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To: The Illinois Power Agency

From: Tyler Diers, Executive Director – Midwest, TechNet

Re: Comments on the 2022 Long-Term Renewable Resources Procurement Plan, Renewable Self-Direct provisions

TechNet respectfully submits these comments on the Illinois Power Agency's ("IPA" or the "Agency") Long-Term Renewable Resources Procurement Plan ("Plan"). TechNet's comments focus on the IPA's implementation plan for the Renewable Self-Direct provisions of the 2021 CEJA law (Section 6 of the Plan). TechNet previously submitted comments in response to the IPA's November 2021 request for comments on the Renewable Self-Direct program.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over four million employees and countless customers in the fields of information technology, e-commerce, the sharing and gig economies, advanced energy, cybersecurity, venture capital, and finance.

Our members have contracted for hundreds of megawatts of new renewable energy projects in Illinois, and they continue to look for additional renewable energy opportunities in the state. Our members are committed to meeting their own ambitious climate goals and want to contribute to Illinois's clean energy future as well, through the successful implementation of the Renewable Self-Direct program. Our comments today are focused on key implementation concerns our members have as they consider how they can participate in this IPA program going forward.

Comments

1. **Participants should receive credits for all renewable energy they procure from qualified projects.**

    a. **IPA's plan does not provide bill credits for renewable energy beyond 40% of the customer's usage. That interpretation is not found in the legislative language.**

In its Plan the IPA wrote:

> Thus, if a customer used 10,000 megawatt-hours in the previous delivery year, then the contracted delivery quantity must be at least 4,000 RECs. **A customer can receive and retire additional RECs from that same facility, although no additional credit is provided beyond the applicable published self-direct credit amount. [emphasis added]**

The legislation lists seven requirements of any renewable energy credits (RECs) to count towards the renewable self-direct compliance program (section (R) (2) (i) – (vii)). None of those requirements, nor any other section of the legislation, limits the customer total bill credit to only 40% of the customer's usage multiplied by the approved bill credit value, regardless of the actual number of RECs the customer may retire in the program. Plain reading of the legislative language is that the customer total bill credit is a product of the number of eligible RECs retired in a given delivery year, multiplied by the self-direct credit value ($/MWh) established by the Illinois Commerce Commission ("ICC" or the "Commission").

As long as the credit value is correctly established, allowing self-direct customers to retire eligible RECs beyond 40% of their usage levels is a benefit to all other customers. This is because it further reduces the number of utility-scale RECs the IPA must procure on behalf of other customers. This transfers cost risk to the self-direct customer participants from the remaining customers, which is one of the benefits of the program. This risk transfer should come with commensurate compensation to participating self-direct customers.

Mechanically, the annual process for participating self-direct customers to receive their bill credits should be:

1) IPA proposes the self-direct credit value ($/MWh) for the upcoming delivery year.
2) The ICC reviews and approves the IPA-filed self-direct credit value ($/MWh).
3) Participating self-direct customers retire eligible RECs generated during the delivery year.
4) Self-direct customers report their REC retirements to IPA.
5) IPA submits the REC retirement volumes (MWhs of RECs retired) by participating customer to the customer's Electric Utility (Ameren, Com Ed, Mid American).
6) The Electric Utility credits the customer's utility bill with a credit amount equal to the self-direct credit value ($/MWh) multiplied by the customer's retired eligible RECs (MWh).

We believe the above process is straight-forward, streamlined, and consistent with the intent of the self-direct renewable provisions in the 2021 CEJA law. If the IPA disagrees with this annual process, we request that the Agency clearly articulate the crediting plan, deviations from the above-listed crediting process, and the reasoning behind the crediting plan in the next update to its Plan.

b. Customers retiring RECs in their first delivery year require compensation for those RECs.

The intent of the renewable self-direct program is to harness the power of the voluntary renewable energy procurement market to drive progress towards Illinois's climate and renewable goals. To fulfill this intent, the renewable self-direct program must fairly compensate all RECs participating self-direct customers retire in the program. In its draft Plan, the IPA wrote:

> "The IPA could theoretically provide a compliance filing in early 2023 for establishing a credit rate for the 2023 delivery year. However, as that crediting rate is based on the "anticipated cost of renewable energy credit deliveries . . . entered for each delivery year after the large energy customer begins retiring eligible new utility scale renewable energy credits for self-compliance," and as no such retirements for "self-compliance" can occur until the customer's successful application to the self-direct program, that first year credit will have no value. Consequently, the IPA plans for its first compliance filing for establishing the self-direct credit rate to occur in early 2024."

Based on that paragraph, we understand that IPA intends that self-direct customer REC retirements in the 2023 delivery year will receive no credit value. If true, the IPA's interpretation is not consistent with the legislative intent of the program. The self-direct provision in the 2021 CEJA law was not intended to be REC donation program to the IPA by participating self-direct customers. If the IPA continues this interpretation, then the Agency must determine an alternative compensation value to self-direct customers for RECs in the first year of program participation.

On a related topic, IPA asked for stakeholder feedback on whether costs from utility-scale contracts concern those contracts entered into directly after the date of a customer's successful participation (which is before its first compliance report), or only beginning with the delivery year thereafter. Of the two options, we agree with the IPA's assumption that utility-scale RPS contracts utilized for crediting calculations will include those entered into directly after the customer begins participation.

2. The proposed first year program size should be announced by mid-2022.

In its draft Plan, the IPA did not propose a program size (in either GW or GWh form) for the first year of the program. The IPA wrote:

> "Section 1-75(c)(1)(R)(3) requires that the Agency shall "annually determine the amount of utility-scale renewable energy credits it will include each year from the self-direct renewable portfolio standard compliance program." In making this determination, "the Agency shall evaluate publicly available

> analyses and studies of the potential market size for utility-scale renewable energy long-term purchase agreements by commercial and industrial energy customers and make that report publicly available." While the Agency does not seek to establish a fixed first-year program size through this Plan's approval, it provides the following analysis and discussion for stakeholder feedback on self-direct program size and hopes for high-level Commission direction on when and how program size should be established."

We appreciate the challenge of estimating the potential market size of the fast-growing voluntary renewable energy procurement market. For example, in 2020 large energy customers procured over 10.6 GWs of new renewable energy capacity across the country; this made up 41% of all carbon-free capacity installed in 2020.[1] Ensuring that the renewable self-direct program is large enough to harness the growth of the voluntary market is critical to meeting the program's legislative intent and to contribute to CEJA's goals.

The legislation directed IPA, not the Commission, to determine the program size. While IPA asks for Commission direction on the program size, we respectfully disagree that Commission direction is needed to make this determination. Based on the historic Illinois voluntary renewable capacity installations data and market forecast data we provided in our December 2021 stakeholder comments to the IPA, we recommend that the IPA set a delivery year 2023 program size of 4 GWs of renewable energy capacity. At an estimated blended solar/wind capacity factor of 40%, the 2023 program size should be approximately 14,000 GWhs. The program size should continue to grow in subsequent delivery years.

We respectfully request that the IPA adopt our program size recommendation, which is supported by the types of market studies described in the legislation. If IPA disagrees with this size recommendation, we request that the IPA specifically address why this size is not appropriate and suggest a different program size for the first year of the self-direct program with appropriate references to the market studies used to determine the size. To facilitate prospective customer planning, the proposed first year program size must be announced in mid-2022, after which there should be an additional stakeholder consultation period before finalizing the first-year program size. Otherwise, it is likely that the program will not spur new renewable energy procurements by eligible customers until later years, which is contrary to the intent of the program.

3. Customer data confidentiality is paramount to a successful program. The IPA must detail how it will handle confidential customer data.

In its draft Plan, the IPA identifies that confidential customer billing information and copies of confidential binding REC delivery contracts will be required from

[1] Clean Energy Buyers Alliance (2021). https://cebuyers.org/blog/statement-from-reba-ceo-miranda-ballentine/.

participants. 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 the opportunity to submit comments on this important program. Our goal with these comments is to ensure timely, streamlined, and successful implementation of the renewable self-direct program with strong customer participation.