



## **VISTRA CORP.'S REVISED COMMENTS ON ILLINOIS POWER AGENCY'S DRAFT 2024 POLICY STUDY AS AMENDED BY IPA ERRATA**

Vistra Corp. ("Vistra") respectfully submits revised comments on the Illinois Power Agency's ("IPA") draft 2024 Energy Policy Study (the "Draft Study") as amended by IPA errata. The IPA has prepared the Draft Study and errata pursuant to Illinois Public Act 103-580 (P.A. 103-0580) which enacted new Section 1-129 of the Illinois Power Agency Act (20 ILCS 3855/1-129 ("Section 1-129")). IPA posted the Draft Study for public comment (as required by P.A. 103-0580) on January 22, 2024 and subsequently posted errata, specifying that comments are due by February 12, 2024. Vistra offers the revised Comment 3 below updating prior calculations of potential cost impacts to consumers based upon revised and corrected numbers provided in the IPA errata.

### **Vistra Comment 3: The Final Study should report the cost impacts of the proposals being studied on electricity ratepayers' bills.**

The Draft Study reports the total costs and benefits of the proposals studied in millions of dollars. For example, the Draft Study, as amended by IPA errata update and corrections, reports that the addition of 7,500 MW of ESS capacity by 2030 through the proposed energy storage credit program would require charges to ratepayers of \$298 million per year, net of the market capacity and energy revenues the ESS projects are estimated to collect, with the costs or benefits of each category reported in aggregate dollars. The Draft Study, and IPA errata update, reports and costs and benefits of the three proposals for installation and operating costs, energy revenues, capacity revenues, and energy market impact on wholesale energy costs. *See pages*

iv, 93 and 220 of the Draft Study and page 47 (Table 7) of Appendix E, and IPA errata document.<sup>1</sup>

While reporting total costs and benefits on a total dollar basis, as the Draft Study does, is informative, Vistra submits that reporting the costs and benefits at the aggregated annual level may not be meaningful to many legislators. Based on experience, Vistra submits that many legislators want to see the cost and benefit impacts of proposed public utility programs on the monthly bills of their constituents, the utility ratepayers, particularly residential and small commercial ratepayers. Further, Section 1-129(g)(2) specifies that “For purposes of this policy study, it should be assumed that the costs associated with procuring energy storage credits shall be recovered through tariffed charges assessed across all retail customers in a uniform cents per kilowatt hour charge.” Accordingly, Vistra submits that the Final Study should report the costs of the proposals being studied (i) on a cents per kilowatt hour (“kwh”) basis, and (ii) on the monthly and annual bills of residential electric ratepayers at typical usage levels (*e.g.*, for 833 kwh per month/10,000 kwh per year and for 1,000 kwh per month/12,000 kwh per year). Vistra submits that legislators should be provided with information on estimated cost impacts of proposed programs on their constituents’ bills at an early stage of consideration of the proposed programs. Indeed, some, and potentially many, legislators may focus on a level of ratepayer billing impact that the legislators view as the maximum acceptable, and then focus (or tell stakeholders to focus) on determining the level of ESS capacity additions whose costs would not exceed that level of ratepayer bill impact.

For example, assuming the “uniform cents per kilowatt hour charge” were imposed on

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<sup>1</sup> The Draft Study notes that programs implemented in other states to incentivize development of ESS resources have involved substantial funding from government or ratepayers; for example, New York has provided \$400 million of funding for a program in that state. Draft Study p. 58.

Commonwealth Edison and Ameren Illinois delivery services customers, and based on annual deliveries of about 120 billion kwh to retail customers of these two utilities,<sup>2</sup> the cents per kwh charge to recover \$298 million of costs per year would be approximately 0.25 cents per kwh. This charge would increase the monthly bill of a customer using 1,000 kwh per month by about \$2.50 and would increase such customer's annual cost by approximately \$30.00.

Vistra recommends that the Final Study provide the following cost information for the 1,000 MW, 3,000 MW, 5,000 MW and 7,500 MW levels of new ESS capacity being studied:<sup>3</sup>

- (i) Total cost to be recovered through charges to retail ratepayers, net of the market energy revenues and capacity revenues the ESS resources are estimated to receive,
- (ii) Cents per kwh charge,
- (iii) Monthly bill impact for customers using 833 kwh/month and 1,000 kwh/month, and
- (iv) Annual bill impacts for customers using 833 kwh/month and 1,000 kwh per month.

Further, the increase in the legislatively-mandated rate cap (currently 4.25% of 2009 retail electric charges), or the amount of a new, separate rate cap, high enough to allow collection of the projected direct costs of the proposal, should be provided for each proposal being studied. In addition, the Final Study should report the above cost information (i) individually for each of the three programs, (ii) aggregated for each combination of two of the three programs, and (iv) aggregated for all three of the programs being studied.

It would also be appropriate for the Final Study to provide the foregoing information for

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<sup>2</sup> Sales and delivery statistics for the Illinois electric utilities are reported annually in the ICC's report on *Illinois Electric Utilities, Comparison of Electric Sales Statistics*, available on the ICC's website. See <https://icc.illinois.gov/api/web-management/documents/downloads/public/en/22-21%20Comparison%20of%20Electric%20Sales%20Statistics-.pdf> for the most recent report.

<sup>3</sup> These are the four levels of targets for addition of ESS capacity that the underlying proposed legislation for an energy storage credit program (Senate Bill 1567 Amendment 1) would establish.

wholesale electricity cost reductions estimated to be provided at each targeted MW-level of ESS storage capacity. However, this information should be provided separately from the installation and operations cost (net of energy and capacity revenues) information. This is because the “uniform cents per kilowatt hour charge” to recover the installation and operations costs (net of energy and capacity revenues) will presumably appear on ratepayers’ bills as a new, separate charge. In contrast, reduced wholesale energy costs will be implicitly received by ratepayers through lower electricity supply costs than would otherwise have been the case, but that reduction will not necessarily be identifiable on ratepayers’ monthly bills.

Questions concerning Vistra’s comments may be directed to the following:

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