Chemical Industry Council of Illinois

Date: July 16, 2025

To: Whom It May Concern – Illinois Power Agency

From: Mark Biel, CEO,
Chemical Industry Council of Illinois (CICI)

RE: Stakeholder Feedback - Resource Adequacy Study

CICI appreciates the opportunity to provide input on the Resource Adequacy Study. The chemical industry in Illinois is the 2nd largest manufacturing sector in the state. Illinois is also the 4th largest chemical producing state in the nation. The industry directly employs over 46,000 Illinoisans at an average wage of $127,435 a year. In addition, the business of chemistry supports over 1.8 million Illinois jobs. In all, the business of chemistry in Illinois generated $41.5 billion worth of products, and exported $9.5 billion, making the industry Illinois' largest exporter. But more importantly, and with regards to Illinois' energy policy, the chemical industry is also one of the largest consumers of energy in the state.

First and foremost, CICI, along with other trade groups representing commercial and industrial (C&I) energy consumers, take serious issue with Topic 1 in that it is presumed that additional renewables and battery energy storage are the only answer to a resource adequacy shortfall. CICI feels that for Illinois to achieve its energy objectives, an "all-of-the-above" energy strategy is required, and that any plan to address resource adequacy shortfalls go beyond looking to only reduce or delay CO2 emissions.

Secondly, in specific questions proposed, it's been asked what additional goals, objectives, or evaluation metrics should be considered, either as part of this study process or future resource adequacy study efforts?

- CICI believes this study should include the impact of state mandates on the market's ability to deliver affordable electricity and provide for resource adequacy. Specifically, it should clearly state the magnitude of increased costs that the state's requirement to shutter existing fossil fuel fired generators is having on capacity prices paid by Illinois citizens and businesses starting in 2025, as well as how much higher costs would be versus a scenario in which the market determined appropriate timing for retirement of fossil fuel fired plants.

  The study should also consider a scenario where if natural gas plants do not retire, what impact this would have on reliability and reserve margins under each case above. This assessment should include immediate (within the first two years of the study period) and longer-term impacts on affordability, reliability and sustainability.

Headquarters
1400 E. TOUHY AVENUE, SUITE 210, DES PLAINES, IL 60018 • TEL: (847) 544-5995 • FAX: (847) 544-5999
Springfield
400 W. MONROE, SUITE 205, SPRINGFIELD, IL 62704 • TEL: (217) 522-5805 • FAX: (217) 522-5815
Website: www.cicil.net

An additional goal of the study should be to identify existing options other than rate hikes or new riders to provide necessary financing for the development of alternative energy sources, including promoting energy storage and demand response. Specifically, the report should identify any barriers or obstacles preventing or limiting the ability of the Illinois Finance Authority to make loans to promote affordable, reliable and sustainable energy policies. Such an evaluation should identify the benefits of a loan approach versus outright grants and how best to streamline any application process for loans from the Illinois Finance Authority.

Another question that was proposed asks if there are important policies or drivers missing in addition to those outlined in the preceding stakeholder workshop that could help shape scenario development?

- CICI and the C&I class put great emphasis on affordability as the highest priority to explore. It is, as it should be, one of the key factors in the state's overall energy policy. Without affordability, the most reliable and sustainable grid is useless since facilities that use a great amount of this energy will either downsize, not build new facilities, or leave the state altogether. While the desire for a sustainable grid is laudable, if people and businesses cannot afford to pay for the service from it, what good is it?

Another question is what drivers are most critical to explore in the resource adequacy modeling scenarios and why, with topics lists out such as extreme weather, demand growth, thermal retirements, out-of-state reliance, etc.

- In trying to rank a priority of these items, CICI feels that this will depend entirely on time and circumstances. For instance, in a short-term analysis (e.g. 1-2 years), thermal retirements might exceed the importance of demand growth. However, in looking at 3-5 years into the mandated study period, demand growth might take center stage as the most important issue. By looking to de-prioritize certain concerns, this recognizes the truism that the remaining factors at times will be the most important, but where any one of them ranks in priority will depend on the particular facts and circumstances of that time.

Another important question that was asked if there are known or expected developments in federal or state policy that should be integrated into scenario development?

- At the federal level, the passage and implementation of the recent One Big Beautiful Bill Act ("OBBB") must be considered in any analysis. While it may be tempting to either rush to start plant construction by July 4, 2026, or to attempt to make up the potential future loss of the tax credits by grants from the state, doing so will almost assuredly backfire. There will be a rush to obtain materials and,

given that supply chains were already tight, expectations are that prices for materials and labor will rise, with the only question being by how much.

Furthermore, even if the state was financially healthy enough to replace the value of the federal tax credits, the funds likely would only be raised through additional fees on electricity consumers whom are already feeling the sting of higher energy prices resulting from accelerated retirements of fossil fuel plants and increased reliance on renewable resources, along with other state mandates.

In evaluating the impact of the OBBB, the study should include a rigorous cost analysis including looking at what impact the expiration of the credits will have on the prices and availability of equipment. Without this crucial cost-based analysis, policy makers will lack a key input as they continue to shape an affordable, reliable and sustainable energy policy mix for Illinois.

How should cost implications or other findings beyond potential reliability shortfalls be presented or considered to support constructive policy decisions?

- As previously discussed, affordability is a key factor for the state's energy policy. Affordability must be presented and factored into how it impacts the other inter-connected pillars. For instance, if you increase cost 50% for a 1% increase in sustainability, the tradeoff is untenable. All such additional findings must be appropriately contextualized so that their impact on energy policy overall can be evaluated.

What blind spots or gaps in the RA Study process do you worry might be overlooked or otherwise not addressed? And are the identified blind spots or gaps unique to customer segments, modeling scenarios, market conditions or other targeted parameters? Further, how could the identified blind spots or gaps be addressed? (e.g. through additional scenarios, targeted data inputs, utilizing specific modeling, etc.)

- The biggest blind spot is the assumption that only government mandates will work. The RA Study Process, and Illinois energy policy in general over the last decade or more, proceeds from the assumption that the only way to solve the problem is a state mandate. This embedded assumption must be questioned. For instance, Illinois's energy policy establishes hard targets for renewable energy credits over the next several years. These renewable energy credits are procured through the Illinois Power Authority which has stated it will not be meet the statutory goals without additional money which will be added on to consumers energy bills.

  Shifting to a market-based approach, or at least one where private enterprises are encouraged to develop their own renewable energy projects or to become off-takers of private projects, affords significant benefits. Most importantly, it works, as can be seen by looking at the Electric Reliability Council of Texas (ERCOT).

ERCOT, without a state mandate and using a market-based approach especially compared to policies adopting in Illinois, has the largest fleet of wind and solar resources in the country, producing almost 160 million megawatt hours in 2024, which equated to over one third of all energy consumed in ERCOT. Compared to Illinois, Texas residential electricity rates are 16% lower, while industrial rates (rates most comparable to those applicable to data centers/AI companies that the state wishes to attract) are over 30% lower, and that is before factoring in the cost spikes that Illinois consumers (but not ERCOT consumers) started seeing in June. Further, Texas is second in the US in energy storage installation, again without a state mandate.

Another gap in the RA process which needs to be addressed involves allowing private companies to invest in renewable resources and retire the accompanying renewable energy credits on their own behalf. Under the current paradigm, the IPA buys RECs through a third party administered procurement process. If private companies were allowed to invest in renewable generation and retire the renewable energy credits on their own, this would create added incentive for renewable investment on top of any investments put towards companies meeting internal sustainability targets. This model works elsewhere and can help accelerate the transition to a carbon free economy, but only if market-based solutions are allowed to emerge without the state interfering.

Finally, lost in the entire discussion is the inherent responsibility for resource adequacy borne by the regional transmission organizations, PJM and MISO, whose methods continue to evolve in response to increased electricity demand. Because the interconnected electric grid is much larger than just Illinois, the question of resource adequacy is best addressed at the RTO level, not an individual state level.

Have any peer jurisdictions developed scenario(s) through the completion of their own resource adequacy assessments or studies that should also be considered by the Agencies through this Resource Adequacy Study?

a. Provide details concerning the scenario(s), which jurisdiction developed the scenario, and provide a link to the supporting detail(s).

b. Is the assessment part of a broader resource adequacy assessment, or a more detailed integrated resource planning effort?

c. Are there any market conditions or policy considerations that are unique to the jurisdiction and/or the scenarios referenced?

- Understanding how much demand will increase is obviously a critical part of any resource adequacy undertaking. However, Illinois does not appear to have any standards or process for determining this value beyond those established by the

applicable independent system operator. Without any systematic approach to determining the accuracy or even likelihood of a particular load forecast, resource adequacy assessment quickly devolves into a guessing game at best.

The ICC should require utilities to submit three different forecasts along with a sworn affidavit from an officer of the utility that to the best of such officer's knowledge each forecast is true, accurate and complete at the time of submission. The ICC should seek similar information from the RTOs. Any such forecast should be confidential, although the aggregate data could be made public. The three separate forecasts should be:

- ✓ Interconnection requests for generators and loads made to the utility for interconnection over each of the next 5 years;

- ✓ Forecast number 1 adjusted based on the average interconnection success of similar projects over the last 3 years. For example, if over the last 3 years, 25% of all industrial load interconnection requests were completed and saw load interconnect, then adjust the total industrial load interconnections by a comparable percentage; and

- ✓ Forecast number 1 adjusted based on signed interconnection study requests and/or deposits.

This approach is a modified version of that required in Texas as a result of its HB 5066. While needing additional refinement, it is important for Illinois to start somewhere and to develop a plan and set of criteria to create the most accurate forecast possible.

Are there recommendations for specific data sources that could be utilized in this study? Are there preferences for certain input assumptions that should be made? And what prior or concurrent studies could be referenced that might add value or ensure alignment with similar or adjacent work (e.g., queue assumptions, RTO projections)?

- Resource Adequacy is a key concern around the United States right now. Rather than reinventing the wheel, the study should carefully review and consider data available at a similar proceeding before the Federal Energy Regulatory Commission. In addition, as alluded above, the agencies should rely heavily on PJM and MISO, as these entities not only have the most comprehensive data, but have robust forecasting expertise, as used in their own resource adequacy concerns.

Are there specific assumptions that should be considered concerning generation resources, including buildout (queue, pace, technology availability) or retirements, both in-state and regionally in the RTO markets? Which proposed assumptions should be considered as part of the base case and which are best considered as part of a

prospective scenario? Provide any available references to RA studies, IRPs, or comparable assessments and reports to support your recommendations. Which assumptions are contingent upon specific policy and/or legislative conditions being met or otherwise enacted?

- CICI and the business community has consistently advocated for an all-of-the-above energy approach. While it should be obvious from the statutory requirements of the plan to be produced if there is a resource adequacy shortfall, specific assumptions about the delay of resource retirements need to be considered and explicitly stated. We would recommend using the planning cases identified as the base case by the RTOs as the base case in this analysis as well. This has the benefit of not reinventing the wheel and using a common set of data and assumptions to establish the critical base case.

And finally, it was asked if there are any additional considerations – data inputs, policy, drivers, or assumptions – that stakeholders believe the agencies should consider, not already explained in response to the preceding questions?

- Resource adequacy is a critical concern not only in Illinois, but throughout the U.S. For the first time in decades, electricity demand is forecast to skyrocket. At the same time, Illinois desires to move towards a carbon free energy future. The current state of energy technologies makes meeting growing demand reliably with just carbon free resources impossible at a reasonable cost. It would create a situation where reliable energy supplies could become cost prohibitive for residential, commercial and industrial customers, such as we are seeing in California and New York where prices are significantly higher than in Illinois.

  For over a decade, Illinois has employed this failing top-down approach to energy policy, with quasi-regulation of electricity supply through the purchase of various "credits" for different forms of energy supply (e.g. Carbon Mitigation Credits, Renewable Energy Credits). A new approach, one with a track record of success, is required if Illinois wants to achieve a zero-carbon energy supply at some point in the future. Moving to a system in which the market, rather than legislative or regulatory mandates and wealth transfers (subsidies), determines the best path forward to an energy future balancing affordability, reliability, and sustainability is the only option with any track record of success. Encourage private companies to invest in renewable energy and retire renewable energy certificates in their own name rather than requiring them to sell them to the State.

  Additionally, move away from giving ratepayer monies as subsidies to technologies with the most influence in Springfield, to one where loans are made from state agencies specifically created for that purpose to projects that need funding and can pay back those monies as part of modernizing the electricity grid and moving towards the energy future Illinois desires. It will require courage to make such a change, but given the inability of current policies to deliver in Illinois,

or in all honesty, in other states where such policies have been tried, the failure to make such a change is tantamount to dooming the state to rising costs and shrinking economic opportunities.

Thank you for your time and consideration. If you or your staff has any questions or comments, please do not hesitate to contact me in the Springfield office at (217) 522-5805 or at mbiel@cicil.net.

Sincerely,

Mark Biel
Chief Executive Officer