



OFFICE OF PUBLIC UTILITIES
CITY OF SPRINGFIELD, ILLINOIS

JAMES O. LANGFELDER, MAYOR

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Anthony Star, Director
Illinois Power Agency
160 N. LaSalle Street
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Chicago, Illinois 60601

Attn: Mario Bohorquez, Bureau Chief
Planning and Procurement
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Dear Director Star,

Thank you for the opportunity to comment on the Illinois Power Agency's ("Agency") Long-Term Renewable Resources Procurement Plan. I am writing as Chief Utility Engineer for the City of Springfield, Office of Public Utilities. The City of Springfield, Illinois owns and operates the small, vertically-integrated municipal utility referred to as City Water, Light and Power ("CWLP") and provides electric power to its citizens, approximately 68,000 customers, the residents and commercial businesses of Springfield and surrounding areas. It is in the interest of the citizens of Springfield and the State of Illinois, that the Long-Term Renewable Resources Procurement Plan ("Plan") provide opportunities for municipal utilities to encourage and facilitate the development and procurement of renewable resources in our service area and by our customers. We provide the following comments with that larger goal in mind.

Low Income Solar Project Initiative

In Section 2.6.2.2 of the Plan, the Agency identifies the statutory requirements of the Low Income Solar Project Initiative. Among these requirements is that "incentives shall be offered to low-income customers, either directly or through developers, to increase the participation of low-income subscribers of community solar projects." 20 ILCS 3855/1-56(b)(2)(A). Because this term is undefined in the statute, the Plan states "the Agency will interpret 'developer' to be an Approved Vendor or their project partner." Plan at p. 38.

CWLP encourages the Agency to allow flexibility for entities like municipal governments and municipal utilities to qualify as developers. Although the plan clearly allows government entities to become an Approved Vendor, it is less clear how the utility would become a "project partner" with an Approved Vendor. Allowing the City of Springfield, and/or CWLP as a municipal utility, to be classified as a 'developer' for purposes of a qualifying project in our service territory, would further the goals of the Plan by enabling such projects to navigate the legal and practical hurdles to

development of low income solar projects in Springfield and within CWLP's jurisdictional service territory.

Section 7.4 Eligibility of Projects Located in Rural Electric Cooperatives and Municipal Utilities

The Plan provides the following statement of background and goals on the issue of community renewable generation projects in the territories under the jurisdiction of municipal utilities as follows:

“The definition of community renewable generation projects specifically mentions rural electric cooperatives and municipal utilities, but does not explicitly include or exclude them from any program or procurement to be run by the Agency. Moreover, the definition includes the concept of that project having “subscribers,” a term which in turn has a definition that defines such “subscribers” as “tak[ing] delivery service from an *electric utility*,” which as defined in the IPA Act does not include cooperative and municipal utilities. This results in ambiguity around whether a community renewable generation project can be located within the service territory of a rural electric cooperative or a municipal utility. While one simple solution may be to exclude projects located in the service territories of municipal utilities and rural electric cooperatives from participation in the community renewable generation program, the Agency is also cognizant of the General Assembly's choice to include those entities in defining community renewable generation projects.” Plan at p. 128.

It is important to allow municipal utilities and their customers to be able to participate in the incentives available for community renewable generation projects in order to facilitate the achievement of the goals established by the General Assembly for renewables procurement in Illinois. CWLP appreciates that the Agency recognizes the value of municipal and rural electric cooperative participation in community renewables projects and the General Assembly's desire to include these projects when it has attempted to resolve statutory ambiguities applicable to this program. The Plan provides three requirements municipal utilities must meet to participate on page 129:

- 1) Be capable of “credit[ing] the value of electricity generated by the facility to the subscribers of the facility.” This can be accomplished though offering “virtual net metering” substantially similar to the provisions contained in Section 16-107.5(1) of the Public Utilities Act. 20 ILCS 3855/1-10 and 220 ILCS 5/16-107.5(1).
- 2) Provide a monetary credit to a subscriber's subsequent bill for service for the proportional output of a community renewable generation project attributable to that subscriber. 20 ILCS 3855/1-75(c)(1)(N).
- 3) Purchase any unsubscribed energy from community renewable generation projects that are Qualifying Facilities (“QF”) under the electric utility's tariff for purchasing the output from QFs under Public Utilities Regulatory Policies Act of 1978. 20 ILCS 3855/1-75(c)(1)(N).

In addition, municipal utilities that elect to participate will also have to be able to assure the portability and transferability within its service territory of the community renewables subscriptions. CWLP agrees that these requirements are a reasonable hurdle to provide for participation of cooperatives and municipal utilities in these programs. However, the final plan should recognize more clearly than is

presented in the draft, that in order to meet the first requirement “virtual net metering” is one viable way of ensuring that a municipal utility or rural cooperative is “capable of crediting the value of electricity generated by the facility to the subscribers of the facility” but not the only acceptable method. For example, using a subscription model where customers can purchase blocks of solar energy in place of virtual metering could be alternative to virtual net metering. Under the subscription model, customers can sell the RECs at the designation price block for the amount of energy they choose to purchase.

Unlike the community renewable projects, the Plan indicates that projects under the Illinois Solar for All Program (including the Low Income Community Solar Pilot Projects) will only be available to projects that “participate in the applicable utility’s or ARES’s net metering program”. Plan at p. 138. As the plan indicates, “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.” Plan at p. 138-139. However, the Plan goes on to state “Ensuring that tangible economic benefits flow directly to program participants can also be accomplished by providing documentation to the Agency that the projects has no upfront costs to the participant, and that there will not be ongoing costs or fees to the participant that exceed the value of energy produced.” Plan at 139. It is not entirely clear whether the Plan is indicating the intent to be flexible in its interpretation of how low income community solar projects may be structured, or whether participation in a municipal utility’s net-metering program is always mandatory for these projects. CWLP believes municipal utilities are in an ideal position to guarantee that low income customers receive the intended benefits from these types of projects and to be able to avoid the potential for abuse and consumer fraud that the Plan seeks to prevent. Therefore, CWLP encourages the Agency to be flexible in the acceptance of projects put forth with the support of municipal utilities within their jurisdictional territories in the Low Income Community Solar Pilot Project category and the Illinois Solar for All Program generally where those utilities are able to ensure that the benefits flow directly to program participants.

Adjustable Block Program

With regard to the grouping of utilities within blocks for the Adjustable Block Program, the Agency indicates that “The assignment of projects in the service territories of Mt. Carmel Public Utility and the rural electric cooperatives to Group A, and MidAmerican and municipal utilities to Group B, is intended to approximately match those smaller entities to a larger utility with comparable electric rates.” Plan at p. 94. From the perspective of a municipal utility like CWLP, the placement in Group B seems counter-intuitive. CWLP encourages the Agency 1) provide additional explanation in the final plan as to how these divisions were made for smaller entities, 2) consider placing our vertically integrated utility into Block A, or 3) consider a more regional approach to the blocks that would place CWLP with utilities in the Ameren service territory or MISO territory.

The Plan carries over the assumptions underlying the Adjustable Block Program to the Incentives for the Low-Income Distributed Generation Program in Section 8.6.1.3, the Low-Income Community Solar Project Initiative in Section 8.6.2 and the Incentives for Non-Profits and Public Facilities in Section 8.6.3.1. Plan at p. 147, 148 and 150. It is not clear how the Agency determined that incentives for low income distributed generation projects in the CWLP service territory would be more closely aligned to the incentives in the ComEd territory rather than the Ameren territory, but as

indicated above, CWLP suggests the Agency develop a more appropriate alternative from a rate-based or regional perspective.

Thank you for the opportunity to provide comments. Please feel free to contact me at 217-789-2116 or doug.brown@cwlp.com if you have any questions.

Sincerely,



Douglas A. Brown
Chief Utility Engineer