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VIA E-MAIL

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Mr. Anthony Star
Mr. Mario Bohorquez
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RE: Illinois Municipal Electric Agency Comments on the
Illinois Power Agency Draft Long-Term Resources Procurement Plan

The Illinois Municipal Electric Agency (IMEA) is a municipal joint action agency and unit of local government comprised of 32 municipal electric systems from across Illinois. Each of those communities owns and operates its own electric distribution system. Some operate local power generation plants. IMEA sells its municipal members all their wholesale power needs under long-term power supply contracts. IMEA appreciates the opportunity to file comments on the Illinois Power Agency (IPA) Draft Long-Term Renewable Resources Procurement Plan, dated September 29, 2017. We respectfully submit the following comments.

Adjustable Block Program - Block Structure

In Section 6.3 of the draft plan, IPA discusses how the Adjustable Block Program delineates incentives for various categories of eligible projects using blocks of generation capacity at certain prices per renewable energy credits (REC) level. IPA proposes a block structure that it expects will allocate three blocks per category to meet the expected demand for this program. In order to do this, IPA proposes to allocate incentives into two groups by service territory/geographic category based upon load forecasts. The IPA recommends Group B include projects located in the service territories of ComEd, MidAmerican, and municipal utilities. The IPA notes that the assignment of projects between Group A and Group B is intended to approximately match those smaller entities to a larger utility with comparable electric rates.

IMEA appreciates the need for IPA to simplify the block size and structure by using two separate groups, placing all municipal utilities into Group B. However, municipal utilities are geographically located throughout the state, each utility with variable rates. IMEA recommends IPA should not put all municipal utilities into one distinct block. But rather, municipal utilities should be placed into an appropriate Group based upon the Regional Transmission Organization (RTO) in which they are located, as compared with the RTO to which the larger utility belongs in that Group.

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The State of Illinois is split between two different RTOs, Midcontinent Independent System Operator, Inc. (MISO) and PJM Interconnection (PJM). Currently, ComEd belongs to PJM in northern Illinois and Ameren Illinois Company belongs in MISO in downstate Illinois. The municipal utility load in Illinois is fairly near a 50/50 split between PJM and MISO. To this end, IMEA would respectfully request that municipally-owned utilities should not all be placed into one group, Group B. But rather, the municipal utility would be placed in the appropriate Block Group based upon the larger utility RTO footprint in which the municipality is located.

IMEA recommends the following revisions:

Group A – Ameren Illinois, Mt. Carmel, Rural Electric Cooperatives, Municipal Utilities located within MISO

Group B – ComEd, Mid-American, Municipal Utilities located within PJM

Eligibility of Projects Located in Municipal Utilities – Community Renewable Generation

Section 2.3.2.3 of the Draft Plan notes the interest of IPA for further feedback with regard to municipal utilities. Further, Section 7.4 discusses eligibility of projects located in municipal utility territory. The Draft Plan also notes that the IPA invites parties to propose specific facility arrangement scenarios in order to provide clarification of eligibility.

Therefore, IMEA would put forth the following facility arrangement scenario in a municipality which has a photovoltaic generating resource connected to the municipality's distribution system. The city is one of IMEA's full requirements members. In order to fulfill its bond requirements, the output of the system must be purchased by IMEA on behalf of all its members. The facility was energized after June 1, 2017. This facility was built on land that is owned by the municipality but the facility itself is owned by the developer. The facility is under a long-term power purchase agreement (PPA) between the developer and IMEA, with IMEA purchasing the full output of the facility as a parent purchasing organization. The facility is behind the meter of the municipal electric utility, not directly connected to the regional transmission grid.

The output of this facility would be subscribed to residents within the geographically located municipal service territory. IMEA would sell the electricity from the facility into the wholesale market and the project net revenues or net charges (wholesale market sales minus levelized cost of generation) would be credited to all subscribed accounts by the municipal electric utility. Under this scenario, would this facility qualify as community solar in the eyes of IPA?

We look forward to IPA input on such facility arrangement scenario.

Conclusion

IMEA again appreciates the significant work associated with IPA's Draft Plan. We look forward to working with the IPA.

Sincerely,



Kevin Gaden

President & CEO