STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Power Agency	)	
	)	ICC Docket No. 17-_____
Petition for Approval of the IPA's Zero	)	
Emission Standard Procurement Plan	)	
Pursuant to Section 1-75(d-5)(1)(C)	)	
of the Public Utilities Act	)	

THE ILLINOIS POWER AGENCY'S VERIFIED PETITION FOR APPROVAL OF ITS ZERO EMISSION STANDARD PROCUREMENT PLAN PURSUANT TO 20 ILCS 3855/1-75(d-5)(1)(C)

Pursuant to the authority granted by the Illinois Power Agency Act, 20 ILCS 3855/1-5, *et seq.*, and the Illinois Public Utilities Act, 220 ILCS 5/1-101, et seq., the Illinois Power Agency ("IPA") hereby submits to the Illinois Commerce Commission ("Commission") for consideration and approval its proposed plan for the procurement of zero emission credits for of Ameren Illinois Company ("Ameren Illinois"), Commonwealth Edison ("ComEd"), and MidAmerican Energy Company ("MidAmerican") (collectively referred to as the "Utilities") under the new provisions of Section 1-75(d-5) of the Illinois Power Agency Act (20 ILCS 3855) ("IPA Act") enacted through Public Act 99-0906.

The IPA's Zero Emission Standard Procurement Plan ("ZES Plan" or "Plan"), attached to this filing, sets forth the Agency's proposals for the procurement of zero emission credits ("ZECs")—tradeable credits that represent the environmental attributes of one megawatt hour of energy produced from a qualifying nuclear generating facility—through a competitive procurement process to secure ten-year ZEC delivery contracts between zero emission facilities and the Utilities. More specifically, the Plan meets the law's requirement that it "describe in detail" how the public interest environmental benefit criteria identified in the law "shall be considered and weighted in the bid selection process to ensure that the public interest criteria are applied to

the procurement and given full effect" and how "the selection of winning bids shall take into account the incremental environmental benefits resulting from the procurement."[1]

In accordance with Section 1-75(d-5) of the IPA Act, the Illinois Commerce Commission is required to "approve the plan or approve with modification" within 45 days after this filing. The IPA believes that its ZES Plan is designed to "result in the procurement of cost-effective zero emission credits" (Id.), and the IPA respectfully requests its approval.

BACKGROUND

Public Act 99-0906, omnibus energy legislation signed into law on December 7, 2016 with an effective date of June 1, 2017, introduced a series of reforms to the Illinois energy statutory and regulatory landscape. Among them included the expansion of targets found in the state's energy efficiency portfolio standard, many changes to the state's renewable energy portfolio standard including the establishment of the Illinois Solar for All low-income solar program, new bill crediting/offset provisions for community solar project subscriptions, the institution of a new $250-per-kilowatt distributed generation rebate for new photovoltaic systems featuring a smart inverter, and the establishment of a zero emission standard intended to support the environmental attributes of nuclear power generation—the implementation of which is the subject of the attached plan and this proceeding seeking approval of that plan.

While passed in 2016 and effective in mid-2017, legislative discussions around concerns that certain nuclear power plants were at risk of closure due to market conditions that adversely affected the ongoing commercial viability of these plants date back to at least 2014, at which time the Illinois House of Representatives adopted House Resolution 1146 of the 98th General Assembly ("HR 1146"). That resolution—specifically referenced in Section 1.5(5)-(8) of the

[1] 20 ILCS 3855/1-75(d-5)(1)(C).

Legislative Findings to Public Act 99-0906, and also mentioned in reference to the public interest bid selection criteria found in Section 1-75(d-5)(1)(C) of the Zero Emission Standard—contained a series of statements regarding the value of nuclear power generation and urged several state agencies, including the IPA, to prepare reports concerning the impacts of premature closure of these plants, with each report topic (taken broadly: cost, reliability, environmental impacts, and economic benefits) assigned to the agency with presumed expertise. Those reports prepared by the Illinois Commerce Commission, the IPA, the Illinois Environmental Protection Agency, and the Illinois Department of Commerce and Economic Opportunity in response to HR 1146 were published on January 5, 2015. Overall, those reports focused on identifying the potential impacts that could result from the premature closure of three specific Illinois-based nuclear generating facilities that were identified across the agencies as being "at risk." The reports concluded with a section identifying and discussing various "market-based solutions" that could be adopted by the state.

Public Act 99-0906 represents the culmination of these efforts. In it, the General Assembly found that "it is necessary to establish and implement a zero emission standard, which will increase the State's reliance on zero emission energy through the procurement of zero emission credits from zero emission facilities, in order to achieve the State's environmental objectives and reduce the adverse impact of emitted air pollutants on the health and welfare of the State's citizens."[2] To this end, Public Act 99-0906 established a new subsection 1-75(d-5) of the IPA Act, creating a Zero Emission Standard modeled loosely on the state's Renewable Energy Standard (which requires the procurement of renewable energy credits, similar to zero emission credits) found in Section 1-75(c) of the IPA Act. The Zero Emission Standard requires the IPA to develop a Zero Emission

[2] P.A. 99-0906, Zero Emission Standard Legislative Findings (Section 1.5).

Standard Plan setting forth its plan for ensuring compliance with that standard; the Commission's approval of that Plan is the subject of this proceeding.

PROCEDURE

As explained in Section 2.4 of the Zero Emission Standard Plan, the IPA had 45 days after the effective date of Public Act 99-0906 (June 1, 2017) to publish its draft Zero Emission Standard Plan. That draft ZES Plan was published on July 11, 2017. Interested parties were allowed 10 days from the date of that publishing to provide comments on the draft Plan, and comments were received from five parties: Ameren Illinois Company, Exelon Generation, the Staff of the Illinois Commerce Commission ("Staff"), the Illinois Industrial Energy Consumers ("IIEC"), and Invenergy LLC ("Invenergy").[3] The Zero Emission Standard called for the Agency to "revise the plan as necessary based on the comments received," and a discussion of selected revisions adopted by the Agency is included in the Section below.

The Agency was required to file its Zero Emission Standard Plan with the Commission "no more than 60 days later than the effective date of this amendatory Act of the 99th General Assembly,"[4] creating a filing deadline of July 31, 2017. This petition, the attached ZES Plan, and its accompanying appendices constitutes that filing.

The Act provides the Commission with 45 days to review the filed Plan and determine if the Plan would result in the cost-effective procurement of Zero Emission Credits.[5] If, "after notice and hearing," the Commission determines that "the plan will result in the procurement of cost-

[3] Copies of those comments may be found here: https://www.illinois.gov/sites/ipa/Pages/Plans-Under-Development-Comments.aspx

[4] 20 ILCS 3855/1-75(d-5)(1)(C).

[5] For the Zero Emission Standard, "cost effective" means the that "projected costs of procuring zero emission credits from zero emission facilities do not cause" the rate impact limit set forth in Section 1-75(d-5)(2) "to be exceeded." (20 ILCS 3855/1-75(d-5)(1)(C)).

effective zero emission credits," then the Commission shall "approve the plan or approve with modification."[6]

COMMENTS ON THE DRAFT ZES PLAN

As referenced above, comments were received from only five parties: Ameren Illinois Company, Exelon Generation, ICC Staff, IIEC, and Invenergy.[7] The IPA genuinely appreciates those parties' efforts in providing comments and found all comments provided to be helpful. The draft ZES Plan specifically sought feedback from parties on certain issues for which the Agency was uncertain about the proper approach, and the IPA especially appreciates the feedback it received on those issues.

While all comments were carefully considered, not all proposals submitted for consideration were accepted. There are eight primary areas where the IPA modified its Draft Plan in response to comments: (1) corrections to typographical errors, numbers, tables, and calculations; (2) "unpaid contractual volume" ZEC price and retirement; (3) the use of a zero emission facility's size in bid evaluation; (4) remaining ZEC contractual balance at the conclusion of zero emission credit contracts; (5) accounting for local market conditions when examining a facility's economic stress; (6) replacement generation assumptions after the retirement of a zero emission facility; (7) Illinois consumption of out-of-state electricity for purposes of carbon emission reduction scoring; and (8) selection of marginal bids. Each of those changes are discussed further below, with select additional proposals not included in the filed plan discussed thereafter.[8]

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[6] 20 ILCS 3855/1-75(d-5)(1)(C).

[7] By contrast, the IPA received 17 sets of comments on its draft 2017 Procurement Plan, 12 sets of comments on its 2016 Plan, 18 sets of comments on its 2015 Plan, and 9 sets of comments on its Supplemental Photovoltaic Procurement Plan.

[8] Other portions of the Plan featured clarifications, corrections, or other minor changes, including additional detail or explanation where appropriate and updated figures and numbers where available, and this pleading does not attempt outline all such changes to the Plan. The IPA will post a document compare of the Plan filed for ICC approval and the Draft Plan to its website (www.illinois.gov/ipa).

1) Corrections to Typographical Errors, Numbers, and Tables

Several parties provided comments regarding the accuracy and presentation of numbers, dates, calculations, and text throughout the draft Plan. Corrections and edits were incorporated to those aspects of the ZES Plan, including typographical errors, clarifications, updates, and corrections. For instance, among other changes, the IPA now accounts for the administrative cost of retiring ZECs as part of its calculation of the number of ZECs to be procured under the cost cap—consistent with its prior understanding and intent—thus reducing the calculated quantity of ZECs to be procured through accounting for the full cost under the rate impact cap (and not merely the ZEC price alone). These changes are reflected in a comparison document to be made available on the IPA's website, and the IPA appreciates the work undertaken by commenters in providing such a comprehensive and thorough review of the Draft ZES Plan. To the extent that any of its appendices feature inadvertent errors—a possibility given the compressed timeline for revising the Plan and its appendices, the number of appendices, and the complexity of some of the calculations found therein—the IPA will endeavor to correct any errors as quickly as possible and submit updated information as part of this proceeding.[9]

2) "Unpaid Contractual Volume" Price and Retirement

In its Draft Plan, the IPA recognized that "the Act appears to envision a regime in which ZECs are delivered at the price arrived at through the Social Cost of Carbon minus the Price Adjustment (the ZEC price) *up until* the rate impact cap for that delivery year is met; from that point forward, ZECs are to still to be delivered under contracts to meet the delivery requirement set forth in Section 1-75(d-5)(1) and the requirement that contracts be for 'all of the zero emission

[9] Certain appendices are spreadsheets featuring formulas may be best understood through actual interaction with (i.e., offering inputs to) the source Excel file. While these have been submitted as part of this filing in .pdf form, the source Excel files may be found here: https://www.illinois.gov/sites/ipa/Pages/2018-Appendices.aspx

credits generated' by the winning facility, but are considered 'unpaid contractual volume' potentially eligible for a future year's payment." (Draft Plan at 17). The Agency sought feedback on what ZEC price should be paid for "unpaid contractual volume"—should it be the original delivery year's ZEC price, or the ZEC price applicable to ZECs delivered in the year in which the "unpaid contractual volume" receives payment?

After review of parties' comments and further review of the law, the filed Plan has been revised to reflect that the ZEC Price for the delivery year in which the ZEC was originally delivered—i.e., the earlier year—governs the calculation of "unpaid contractual volume" price. Under the Zero Emission Standard, ZEC delivery quantities and ZEC prices are determined for each individual delivery year using the most recent price and load information. Applying a later delivery year's ZEC Price to ZECs delivered in a prior delivery year would result in a later delivery year's ZEC Price to apply to well over a delivery year's full volume, disconnecting a delivery year's quantities from its price. As that delivery year ZEC Price is set based on factors (i.e., the Price Adjustment) specific to that delivery year, and as those unpaid contractual volume ZECs were indeed delivered in that year, disconnecting that delivery year's ZECs from that delivery year's price would seem to run counter to the spirit—if not the letter—of the Zero Emission Standard.[10] Likewise, the filed Plan proposes that "unpaid contractual volume" also be retired in that original delivery year, ensuring that unretired environmental benefits do not persist beyond a ZEC's original delivery year.

3) Zero Emission Facility Size

[10] It is also notable that Section 1-75(d-5)(2)'s discussion of "unpaid contractual volume" considers that volume to be "for" the original "delivery year"—and not "for" the "subsequent delivery year" in which payment is made. As annual calculations of the ZEC Price are to be made "for each delivery year" (20 ILCS 3855/1-75(d-5)(1)(B), using the price actually calculated for that ZEC's delivery year for that year's unpaid contractual volume would appear to be most appropriate under the law.

The Draft ZES Plan incorporated facility size in the calculation of environmental benefits preserved through the selection of a winning facility on the logic that the larger (or more productive, from a capacity factor standpoint) the zero emission facility preserved through the procurements, the greater the environmental benefits captured. However, as multiple commenters pointed out, this logic is flawed—all else equal, two 500 MW facilities offering greater combined environmental benefits than a single 1 GW facility would be competitively disadvantaged through this proposed bid selection approach. Selecting a larger, but less environmentally beneficial facility due to its size would ultimately frustrate the purpose of the law by allowing fewer environmental benefits to be preserved. The IPA thus agrees with commenters that facility size should not be a factor in bid scoring and has revised the filed Plan accordingly.

4) Remaining Contractual Balance

Several commenters noted that the draft Plan failed to discuss the status of any remaining unpaid contractual quantity at the conclusion of the 10-year zero emission credit delivery contracts. (Invenergy Comments at 6-7; IIEC Comments at 3; Staff Comments at 7). The IPA has revised the Plan to clarify that no payment for zero emission credits may be made beyond the delivery term, and that all ZECs are retired upon delivery to the utility, thus ensuring that no ZEC balance shall extend beyond the term of ZEC delivery contract. The filed Plan thus requires that the resulting zero emission credit contracts be designed accordingly.

5) Local Market Conditions in Accounting for Economic Stress

The Zero Emission Standard requires that the Agency's bid scoring "take into account . . . any existing environmental benefits that are preserved by the procurements . . . and would cease to exist if the procurements were not held, including the preservation of zero emission facilities."[11]

[11] 20 ILCS 3855/1-75(d-5)(1)(C).

Stated differently, the Agency's facility scoring must attempt to account for whether a zero emission facility might close but for the additional revenue received through recognition of its environmental benefits via zero emission credit contracts—a difficult task, given that that many facilities are owned by private sector actors operating in competitive market environments. The Agency's scoring approach thus proposes to take a facility's perceived "economic stress" into account, resulting in an "economic stress multiplier" applied to a facility's environmental benefit scoring. In its draft Plan, the Agency specifically sought feedback on "whether a comparison of operating costs to a statutorily referenced baseline market price index is appropriate for establishing an economic stress multiplier, or if there is a sound, well-supported basis for the use of different information, such as a local or regional cost baseline for a given facility—and if so, what information should be used?" (Draft Plan at 43).

After review of comments, the Agency believes that comparing operating costs to a fixed baseline would be inappropriate, as some consideration must be given to local market conditions.[12] Specifically, the filed Plan's scoring approach relies on public data reported for the historical average price differentials between regions in PJM and MISO reflected in the basis between different locational marginal prices ("LMPs") in an RTO (which are publicly reported), ensuring that both a facility's costs and the local market conditions that a facility faces are taken into account in understanding economic stress. This approach also obviates the need to specifically discount a

[12] This is intuitively obvious; a 1000 sq ft two-bedroom apartment in Manhattan, NY is incomparable to a 1000 sq ft two-bedroom apartment in Manhattan, KS. In such a situation, similar cost structures would result in vastly different economic stress levels due to massive differences local demand, resulting in substantially different prices for the same product. As the Agency is approaching the Zero Emission Standard scoring with a strong presumption for transparency and against exercising high levels of discretion and selectively chosen data, a primary concern is ensuring that adjusting for local market conditions can be accomplished through reliable, objective, publicly available information. The Agency believes that its proposed scoring approach in the filed Plan addresses that concern.

facility with costs are recovered through rates, as such facilities can be assumed to have revenues roughly equivalent to costs.

6) Replacement Generation Assumptions

Any attempt to quantify what environmental benefits may be lost in a scenario in which a nuclear plant retires presents many questions, some of which have no clear answers. As a result, creating a facility scoring system that shall "describe in detail" how each environmental benefit factor "shall be considered and weighted in the bid selection process" such that all are "applied to the procurement and given full effect" requires simplifying assumptions.[13] One such assumption made by the IPA in its draft Plan was that the generation replacing any closing nuclear plant would reflect the emission mix of resources located within that state—not because replacement power would necessarily come from the same state at those emission levels, but because there is simply no way of knowing with absolute certainty what specific generation (whether new or existing) would take its place, and the notion that all generation taking the place of a retired facility correlated exactly with the location and emission profile of that facility's state's generation mix presented an attractive simplifying assumption.

Upon reflection, and in recognition of both the regional nature of energy markets and the findings of studies that examined replacement generation in the event of nuclear plant closures, the IPA believes that a more realistic approach is to assume that a significant portion of any replacement generation from a retiring facility would come from elsewhere in that facility's regional transmission organization ("RTO"), and not solely the state in which the retirement would occur. Thus, a facility's assumed replacement generation mix (and resulting environmental profile) should reflect the reality that not *all* replacement generation will be located in the same

[13] 20 ILCS 3855/1-75(d-5)(1)(C).

state as a retiring facility, and instead that a significant portion of replacement generation should be accounted for proportionate to the generation in the other states in its RTO. The filed Plan has been revised consistent with this approach.

7) Out-of-State Electricity Consumption in IL

Unlike with sulfur dioxide, nitrogen oxide, and particulate matter—for which the IPA's scoring system must examine how the facility minimizes "emissions that adversely affect the citizens of the state"—the consideration of carbon emissions requires examining how the facility serves to "minimiz[e] carbon dioxide emissions that result from electricity consumed in Illinois." This raises the following question: given that Illinois is a net exporter of electricity, to what extent (if at all) do plants in other PJM/MISO states produce electricity consumed in Illinois?

Given the unavailability of detailed power flow data and the problematic degree of discretion inherent in attempting to model power flow, the IPA's draft Plan proposed that capacity imports into Illinois's PJM and MISO zones serve as a proxy for the degree to which power flows into the state and thus electricity from out of state is consumed in Illinois. After the receipt of comments and the Agency's reexamination of its approach, the filed Plan continues to propose that capacity imports still be used, but makes a methodological change to how capacity imports are accounted for in PJM to ensure more consistency between the PJM and MISO approach.[14]

8) Selection of Marginal Bids

The Zero Emission Standard calls for the IPA to procure "contracts with zero emission facilities that are reasonably capable of generating cost-effective zero emission credits in an amount approximately equal to 16% of the actual amount of electricity delivered by each electric

[14] In adopting this change, the Agency thus declined to adopt Exelon's primary proposal of using individual state "export factors" for each state in the PJM and MISO regions. (Exelon Comments at 16-18).

utility to retail customers in the State during calendar year 2014."[15] As zero emission facilities are very large, the selection of winning facilities will be very lumpy—given the known size of nuclear power generating units, a very small number of facilities will be required to meet the statute's 16% target. This raises the following question: if the first facilities selected allow for satisfaction of the vast majority of this "approximately" 16% target, should another "marginal" facility be selected to receive a ZEC delivery contract? This issue is further complicated by the statute's requirement that the "[t]he quantity of zero emission credits to be procured under the contracts shall be all of the zero emission credits generated by the zero emission facility in each delivery year"[16]—if only a small portion of the facility's ZECs can be used to meet that 16% requirement, should a contract for "all of the zero emission credits" generated by the facility be executed?

The IPA believes that these considerations are best balanced by creating parameters governing the circumstances under which a marginal facility would be chosen. Specifically, if after selecting facilities necessary to meet the "approximately 16%" target (but still below 16%), the IPA can facilitate a contract with the next-best "marginal" facility that would result in at least 50% of that zero emission facility's credits being used to fully meet the statute's 16% requirement, that facility will be granted a 10-year ZEC delivery contract. However, should that facility's expected ZEC output be significantly greater than the ZECs it could deliver to meet the statute's targets (specifically, over twice as much), no contract will be executed and the "approximately 16%" standard will be deemed to have been satisfied. The filed Plan has been revised to reflect this approach.

Proposals Not Accepted for Inclusion

[15] 20 ILCS 3855/1-75(d-5)(1)(A).

[16] Id.

Several proposals made in comments were also not included in the 2017 Plan. For instance, Invenergy LLC proposed that the Market Price Index calculation rely on PJM capacity values for the ComEd Zone rather than the PJM RTO price. (Invenergy Comments at 2-4). Notably, despite alleging that the draft Plan's approach was "unjust" and "illogical" and alleging that it may be the product of a "drafting error," Invenergy's comments neglected to cite or quote the governing law—which requires that the *rest of the RTO price,* and not the *ComEd Zone price*, be employed.[17] As the change requested by Invenergy would violate the clear language of the statute, the IPA did not adopt this proposal.

Both Invenergy and IIEC seek for the IPA to use bilateral sales contracts and transaction information in assessing a facility's economic stress.[18] (Invenergy Comments at 5-6; IIEC Comments at 2-3). Notably, neither set of comments contains an actual bid scoring proposal using information on contained in bilateral contracts; IIEC proposes only that the Agency "determine the appropriate multiplier to apply to that bidder's bid," while Invenergy offers no insight into how such information should be used in scoring (and appears to have overlooked the Agency's "economic stress multiplier" proposal, inaccurately claiming that the IPA's proposal for capturing financial stress is *only* "determining whether the facility has rate base protection or if it is merchant") and merely suggests that merchant facilities that fail to disclose "all financial and physical hedges" be treated equivalently to rate-based facilities.

Additionally, neither set of comments offers a solution to two major problems with using bilateral transactions in scoring: 1) how to account for the potentially varying quantities, term

[17] Specifically, Section 1-75(d-5)(1)(B)(iii)(bb) requires use of the "Base Residual Auction . . . **price for the rest of the RTO zone group** as determined by PJM Interconnection LLC," with the terms ""Rest of the RTO" and "ComEd Zone" required to "have the meaning ascribed to them by PJM Interconnection, LLC."

[18] Economic stress is used to assess the facility's risk of closure, and thus the risk of the loss of that facility's environmental benefits.

lengths, and price characteristics (variable versus fixed, for example) present in bilateral transactions in reducing that information down to a quantitative scoring formula; and 2) how to address confidentiality concerns applicable to bilateral contracts for which the bidding facility's counterparty would not seek disclosure. The IPA's ZES Plan features a preference for publicly available data and information in bid scoring, and the IPA strongly believes that reliance on public available locational marginal price information offers a strong, reliable, stable, and easily comparable proxy for the electricity prices that determine that facility's revenues. Likewise, a comparison of the facility's costs (which, while confidential, is statutorily required to be disclosed and carries confidentiality concerns specific only to the applicant party) to this price information provides a reliable approach to calculating a facility's economic stress—and perhaps most importantly, allows for fair and transparent apples-to-apples comparisons between competing facilities. Thus, the bilateral transaction proposals of Invenergy and IIEC were not adopted.

While the IPA adopted some comments offered by Staff, others were rejected. For instance, Staff proposed that carbon emissions avoided constitute 50% of the facility scoring. In support of this proposal, Staff offered only vague allusions to the circumstances present "[w]hen discussions on the idea for zero emissions credits were first initiated" while quoting from actual legislative findings that provide little direct support for its proposal. (Staff Comments at 13). Ultimately, the IPA believes that if the General Assembly sought to have carbon emissions avoided be offered greater weight in scoring, it would have provided direction to do so. All throughout Public Act 99-0906, where the General Assembly sought such differential treatment between categories—such as the requirement that 25% of the RPS's adjustable block program be used for systems below 10 kw in size,[19] or that 37.5% of low-income solar funds be used on a "low-income

[19] See 20 ILCS 3855/1-75(c)(1)(K)(i).

distributed generation incentive"[20]—it offered specific direction. As it did not here, the IPA believes that the strongest reading of the law is that each pollutant be scored with equal weight—an approach which would not result in each pollutant having equal *influence* in bid scoring, as equal weighting still captures the intensity of differences offered between competing bids for a given pollutant.[21]

Staff also offers comments on the draft Plan's approach to replacement generation that were not adopted by the Agency. On this point, Staff suggested "that all attempts be made to acquire generation and emissions data better reflecting the reality of carregional [sic] dispatch," recommended "approaching the RTOs (PJM and MISO) in this regard," and advocated for "modeling avoided unit emissions over the ten-year ZES period." (Staff Comments at 11).

Diligent efforts were made to acquire generation and emissions data and information from the RTOs and other sources in developing a reliable scoring system in developing a plan that would "describe in detail how each public interest factor shall be considered and weighted in the bid selection process to ensure that the public interest criteria are applied to the procurement and given full effect."[22] As for modeling, as the IPA explained in its draft Plan:

> [T] the IPA does not view production simulation modeling as an entirely reliable approach to determining the emissions generated by the resources that would replace zero emission facilities. In developing any such model, the wide range of assumptions that would need to be made would require the exercise of a tremendous amount of discretion by the modeler. For example, assumptions would have to be made about the future of the Clean Power Plan (or successor carbon regulations), or future trends in natural gas and/or coal prices or regulations, all of which are issues for which there is no consensus.

[20] See 20 ILCS 3855/1-56(b)(2)(A).

[21] Indeed, this phenomenon is expected to be the case with carbon emissions, given the general dearth of out-of-state electricity consumed in Illinois, thus potentially making carbon emissions still more influential in bid scoring.

[22] 20 ILCS 3855/1-75(d-5)(1)(C).

(Draft Plan at 35-36). Notably, Staff's comments offer no actual proposal for *how* to model avoided emissions, let alone how to develop a reliable model that would "describe in detail" how public interest factors are to be applied as required by the law, and avoid the application of a "tremendous amount of discretion" as noted above. Ultimately, as Staff failed to offer any actual proposal that could be adopted by the Agency—let alone one which would address the Agency's serious concerns about modeling—the Plan was not revised consistent with these suggestions.

PROCESS & SCHEDULE

Unlike with the Agency's annual procurement plan filed under Section 16-111.5 of the Public Utilities Act, the Zero Emission Standard provides no deadline for "objections" to its Plan or by when a decision on whether to hold a hearing must be made.[23] With only 45 days for Commission consideration, the Agency recognizes that any filings must be made on an expedited timeline, and has developed the following proposed schedule in conjunction with Commission Staff to (hopefully) accommodate the needs of the hearing officers and any interested parties:

IPA Files Zero Emission Standard Plan	July 31, 2017
Notice of Schedule Served on Parties by ALJ(s)	August 1, 2017
Verified Initial Comment Deadline	August 7, 2017
Verified Reply Comment Deadline	August 14, 2017
(If Necessary) Hearing	August 16, 2017
Proposed Order	August 28, 2017
Briefs on Exception	August 31, 2017[24]
Order Approving Plan	September 11, 2017[25]
Last Day for Commission Action	September 14, 2017

[23] 220 ILCS 5/16-111.5(d)(3) requires that "[w]ithin 5 days after the filing of the procurement plan, any person objecting to the procurement plan shall file an objection with the Commission. Within 10 days after the filing, the Commission shall determine whether a hearing is necessary."

[24] No suggestion is offered for by when Reply Briefs on Exception may be due, but the Agency recognizes that they may be necessary.

[25] September 11, 2017 is currently the last scheduled Commission meeting date before the statutory deadline.

Additionally, given 1) the depth of information included in the Zero Emission Plan itself and its accompanying appendices, 2) the extremely compressed timeframe for consideration of the Plan, and 3) the Commission's more limited standard of review (the Commission must only "determine[] that the plan will result in the procurement of cost-effective zero emission credits"[26]), the IPA strongly recommends that any hearing be only conducted as a "paper hearing"—i.e., only through filed comments and attachments thereto.[27]

Lastly, in addition to the undersigned attorney, the IPA requests that the following individuals be placed on the service list for the resulting docketed proceeding, each of whom agree to electronic service pursuant to Title 83, Section 200.1050 of the Illinois Administrative Code (the Commission's Rules of Practice):

Anthony M. Star
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[26] 20 ILCS 3855/1-75(d-5)(1)(C).

[27] Notably, no prior procurement plan approval proceeding before the Commission has featured an evidentiary hearing.

CONCLUSION

The Illinois Power Agency's Zero Emission Standard Procurement Plan is consistent with the requirements of Section 1-75(d-5) of the Illinois Power Agency Act and relevant additional portions of the Public Utilities Act and the IPA Act. As the ZES Plan "will result in the procurement of cost-effective zero emission credits," it should be approved by the Commission. The IPA reserves the right to file responsive comments and any corresponding edits to its ZES Plan, and respectfully requests the Plan's approval.

Dated: July 31, 2017

Respectfully submitted,

Illinois Power Agency

By: _ /s/ Brian P. Granahan __

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STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

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Pursuant to Section 1-75(d-5)(1)(C)	)	
of the Public Utilities Act	)	

NOTICE OF FILING

Please take notice that on July 31, 2017, the undersigned, an attorney, caused the Illinois Power Agency's Petition for Approval of the IPA's Zero Emission Standard Procurement Plan Pursuant to 20 ILCS 3855/1-75(d-5)(1)(C), the Zero Emission Standard Procurement Plan itself, and the appendices thereto to be filed via e-docket with the Chief Clerk of the Illinois Commerce Commission in a new proceeding:

July 31, 2017

/s/ Brian P. Granahan
Brian P. Granahan

CERTIFICATE OF SERVICE

I, Brian P. Granahan, an attorney, certify that copies of the foregoing document(s) were served upon the parties on the Illinois Commerce Commission's service list as reflected on e-Docket via electronic delivery from 160 N. LaSalle Street, Suite C-504, Chicago, Illinois 60601 on July 31, 2017.

/s/ Brian P. Granahan
Brian P. Granahan