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Re: Draft Long-Term Renewable Resources Procurement Plan

The Natural Resources Defense Council (“NRDC”) respectfully submits these comments to the Illinois Power Agency (“IPA”) on the draft Long-Term Renewable Resources Procurement Plan (“LTRRPP”), released for public comment on September 29, 2017 and issued as a result of Public Act 99-0906 (“the Act”). NRDC is an international, nonprofit, environmental organization with more than three million members and online activists. While NRDC is generally supportive of the LTRRPP, we have identified two issues that, if corrected, can significantly strengthen the implementation of the Act.

I. NRDC Recommends that the IPA Should Not Hold Spot Procurements for 2018 or 2019, but Instead Prioritize Forward Procurements that Incentivize New Build.

As the IPA recognizes, and the Act requires, new build must be prioritized over obtaining low-cost Renewable Energy Credits (RECs). In the LTRRPP, the IPA acknowledges that the changes to the Renewable Portfolio Standard, resulting from the Act, are in part to “emphasize the procurement of RECs from *new* projects.” LTRRP at 2 (emphasis added). To protect new build, the IPA should be conservative in its plan and budget and assume that all available money will be needed to meet new build and not hold any spot procurements in the near term.

For the 2017-2018 delivery year, Section 1-75(c)(1)(B) requires the Commission to only approve procurement plans that meet the 13 percent renewable energy goal for eligible and non-eligible retail customers compared to each utility’s load (“annual renewable energy percentage goal”). A similar provision is required in 2019 (14.5 percent for eligible and non-eligible retail customers), increasing 1.5 percent ever year thereafter until 2025.

To help satisfy the goals in Section 1-75(c)(1)(B), the IPA proposed additional procurements, including spot procurements (one year contracts) in the spring and summer of 2018 and the summer of 2019, to meet any gaps between new build and annual renewable energy percentage goals. However, these spot procurements will take away from the new build budget and may undermine the Act's intention to prioritize new wind and solar build. Moreover, spot procurements will not help the IPA meet the renewable requirements in later years when new build may become harder to complete. The IPA should not hold spot procurements for 2018 and 2019, but instead wait to gather results from the forward procurements.

Under the Act, the IPA is required to propose a plan to meet the annual renewable energy percentage goals. However, the Act also details how to prioritize spending to ensure that certain objectives are met first even if the annual renewable energy percentage goals cannot be met due to budget shortfalls. The Act respectively prioritizes spending on existing contracts, funding for the Solar for All Program, and new wind and solar build, over meeting the actual numerical goals in the Act. In other words, in a list of priorities, the annual renewable energy percentage goal is last. The IPA, in the LTRRPP, recognizes and underscores this prioritization numerous times. LTRRP at 2, 10 (recognizing legislative findings), 77. The LTRRPP even goes so far as to state, "the Agency will prioritize Forward Procurements of RECs from new projects over Spot Procurements." *Id.* at 77.

Because this long-term renewable resource planning process is new and untested, the IPA does not yet know how much the funding the required new build goals will cost, nor does the IPA know how quickly renewable projects will come online. In its LTRRPP, the IPA assumes that new build will take longer than the time allotted in the plan to be complete. However, the timeline of construction and energization depends on the type of renewable energy and the specifics of the project. New build only needs to be energized after June 1, 2017 to qualify, meaning projects that were built this year and energized in June can contract for their RECs. By the time the LTRRPP is approved, developers will have had over 18 months to identify and prepare projects. Projects may quickly come online and (with pent up demand) may be more numerous than the IPA anticipates.

Further, the long-term plan is revised every two years. If the first iteration of the plan does not deliver the necessary annual renewable energy percentage goals, the IPA can include spot procurements in the next plan. The funding will also remain as the utilities are required to hold the funding for four years. Thus,

delaying the spot procurement during the LTRRPP will not hinder the IPA's ability to host one during the next long-term plan.

For these reasons, NRDC asks that IPA strike language requiring spot procurements in 2018 and 2019.

II. If Solar REC Contracts are Significantly Lagging Behind Wind REC Contracts, NRDC Recommends the IPA Should Expand the Second Subsequent Forward Procurement to Include a Solar REC Procurement Instead of Canceling the Procurement.

The IPA plans to hold a Second Subsequent Forward Procurement in 2019 for wind only if 2.8 million solar RECs are projected to be procured by the end of the 2020-2021 delivery year. LTRRPP at 84. NRDC recommends that the IPA modify this approach by holding the Second Subsequent Forward Procurement even if solar RECs lag behind and expanding the procurement to include solar to make up the difference between solar and wind RECs. This earlier procurement for wind and potentially solar will allow developers to access expiring federal tax credits and leverage these tax credits to the benefit of ratepayers. For this reason, NRDC recommends that the IPA update its plan to reflect the potential expansion of the Second Subsequent Forward Procurement to include a solar forward procurement if necessary.

III. Conclusion

NRDC thanks the IPA for the opportunity to comment on the Long-Term Renewable Resources Plan. We strongly urge the IPA to act on the two recommendations made in this comment letter to strengthen the implementation of the Act and achieve its goals.

Respectfully submitted by,



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