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Illinois Power Agency

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**Ameren Illinois Supply Comments  
Draft 2024 Long Term Renewable Resources Procurement Plan**

Ameren Illinois Company d/b/a Ameren Illinois (Ameren Illinois) respectfully submits preliminary comments regarding the Draft 2024 Long Term Renewable Resources Procurement Plan (the Plan), which the Illinois Power Agency (IPA) released for public review and comment on August 15, 2023. Once a docketed proceeding has been initiated following the filing of the Plan with the Illinois Commerce Commission (Commission), Ameren Illinois may provide additional comments and recommendations.

**Comments from Ameren Illinois Power Supply (Justin Range):**

Buyer Side Collateral

In Section 5.7.1 of the Plan, the IPA recognizes the market feedback it has received regarding the lack of a Buyer collateral requirement in REC contracts with feedback claiming that without a Buyer-side collateral requirement, the risk of non-payment from the Buyer is significant enough to impact the Seller's ability to receive financing. The IPA noted that the implementation of Buyer collateral requirements would pose new challenges that could restrict the funding of projects and ultimately concluded that while the inclusion of Buyer-side collateral requirement may reduce the risk of non-payment, including such a requirement would not be worth potentially restricting the funding for projects.

In addition to the reasons set forth by the IPA, Ameren Illinois agrees with the conclusion rejecting the implementation of a Buyer-side collateral requirement for the following reasons:

- Developers have historically been able to finance projects despite previous contracts lacking a Buyer-side collateral requirement. Even if the lack of a Buyer-side collateral requirement reduces the pool of potential financiers for developers, Ameren Illinois sees no reason to change a system that has historically worked and has shown to be a low risk to lenders.
- Given that (i) the applicable contracts are approved by the state and backed by Fortune 500 utilities and (ii) there have never been issues with payment for REC contracts previously entered, these factors should provide enough comfort to lenders regarding the low risk of financing these projects.

- Utilities may be unable to provide collateral due to risk management policies and using RPS funds is a high-risk use of the customer collected funds and may lead to additional restrictions to funding of projects.
- There is a logical basis for the inclusion of Seller-side collateral but not Buyer- side collateral – the risk of a small solar developer going bankrupt is significantly higher than a Buyer-utility going bankrupt.

#### Advancement of 50% Capital for Equity Eligible Contractors

In Section 7.4.6.1 of the Plan, the IPA references Section 1-75©(1)(K)(iv), of the IPA Act, which allows for the advancement of capital (up to 50% of the contract value) for equity eligible contractor REC delivery contracts for projects submitted under the EEC Category “upon a demonstration of qualification or need”. As of September 13, 2023, the requested amount for advanced capital surpassed \$75 million and, as noted by the IPA, Ameren Illinois shares the concern that this plan contains significant risks that these advanced funds may not be recovered in the event the relevant project fails to be developed. While Ameren Illinois does not object to the goals of this program, Ameren Illinois encourages the IPA to consider the following factors when assessing if the risks associated with the advancement of capital warrants the use of ratepayer funds:

- The entities, which are requesting the advancement of capital, are likely to be relatively high-risk developers that may not deliver a completed project. If the IPA ultimately decides to move forward with this program, the IPA has the discretion to award less than the requested amount, the IPA should reconsider if the potential award of 50% of the contract value is too high.
- If the IPA ultimately decides to move forward with this program, the IPA should use a strict rubric to determine the winning vendors in an effort to remove any ambiguity that currently exists in the program. Given that the program was recently quickly overwhelmed with requests for advances, some of which came from fully solvent, highly functioning solar developers with existing portfolios, clear parameters should be established to ensure that these advances would only be going to developers that the program was designed to support.

#### Funds for Stranded Customers

In Section 9.4.2.2 of the Plan, the IPA sets forth a plan to address the increasing number of “stranded” customers left without an Approved Vendor. As it stands, there is no incentive for developers to assist these stranded customers and they have generally proved unable to attract developers. Ameren Illinois agrees that this is a significant issue which needs to be addressed and supports the concept of a REC Adder so long as such amount encourages developer participation but also reflects a responsible use of ratepayer funds.

#### Escrow Payments for Approved Vendors

In Section 9.4.2.3 of the Plan, the IPA acknowledges the issue of customers failing to receive REC incentive payments that were supposed to be passed through from their Approved Vendor and proposes developing an escrow process to remedy these situations. Ameren Illinois supports the

apportionment of funds to make such customers financially whole. However, to prevent fraud, there needs to be firm and objective guidelines put in place that require an acceptable level and type of proof before receiving any amounts and which remove all subjectivity from the process.

### Solar Restitution Fund

In Section 9.9 of the Plan, the IPA proposes the development of a solar restitution fund to assist those customers who have been harmed during their participation in Illinois Shines or Illinois Solar for All. Ameren Illinois supports the implementation of such process so long as, similar to the escrow payments discussed in Section 9.4.2.3 of the Plan, parameters are put in place to prevent fraud and ensure that customers are unable to make a double recovery under the restitution fund and the escrow payments described in Section 9.4.2.3 of the Plan. Additional detail regarding the interplay between the escrow arrangement described in Section 9.4.2.3 of the Plan and the solar restitution fund would be helpful if both are to be implemented (it seems as though each concept covers similar concerns and issues).

### Single Customer Remedy (Funds for Stranded Customers; Escrow Payments for Approved Vendors; Solar Restitution Fund)

Ameren Illinois encourages the IPA to consider if a single customer remedy could be created to cover all the situations in the programs contemplated in Sections 9.4.2.2, 9.4.2.3, and 9.9 of the Plan. The IPA should provide an estimate of the amount of money that would be needed to fund and operate these programs basis. Depending on the estimates, Ameren Illinois would encourage the IPA to consider the use of forfeited collateral and then any additional funding through the use of RPS collections.

Further, given the oversight that these programs will need, Ameren Illinois suggests that the IPA would be wholly responsible for each program's associated monitoring, tracking and other administrative duties. The IPA should be responsible for evaluating claims for relief and administering payments from and to the relevant vendors and customers in order to administer the programs. Ameren Illinois' believes that the utilities' role should be limited to providing a lump sum payment every quarter for the programs (such that there are not one-off payments that are required for each program). Ameren Illinois' believes that a streamlined approach that is administered by the IPA will allow for the programs to be run efficiently and be most effective.

### **Comments from Ameren Illinois Regulatory (Peter Millburg):**

#### Traditional Community Solar Scoring Guidelines (Section 7.4.3.1 of the Plan)

Ameren Illinois appreciates that the Commission ordered the IPA in ICC Docket No. 22-0231 to give greater weight in the current plan to traditional community solar projects with a signed interconnection agreement. Ameren Illinois notes that the primary indicator of whether a community solar facility is ultimately developed is whether it receives RECs and not whether there are any issues related to the physical interconnection of the facility. Based on that experience, Ameren Illinois urges the IPA and Commission to reconsider this requirement as it results in numerous speculative and complex interconnection applications being filed, which delays consideration of other applications that have a high likelihood of construction and operation.

### Utility Responsibilities (Section 7.9.7 of the Plan)

Section 7.9.7 of the Plan states that "ARES providing electric supply to a subscriber not subject to Sections 16-108.18 and 16-1118 of the PUA shall likewise provide the monetary credits to the subscriber's subsequent bill." (pg 209) This statement is inaccurate and may lead stakeholders to overvalue the benefits of community solar subscriptions to those ARES customers who receive service under the ARES's dual bill and single bill options. In Docket No. 22-0208, the Commission ordered that crediting for subscribers was the sole responsibility of the relevant utility. Subscribers whose ARES choose to use the dual bill or single bill option will not have community solar credits applied to the supply portion of their bill since the utility does not calculate or issue a supply service bill in those instances.

### Illinois Shines Community Solar Consumer Protection Concerns (Section 9.4.2.7 of the Plan)

Ameren Illinois supports the IPA's efforts to bring transparency to customers in situations where a community solar developer requires the authorization of account agency as a condition of the subscription. In reviewing the Agency's proposed requirements, please be aware that many of the Company's customers receive service from an ARES, and the ARES designates whether it or the utility provides billing statements to the customer (e.g., in both the dual bill and single bill option, ARES directly bill customers for their electric supply charges.) So, requiring a link to the utility's bill will not present customers with a full picture of their electric supply charges for the billing period. Ameren Illinois suggests that the IPA also require links to the ARES' bill or the provision of a copy of the ARES' bill if the customer is billed under the dual bill or single bill option.

### **Technical Corrections/Questions from Ameren Illinois:**

1. In Appendix B, under tab "Total REC Deliveries", Ameren Illinois believes the amount used for "Solar Forward Procurements" (Column M) is including the annual amounts for the terminated contracts Prairie Solar (originally BayWa.r.e) and Albion PV1 which were terminated in December 2022. These amounts are incorrectly reflected in the Chapter 3 tables as well. Ameren Illinois is unable to confirm the accuracy of Table 3-8 which displays energized and terminated contracts for the FEJA forward procurements as it is a statewide figure, but based on the use of Prairie Solar and Albion PV1 in the other tables, Ameren Illinois believes this could be wrong as well.
2. The following tables found in Appendix B under tab "Ch. 3 Tables and Graphs" do not match the tables found in Chapter 3 of the Draft Plan:
  - a. Table 3-1: All columns of the table
  - b. Table 3-5: FEJA Forward Procurements column does not match
3. The majority of items passed a reasonability check as it appears in many calculations values attributed to Ameren Illinois are based on a percentage (28.96%) of the statewide values, but it should be noted that some values, specifically ABP and SFA values, do not match the values Ameren Illinois submitted in the June 2023 Levitan data request. Ameren Illinois believes this is due to 1) the underlying assumptions the IPA is using to project ABP/SFA costs and RECs to be procured and 2) values procured in June and July of 2023 where Ameren Illinois' data request submittal included only values procured through May 31<sup>st</sup>, 2023.

4. Ameren Illinois notes a technical correction to footnotes 305 and 307. The interconnection rules in Part 467 are for projects with nameplates >10MW. Since community solar is limited to a maximum nameplate size of 5MW, the Part 466 processes are applicable to this section of the draft Plan. The footnotes should be revised accordingly to refer to Article 3 of Part 466 Appendix D.

Ameren Illinois appreciates this opportunity to provide these comments and recommendations. Ameren Illinois' comments represent its preliminary position and thoughts on certain issues, and these may be subject to change as more information becomes available through the development of the Plan. By not responding to or addressing an issue or topic at this time, Ameren Illinois does not waive its right to comment at a later date. Ameren Illinois reserves its rights to object and comment as it deems necessary in the Plan's docketed proceeding.