



July 21, 2017

Illinois Power Agency
Mr. Mario Bohorquez - Planning and Procurement Bureau Chief
Via Email: mario.bohorquez@illinois.gov

Ameren Illinois' Comments - Draft Zero Emission Standard Procurement Plan

Pursuant to Section 1-75(d-5)(1)(C) of the Illinois Power Agency Act, Ameren Illinois Company (Ameren Illinois) respectfully submits comments to the Draft Zero Emission Standard Procurement Plan (Plan), which the Illinois Power Agency (IPA) released for public review and comment on July 11, 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 legal 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 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 when the Plan is filed with the Commission and other parties' positions are available.

Administration Costs

The IPA should include the projected direct administrative costs of the electric utilities associated with registering, transferring, and/or retiring Zero Emission Credits (ZECs) through the PJM-GATS system in the calculation of the cost of the ZECs under Section 1-75(d-5)(2) under the Plan. Specifically, these direct costs should reduce the annual budget cap for ZECs, which in turn reduces the annual quantity of ZECs to be procured.

Under Section 1-75(d-5)(5), the electric utilities must retire all ZECs used to comply with Section 1-75(d-5). The IPA has selected PJM's GATS for the tracking of ZECs. Use of the PJM GATS system requires payment of associated GATS fees. Therefore, the associated GATS fees are directly related to the utilities' retirement of ZECs and used to comply with Section 1-75(d-5). While the utilities will recover from customers the exact amount of PJM-GATS costs through

its tariffs, the IPA (and ICC after approval) should determine that a forecast of these costs is appropriate for purposes of determining the annual budget cap and annual quantity of allowable ZECs. This forecast should be provided each year by the utilities (or alternatively the IPA) and agreed upon by the IPA and ICC Staff prior to conducting the rate cap calculation. By following this methodology, the IPA would be consistent with the long standing practice that the annual budget cap for the Renewable Portfolio Standard be based on projections without retroactive review.

Price of Carry Over ZECs

The Plan is silent as to what price should be used for carry over ZECs. Ameren Illinois recommends that the Plan specify that the price of carry over ZECs be based on the year that the ZECs were carried forward as opposed to the price in the future year when enough money exists under the rate cap.

Quantity of Allowable ZECs in Future Years

Ameren Illinois understands that the quantity of contracted ZECs will remain constant for the ten year term of future supply agreements. And, Ameren Illinois understands that the IPA is required to annually calculate, no later than May 25 of each year, the payments to be made under each contract for the upcoming plan year. Ameren Illinois recommends the Plan clarify that the IPA will annually calculate the quantity of ZECs allowable under the rate cap at the same time it calculates payments for each contract. Ameren Illinois also recommends the Plan provide details regarding the manner in which the information will be annually shared among interested parties.

Timing of ZEC Transfers and Retirements In PJM-GATS

The IPA proposes that the entire quantity of contractual ZECs be transferred to the utilities each year, but only the quantity of ZECs allowable under the rate cap should be retired each year. The IPA proposes that unretired RECs would be retired in future years when funds are allowable under the rate cap.

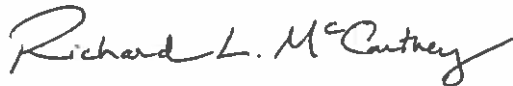
Ameren Illinois believes the intent of the Zero Emission Standard can only be satisfied using a methodology where all ZECs transferred in a year are retired in PJM-GATS in that same year. Doing so would demonstrate ZEC compliance for each year of the ten year term. However, winning suppliers would get paid each year for only the ZECs allowable under the rate cap and any unpaid balance would be carried forward by the utilities as a contractual liability until a future year when the funds can be paid to winning suppliers without exceeding the rate cap.

The relevant language in FEJA at Section 1-75(d-5)(5), which appears on page 150 of the Enrolled Version, states that the “electric utility shall retire all zero emission credits used to comply with the requirements of this subsection (d-5)”. Ameren Illinois interprets the annual volumetric requirement of 16% to equate to all delivered ZECs, not just those that are paid for at the time of delivery.

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 would like to discuss any of the comments pertaining to power supply, please feel free to contact me at 314-613-9181 or rmccartney@ameren.com. Questions pertaining to legal matters should be addressed to Jermaine Grubbs at 314-554-2041 or jgrubbs@ameren.com.

Sincerely,



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