February 25, 2022

Mr. Anthony Star
Director
Illinois Power Agency
105 W. Madison Street, Suite 1401
Chicago, IL 60602

RE: 2022 Long-Term Renewable Resources Procurement Plan

Dear Director Star:

On behalf of the Illinois employer community, and the hundreds of thousands of employees that we represent, thank you for the opportunity to comment on the 2022 Long-Term Renewable Resources Procurement Plan ("Plan") set forth by the Illinois Power Agency ("Agency") in accordance with Section 1-75(c)(1) of the IPA Act. Public Act 102-0662 requires the Agency to develop and publish the draft plan within 120 days of the effective date.

This letter specifically addresses the self-direct Renewable Portfolio Standard Compliance Program outlined in Section 6 of the Plan. The Plan notes that the benefit of a self- direct program to the State of Illinois ". . . is a reduction in the quantity of RECs required to be procured through IPA-administered utility-scale procurements,. . ." and ". . . that it also allows the Illinois RPS to recognize private sector renewable energy support." (Plan Sec.. 6.5, pg. 131). The private sector in Illinois has made substantial contributions to achieving clean and renewable energy goals in this state. A workable Self-Direct program would lead to greater promotion of new renewable energy than is required by the Renewable Portfolio Standard ("RPS") itself, as Self-Direct requirements are more aggressive than the RPS goals in the early years of the plan.

The new Climate & Equitable Jobs Act ("CEJA") included a provision allowing large customers or entities with multiple accounts that can aggregate load to 10MW or greater to self-procure renewable energy from utility scale projects and utilize the renewable energy credits ("RECs") that come along with that renewable energy to meet each customer's individual sustainability goals through retirement of the RECs for their own load. Under the law, customers are (1) required to enter into at least a 10-year contract for a minimum of 40% of the customer's annual load usage and (2) customers must receive the RECs as part of the transaction and retire those RECs. In return for this, such customers will receive an unspecified level of credit or reduction to the RPS charges on their utility bills.

Our opposition to the proposed Plan is based on the simple issue of fairness for large, self-directing energy users in Illinois that will be forced to pay twice the cost which may also lead to a reduction in clean energy usage which is counter to the intent of the Climate and Equitable Jobs Act. The Illinois Power Agency should provide a monetary credit equal to the RPS charges to ensure that self-direct customers are treated fairly for their direct contribution to the meeting the state renewable energy mandate.

The plan should clearly articulate an annual process that will be followed for participating self-direct customers to receive their bill credits.

The new law included a provision that some parties have read to authorize the Agency to set the monetary value of credit at a value that is different than the current charge for the renewable portfolio standard. That charge is currently set at \$0.00502/kWh or \$5.02/MWh in the ComEd service territory and \$0.00458/kWh or \$4.58/MWh in the Ameren service territory

If the IPA sets a credit value below the rates charged by ComEd and Ameren, then any customer who participates in the self-direct program will end up paying twice for the amount of load they contract to procure directly. The customer will be forced to (1) pay the entity they contract with for the clean energy provided and (2) the customer will still be required to pay some amount for every kWh of load that is already clean even though the IPA will remove all of the kWh self-directed from total kWh that they will be obligated to procure RECs to cover to meet state mandates.

One of the major barriers to self-direct projects is the calculation of the credit which self-direct customers would receive, as described in the Plan. In Section 6.5.1.2, self-direct crediting example, it illustrates:

> Thus, if the volumetric RPS charge authorized by Section 1-75(c)(1)(E) was 1 cent per kilowatt hour, and anticipated qualifying contract costs constituted 10% of the RPS expenditures for the year, then the applicable self-direct credit would be calculated as 0.1 cents per kilowatt hour. (Plan, Sec. 6.5.1.2, pg. 133)

This means that the Self-Direct customer would still be charged for 0.9 cents per kilowatt hour – or 90 percent of the RPS charge such customer would be required to pay to the utility absent the Self-Direct option. In effect, the Self-Direct customer would be forced to pay twice. That customer must pay a new qualifying, utility-scale facility for RECs that account for at least 40% of its annual usage (thereby meeting or exceeding the State's goal) <u>and</u> must also pay to the utility 90% of the RPS surcharges it would otherwise have to pay had it not participated in the Self-Direct program at all. **Thus it creates a penalty for doing so, since other customers likely will face lower overall costs.**

Under the RPS, individual customers may receive and retire RECs through their own purchases, rather than through an electric utility. The recently passed CEJA sets an eventual statewide goal of 40 percent use of renewables while many large companies have set individual goals of 100 percent carbon-free emissions. The self-direct program allows a company to use its own REC procurement activities to support RPS progress and is then credited back for *some portion* of the non-bypassable RPS charges levied to support RPS activities.

These self-direct customers should be allowed to receive the full credit for use and procurement of clean power. However, the Plan treats customer classes differently by imputing the credit value and reducing it. Under the proposed plan, these self-direct customers are forced to both pay the developer and the RPS resulting in a double payment.

Alternatively, customers that utilize net metering avoid paying all costs for the RPS.

Under the plan, self-directing customers procuring clean energy would not receive full credit resulting in a significant cost increase. This will negatively impact not only their business plan and finances but may result in the reduced use of clean energy. This is counter to the intent of the legislation. Companies that self-supply clean energy should not be forced to pay into the RPS.

CEJA statutorily allows the Agency to set the amount of credit received by customers, including self-direct customers. **We therefore ask that the Plan be amended in the name of fairness to allow these self-directing customers to receive the full value of the credits when procuring clean energy under the RPS.**

Finally, the Plan provides that the Agency commits to maintaining the confidentiality of that information; however, the Agency does not provide the necessary details in the Plan on how this will be maintained. The IPA routinely handles confidential REC proposals from bidders, but it has less experience handling customer confidential information. We request that the Agency provide additional details on how it will internally handle confidential customer information, including its plans for restricting non-essential employee access to the information, its data retention plans, and how it will protect confidential customer data from Freedom of Information Act requests. Maintaining such business-critical information confidential is key to a successful program with strong customer participation.

Thank you for allowing us to provide input.

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