Comments on Illinois Power Agency Policy Study

SOO Green HVDC Link (SOO Green), in collaboration with its advisor PA Consulting Group, Inc. (PA), appreciates the opportunity to provide supplemental comments following the Illinois Power Agency's (IPA) release of supporting workpapers (incorporating several production cost modeling amendments) on February 13, 2024. Our supplemental comments are summarized as follows:

- **We appreciate the IPA's and its consultants' diligence in making amendments and updates to its assumptions and findings.** This willingness to incorporate more accurate information and assumptions is critical when evaluating complex policy proposals.
- **The amended production cost modeling study results are directionally more appropriate.** In particular, we emphasize that the IPA's updated estimates of wholesale energy market cost reductions created by SOO Green total approximately $5.86 billion (nominal $) from 2030-2049, relative to the IPA's original estimate of $3.25 billion.
- **We remain concerned that several aspects of the production cost modeling study do not utilize appropriate and industry-standard assumptions and approaches and result in underestimated wholesale energy market revenues and wholesale market cost impacts:**
  - **The study should include PJM-specific wholesale capacity savings enabled by SOO Green.** We continue to recommend that the IPA and/or their advisors estimate wholesale capacity cost impacts using a model specific to the PJM capacity market rather than Aurora's capacity expansion functionality, which is difficult to utilize in a "but for" test of capacity market impacts.
  - **The study should utilize a more appropriate, fundamentally-derived projection of natural gas prices in production cost modeling.** The study continues to use long-term natural gas price assumptions based on illiquid NYMEX futures rather than a fundamental forecast, which results in long-term gas prices that are too low. This assumption leads to underestimation both of SOO Green's expected wholesale energy market revenues and impacts on wholesale energy costs.
  - **The study should utilize a more up-to-date projection of PJM electricity demand, particularly for the ComEd zone, in production cost modeling.** The demand forecast currently used is outdated (and inappropriately low) and does not account for more recent estimates of electrification impacts and large energy user additions (e.g., data centers), which further contributes to underestimated wholesale energy market revenue and wholesale energy cost impact projections.
  - **The study should utilize transparent and third-party verified transfer capability assumptions.** The final study should transparently state MW inter-zonal transfer capability assumptions for all modeled power market zones in PJM and MISO, and confirm that PJM, MISO, and ComEd have been consulted to validate these assumptions. Otherwise, there is a risk that inappropriately large transfer capability assumptions result in underestimated wholesale market impacts.
- **Projections of the value of CO_2, SO_2, NO_X, and $PM_{2.5}$ emission reductions should utilize more updated and industry-standard estimates of the $/ton of each relevant pollutant.** Specifically, the EPA's COBRA tool should be utilized to estimate the full economic value of the health benefits from avoided emissions of localized pollutants, and the avoided CO_2 emissions value should be recalculated using only the November 2023 finalized EPA guidance, the 2.0% discount rate, and the time series of social cost of carbon dioxide estimates rather than a static point estimate.
- **The study should more comprehensively address the environmental justice (EJ) benefits associated with SOO Green**, including SOO Green's commitment to a $100 million community benefits fund, identification of EJ communities located along SOO Green's planned route and workforce corridor, and localized pollutant emission reduction impacts in or near EJ communities.

- **The study should clarify that SOO Green's *allocated* interconnection costs will likely be lower than the draft study currently reports.** The reported $801.8 million network upgrade cost estimate does not consider that a portion of SOO Green's network upgrades may be funded by other generation projects or alleviated through PJM's Regional Transmission Expansion Plan (RTEP) process.
- **The study should highlight the robust volume of wind, solar, and energy storage development projects that could partner with SOO Green to supply clean energy deliveries**, rather than focusing only on the lack of named supply resources.
- **The study should either remove comparison between SOO Green and Grain Belt Express entirely, or supplement the comparison with a complete analysis of the comparative advantages of SOO Green** to allow for more equal comparison of the projects.