for a period of 24 consecutive hours and is operational for purposes of generating electricity regardless of whether the system has registered with a REC tracking system."~~ *For purposes of clarity, consistency and independent verification, the Agency will use the date that the generator was approved for operation by the interconnecting entity as the date of "energization." Generators are able to produce energy that results in the creation of RECs from that point in time when they are able to operate in parallel with the interconnecting entity's system. Utilities, cooperatives and municipal electric systems maintain records of the dates of their approval of operation, which could be made available in the event of any dispute concerning the date of energization.* ~~Parties could then substantiate a system's energization through a certification accompanied by the submission of various forms establishing a system's energization timeline.~~ The Agency notes that unlike the Supplemental Photovoltaic Procurement process, in which payment for RECs was made after REC generation and only upon delivery and invoice to the Agency, the Adjustable Block Program and the Illinois Solar for All Program feature prepayment for some, or all, of the RECs from a system upon energization. Therefore, as discussed in Chapters 6 and 8, some consideration should be made of a system being registered in a tracking system to generate *RECs*. ~~On this draft Plan, the IPA seeks feedback on, first, what underlying activities should constitute a system being "energized" for purposes of a deadline in the law and, second, what documents or forms could be used to substantiate that this is, in fact, the system's "energized" date.~~

Page 31, Section 2.5.1.1:

The Plan states, "Only new projects – those 'energized on or after June 1, 2017' – are eligible for the Adjustable Block Program...." For purposes of the Adjustable Block Program, and as described in comments on Section 2.4.2 above, Ameren Illinois believes the "energization date" should be the date that the generator was approved for operation by the interconnecting utility.

Page 43 and 56, Tables 3-1 and 3-12:

In Table 3-1, the 2020-2021 budget appears to be based on the 2019-2020 forecast. This runs contrary to the methodology used in prior procurement plans — the same year's forecast was used to establish the budget and the prior year's actual load was used to establish the targets. In addition, similar data in Table 3-12 appears to be calculated using an alternative methodology. Ameren Illinois requests the IPA review, clarify, and ensure consistency in methodology between the calculations.

Page 58, Section 3.19:

The Plan states that the balance of Hourly Alternative Compliance Payment (ACP) Funds in Ameren Illinois' account on June 1, 2017 was $16.2 million. Ameren Illinois suggests the IPA clarify this balance did not include commitments associated with DG REC procurements that occurred in Fall 2015, Spring 2016, Spring 2017 and Fall 2017. For purposes of updating the IPA prior to filing its Plan, Ameren Illinois has identified that total funds collected equaled $16,466,460 at the end of September 2017. This should be offset by $265,165 in expenses already incurred from the 2015, 2016 and 2017 DG REC contracts. In addition, there remains $4,909,016 in funds that are committed to contracts from the 2015, 2016 and 2017 contracts. This brings the total of uncommitted funds down to $11,292,279.

On a related matter, the Plan does not reference what is to become of the ACP funds recently paid to the utilities by alternative suppliers for the 2016/2017 plan year and the funds that the alternative suppliers can optionally pay to the utilities after the 2017/2018 and 2018/2019 plan years. Ameren Illinois recommends the Plan provide some direction regarding this matter.

Page 67 and 68, Section 4.1.2:

As part of the application process for adjacent state resources, Ameren Illinois recommends that the Plan clarify that the intent is not to remove assets from GATS or MRETS if those assets are associated with the utilities on-going LTPPAs.

Page 74 and 75, Section 5.3:

For clarity, Ameren Illinois suggests the Plan add "Contract execution with the utilities" as another bullet point under their definition of a procurement process.

The Plan provides a proposal regarding the bundling of approved projects into batches. Ameren Illinois appreciates the idea behind batches and how such bundling can lessen the administrative burden on the parties involved. However, we suggest the Plan provide more details surrounding the batch process. For example, the Plan states that a batch would be submitted with different groups (A and/or B), blocks or prices and a schedule attached to the contract that defines the different projects. The Plan continues by stating that the failure of one project will not affect the other projects on that schedule. In this scenario, it is not clear what constitutes vendor default under the contract. Second, the Plan mentions that contracts could be from outside a utility's service area, but it is not clear what price the utilities would pay for those contracts. The Plan should clarify whether the utilities would pay their block rate or the block rate of the service territory where the project is located. Finally, the Plan should clarify how the mixing of service territories would affect budgets and targets.

Regarding administration, Ameren Illinois suggests that the Adjustable Block Program may be better suited for a system of Master Agreements instead of Long Form Agreements. These Master Agreements would allow multiple confirmations to be approved as batches over time. This may prove more efficient and mitigate confusion that could arise should multiple projects across more than one service territory be the subject of a single contract.

Page 115, Section 6.14-3:

In regards to the Adjustable Block Program, the Plan states that there is a non-refundable application fee of $10 per kW, not to exceed $5,000. Ameren Illinois recommends the Plan clarify who will receive the application fee, and how those funds will be used in the future.

Page 117, Section 6.15.2:

In Section 6.15.2 of the Plan, there are a series of circumstances listed for generators to be granted an extension if their system is not completed in the original timeframe. Ameren Illinois believes the first bullet point misrepresents and/or misunderstands the interconnection process when it states, "an indefinite extension will be granted if a system is electrically complete (ready to start generation) but the utility has not approved the interconnection. The Approved Vendor must document that the interconnection approval request was made to the utility within 30 days of the system being electrically complete". A generator is not ready to start generation unless the interconnecting entity approves its operation and that approval will not occur unless all generating equipment is installed and operational pursuant to applicable safety codes. The investor-owned utilities have defined timeframes for their review of requested interconnections, so generators in those entities' service territories have a high degree of certainty with regard to review and approval timeframes by the utilities.

The Plan states that "the Agency may also, but is not required to, approve additional extensions for demonstration of good cause". Ameren Illinois is concerned that the phrase "for demonstration of good cause" is too broad. The Plan should define good cause for any additional extension to specific circumstances that could impede parallel operation, the start of generation, and the creation of associated RECs.

Page 119, Section 6.15.5:

The Plan states: "In the event of a failure to remedy RECs not being delivered, the utility may, at its discretion, call on the ongoing performance collateral it holds from the Approved Vendor." Ameren Illinois suggests that the phrase "may" be replaced with "shall" and "at its discretion" be deleted, therefore making the provision mandatory as opposed to optional for the utilities.

Page 120, Sections 6.16.1 and 6.16.2:

The Plan describes force majeure terms for Approved Vendors in the Adjustable Block Program. While Ameren Illinois understands the rationale for seeking feedback on this issue now, the potential exists for the docketed proceeding to focus considerable effort on contract terms as opposed to the implementation process associated with procurements. The historical process has been that the IPA and its Procurement Administrator are responsible for contract development with input from the ICC Staff, Procurement Monitor, utilities and potential sellers, and contract terms were developed after Commission approval of the Plan. While Ameren Illinois does not object to

the Plan seeking feedback from interested parties now on substantive contract issues, the Plan should acknowledge that negotiation of detailed contract terms within the docket would not be an efficient use of the parties' resources and would be contrary to the process contemplated in the statute.

Page 135, Section 7.7:

In Section 7.7, the Plan states two key aspects of utility responsibility that fall outside the control of the Agency. Those two responsibilities are: 1) the crediting of the value of energy through net metering and 2) ensuring the portability and transferability of subscriptions within a utility service territory. In regards to the second responsibility, Ameren Illinois points out that although utilities are responsible for the portability of subscriptions, transferability is subject to terms and conditions of the generator owner and subscriber. The utilities have no role in that transaction. Additionally, the portability responsibilities and the delineation of the responsibilities for transferability are included in Ameren's net metering tariff as approved by the Commission.

Therefore, Ameren Illinois proposes alternative language pertaining to the two key aspects of utility responsibility:

> The Agency will work with *generator owners and developers* ~~the utilities (and with rural electric cooperatives and municipal utilities should they choose to participate)~~ in coordinating ~~these~~ *transferability* requirements with the terms, conditions, and operational aspects of the programs and procurements conducted by the Agency.

Page 136, Section 7.7:

The Plan states, "Ameren Illinois proposed revisions to its existing net metering tariff to include provisions for community renewable generation project net metering. The revisions were approved by the Commission on September 27, 2017. Ameren Illinois' revised tariff credits a community renewable generation project not at the 'energy supply rate,' but rather, at the 'Avoided Cost,' which is defined as 'the incremental costs to the Electricity Provider of electric energy or capacity or both which, but for the purchase from an Eligible Customer, the Electricity Provider would generate itself or purchase from another source."

Ameren Illinois' Commission-approved net metering tariff does not provide for "Avoided Cost" crediting for community renewable generation projects. Ameren Illinois Rider NM, Ill. C. C. No. 1. To correct the description of Ameren Illinois' revised net metering tariff, Ameren Illinois proposes the follows language:

> Ameren Illinois proposed revisions to its existing net metering tariff to include provisions for community renewable generation project net metering. The revisions were approved by the Commission on September 27, 2017. Ameren Illinois' revised tariff credits *the energy service bills of subscribers to* a community renewable generation project *at the 'tariffed or contract rate for electricity supply as appropriate.'* ~~not at the 'energy supply rate,' but rather, at the 'Avoided Cost,' which is defined as 'the incremental costs to the Electricity Provider of electric energy or capacity or both which, but for the purchase from~~

~~an Eligible Customer, the Electricity Provider would generate itself or purchase from another source."~~

Page 138, Section 8.2.2:

Ameren Illinois suggests the following edits for the purposes of clarity.

> Ensuring that "the wholesale market value of energy is credited to participating low-income customers" can be achieved through existing net metering provisions. Therefore, *remotely located* projects will be required to participate in the applicable utility's or ARES's *aggregated* net metering program, *in which the output of the generator is credited to subscribers' electric supply bills. On-site generators seeking to secure RECs through this program must also provide their output to customers served under the utility's or ARES's net metering programs.* This may prevent projects in the service territory of a municipal utility or rural electric cooperative that does not offer net metering from participating in the Illinois Solar for All Program. The Agency hopes that such municipal utilities and rural electric cooperatives strongly consider adopting net metering policies to bring the full value of solar to their residents and members.

Page 147, Section 8.6.1.2:

Ameren Illinois suggests the following edits, which are consistent with Ameren Illinois' net metering tariff approved by the Commission:

> For multifamily buildings that are not master metered, one challenge is that the photovoltaic system will most likely be connected to the main building account that serves common areas and building-wide load rather than to any individual unit's account. For these buildings, the owner/manager must either provide the same demonstration of passing along benefits to tenants as for master-metered buildings, or in the alternative, must commit to offering tenants the opportunity (at no additional cost levied by the landlord) to participate in net metering pursuant to the provisions of Section 16-107.5(*l*)(1)(B) of the PUA, which allows for net metering of "individual units, apartments, or properties located in a single building that are owned or leased by multiple customers and collectively served by a common eligible renewable electrical generating facility." *This can be accomplished either through a direct connection from the generator to the internal distribution services feeding each living unit (known as "Collectively Owned Generation Facilities") or by interconnecting the generator to the utility's distribution system and allocating the output of the generator to those tenants agreeing to be served under net metering tariffs ("Community Renewable Generation Projects"). In the former instance, due to the direct connection between the generator and the tenants' services, the output of the generator cannot be allocated on a per tenant basis.*
>
> *In both instances, since net metering is an optional utility service, the tenants have to affirmatively enroll in net metering service in order to realize the benefits of the generation. The IPA is aware that utilities are developing enrollment systems that will enable generation owners/operators to enroll tenants on their respective net metering programs regardless of which method of generator interconnection is employed.*

Conclusion

Ameren Illinois again compliments the IPA regarding the considerable effort associated with Plan development, and appreciates the identification of numerous complex issues and subsequent proposals that are associated with the Plan. Ameren Illinois looks forward to working with the IPA and other parties to finalize the development and implementation of the Plan. If you have any questions or comments, please contact Justin Range for power supply issues. For questions or comments pertaining to net metering or energizing issues, please contact Peter Millburg. For questions or comments pertaining to legal issues, please contact Jermaine Grubbs.

Sincerely,

Richard L. McCartney
Director, Power Supply Acquisition

Copy: Jim Blessing, Lenny Jones, Matt Tomc, Justin Range, Peter Millburg, Jermaine Grubbs