Response to Resource Adequacy Study Post-Workshop Stakeholder Questions

The Illinois Industrial Energy Consumers ("IIEC") is a 501(c)(6) organization whose members comprise some of the largest energy users in this state, including manufacturers, processors, chemical companies and universities. The Illinois Chamber of Commerce ("the Chamber") is a statewide business organization that focuses on improving Illinois' business climate. The Chamber has more than 3,000 members in virtually every sector of the business community, including retailers and wholesalers, manufacturers, chemical producers, refineries, and construction companies, as well as members who operate in every segment of the energy sector

IIEC and the Chamber appreciate this opportunity to provide input on this report. Drawing on professionals who combined represent hundreds of years of experience ranging from electrical engineering, renewable energy, energy market design, and risk management, and entities for which reliable, affordable and sustainable electricity is mission critical, we represent the consumer's voice as our members are consumers both in their corporate capacity and with people who live in Illinois. As such, we are uniquely and directly impacted in a real way by these discussions.

IIEC and the Chamber believe, as they have stated in other venues, that for Illinois to achieve its objectives, an "all-of-the-above" energy strategy is required. In this light, the intentional mis-framing of Topic 1, arguably the most important issue to be addressed in the report is particularly concerning. Specifically, the information and questions presented ignore *the only express directive from the General Assembly related to resolving a potential*

resource adequacy ("RA") shortfall. Both the June 16th presentations and the Resource Adequacy Study Post-Workshop Stakeholder Questions ("Stakeholder Questions") presume that additional renewables and battery energy storage are the only, or at least primary, answer to an RA shortfall. The problem is that this will produce a plan that fails to comply with the clear, explicit instructions of the General Assembly. This concern, along with answers to the specific questions asked are set out below.

TOPIC 1: Resource Adequacy Study goals and scenario analysis considerations.

Section 9.15(o) of the Illinois Environmental Protection Agency Act (415 ILCS 5/) defines a series of goals and objectives for the Agencies to pursue, driving to a report that identifies prospective reliability shortfalls, defines and evaluates those shortfalls, and subsequently produces a plan to alleviate the shortfalls. Specifically, the Agencies shall develop and publicly issue a

> "…report to the General Assembly that examines the State's current progress toward its renewable energy resource development goals, the current status of CO2e and copollutant emissions, reductions the current status and progress toward developing and implementing green hydrogen technologies, and the current and projected status of electric resource adequacy and reliability throughout the State…"

Further, if a shortfall is identified during such examinations, the Agencies shall consider various options to alleviate the shortfall, including "the use of renewable energy, energy storage, demand response, transmission development", potential proposals to "reduce or delay CO2e and copollutant emissions reductions" to the limited extent necessary, or other strategies to resolve the shortfall or reliability violation.[1]

Response: IIEC and the Chamber are concerned that the presentations from June 16th and Stakeholders Questions are looking to include solutions that are not permitted by law.

[1] Stakeholder Questions issued on June 18, 2025 at 3: available at 202506180-stakeholder-questions_ra-study-final_17june2025.pdf

The statute requiring this report is very clear as it relates to any findings of an RA shortfall or reliability violation. The applicable statute, Section 9.15(o) of the Illinois Environmental Protection Agency Act,[2] unequivocally requires recommended solutions that focus solely on "a plan to reduce or delay CO2e and copollutant emissions reductions requirements." The unconscious, or worse yet conscious, omission of this clear directive both in the presentations from June 16th and Stakeholders Questions greatly concerns IIEC and the Chamber. A simple review of the statute highlights this concern.

> The first sentence of subsection (o) of the statute reads:
>
> Every 5 years beginning in 2025, the Environmental Protection Agency, Illinois Power Agency, and Illinois Commerce Commission shall jointly prepare, and release publicly, a report to the General Assembly that examines the State's current progress toward its renewable energy resource development goals, the status of CO_2e and copollutant emissions reductions, the current status and progress toward developing and implementing green hydrogen technologies, the current and projected status of electric resource adequacy and reliability throughout the State for the period beginning 5 years ahead, *and proposed solutions for any findings*. (Emphasis added).[3]

This opening clearly defines the scope of the required report and, if it stopped here as the presentations and Stakeholder questions impute, would allow the report to include any proposed solution for any findings, including proposing solutions for RA and reliability. However, the statute does not stop here.

[2] Section 9.15(o) of the Illinois Environmental Protection Agency Act, available at: Illinois Statutes Chapter 415. Environmental Safety § 5/9.15 | FindLaw
[3] *Id*.

The next two sentences direct the involved agencies to consult with PJM and MISO about RA issues and requires that the report be released no later than December 15th of the year in which the report is due (the report is due every 5 years). While important, these 2 sentences do not address the range of potential solutions to any identified outcome.

The fourth sentence contains the only provision mandating action if an RA violation is found and yet is somehow absent from the presentations or Stakeholder Questions. It reads:

> If the Environmental Protection Agency, Illinois Power Agency, and Illinois Commerce Commission jointly conclude in the report that the data from the regional grid operators, the pace of renewable energy development, the pace of development of energy storage and demand response utilization, transmission capacity, and the CO2e and copollutant emissions reductions required by subsection (i) or (k-5) **reasonably demonstrate that a resource adequacy shortfall will occur**, including whether there will be sufficient in-state capacity to meet the zonal requirements of MISO Zone 4 or the PJM ComEd Zone, per the requirements of the regional transmission organizations, or that the regional transmission operators determine that a reliability violation will occur during the time frame the study is evaluating, then the Illinois Power Agency, in conjunction with the Environmental Protection Agency ***shall develop a plan to reduce or delay CO2e and copollutant emissions reductions requirements only to the extent and for the duration necessary to meet the resource adequacy and reliability needs of the State, including allowing any plants whose emission reduction deadline has been identified in the plan as creating a reliability concern to continue operating, including operating with reduced emissions or as emergency backup where appropriate***. (emphasis added).[4]

The clear directive from the General Assembly on how to address an RA shortfall is development of a plan "to reduce or delay CO2e and copollutant emissions reduction

[4] *Id*.

requirements . . .". Nothing more and nothing less. The rules of statutory construction require that when a specific and general provision of a statute address the same issue, the specific provision controls over the more general one (*generalia specialibus non derogant*). In this case, the specific range of solutions for a finding of a RA violation overrides the more general authority to propose any solution.

Appreciating the specificity of permitted solutions allowed by law stands in stark contrast to the characterization of the plan and potential solutions in the Stakeholder Questions (see quoted language above) or presentations made in the stakeholder workshop, which barely mention developing "a plan to reduce or delay CO2e and copollutant emissions reductions requirements." The presentation mischaracterizes the stated requirements, and substitutes its own language for that of the statute, providing:

> The IPA and the IEPA, shall develop a plan to consider a suite of options, including the use of renewable energy, energy storage, demand response, transmission or potentially [sic] adjustments to the clean energy targets or emission standards (but only to the extent and duration necessary to meet resource adequacy and reliability needs). (Slide 10).

The omission of the requirement to "reduce or delay CO2e and copollutant emissions reductions requirements" and replacing it with non-statutory language focusing on renewables, energy storage, etc. is outside of the scope of the report and would be an *ultra vires* act by the agencies involved. Furthermore, this language ignores the General Assembly's clear policy direction and ignores policy options to achieve an energy future with affordable, reliable and sustainable energy sources.

The final sentence of the statute, which is the one highlighted in the presentations and Stakeholder Questions, does not alter the clear statutory requirements. It reads:

> The plan shall also consider the use of renewable energy, energy storage, demand response, transmission development, or other strategies to resolve the identified resource adequacy shortfall or reliability violation.

The requirement to consider alternative generation technologies, storage, and demand response in the plan is a separate sentence, meaning that these considerations can inform the plan recommendations but are not to be included. Had the General Assembly wanted these things as part of the plan, it easily could have added language to that effect, but it did not. Under the well-established statutory interpretation cannon *of expressio unius est exclusio alterius* (the expression of one thing implies the exclusion of others), the use of "shall develop a plan to reduce or delay CO2e and copollutant emissions reductions requirements" implies that only these reductions are to be included in the plan, even if the presentation materials to date would suggest otherwise.[5]

In summary, IIEC and the Chamber remain committed to an all-of-the above energy strategy but disagrees with the ICC, IPA, and the IEPA that any plan to address RA shortfalls can go beyond recommending to reduce or delay CO2 emissions. It is against this critically important backdrop that IIEC and the Chamber offer further responses to specific questions posed.

[5] It could be asserted that this position on the statutory requirements of the plan runs contrary to an "all-of the above" energy policy supported by IIEC and the Chamber. However, that holds true only in the absence of express direction from the General Assembly. IIEC and the Chamber do not believe that it nor any other entity should substitute its policy preferences for those adopted by the General Assembly.

Question 1: The Agencies recognize this study process is purposefully targeted in its nature, with Section 9.15(o) providing clear goals and expectations of the resource adequacy study and resulting report. What additional goals, objectives, or evaluation metrics should be considered, either as part of this study process or future resource adequacy study efforts?

Response. Any study should include the impact of state mandates on the market's ability to deliver affordable electricity and provide for RA. Specifically, it should clearly state the magnitude of increased costs, or at least a range thereof, 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. IIEC and the Chamber propose as a starting point, and without necessarily any preference, the following three alternative scenarios:

- Base case: current forecast increase in demand from PJM/MISO for Illinois zones;
- Low case: Electricity demand increases at 1% per year from 2024 demand levels through 2030;
- High case: Electricity demand increases assuming 50% electrification of homes and businesses by 2030, and 3 gigawatts of new industrial/data center/technology driven demand over and above the currently forecasted increases.

The study should consider the impact on reliability and reserve margins of natural gas fired generation staying on-line until it would be retired for economic reasons, i.e., not influenced by CO2e and copollutant emissions reductions requirements, under each case above. This assessment should separately call out the immediate (within the first two

years of the study period) and longer-term impacts on affordability, reliability and sustainability.

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 RA 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, should the General Assembly authorize this option to alleviate the challenge of financing energy storage installations. 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.

> Question 2: Which variables are the highest priority to explore? Further, are there important policies or drivers missing in addition to those outlined in the preceding stakeholder workshop that could help shape scenario development?

Response. While balancing each of the aforementioned three pillars of sound energy policy, the report should place an emphasis on affordability as the highest priority to explore. Without affordability, the most reliable and sustainable grid is useless, since businesses will leave and regular citizens will struggle to make ends meet. While the desire for a sustainable grid is laudable, if people and businesses cannot afford to pay for service from it, it is useless. Further, if businesses and people simply relocate to states or

countries with lower sustainability requirements, then the Illinois policy would be counter-productive even if sustainability was the only goal to consider.

Question 3: Which of the following drivers are most critical to explore in the resource adequacy modeling scenarios and why?

a. Extreme weather
b. Demand growth
c. Thermal retirements
d. Transmission build and future needs
e. Generation resource diversity
f. Out-of-state reliance on generation resources
g. Some other driver not described above

Response. The better way to answer this question is which of the above should be at the bottom of the list. IIEC and the Chamber suggest that the least important elements are extreme weather (as these tend to be transitory events) and out-of-state reliance on generation resources, as the very premise of the PJM and MISO systems is that states can share resources to meet growing needs at least cost and with greatest positive impact on reliability.

The priority rank on the other items depends somewhat on the timeframe. 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 years 3-5 of 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.

Finally, a missing element in the modelling is timing. This includes realistic, preferably data driven, assessments of when not only new generation will come on-line but also when new loads will be interconnected. Given the rapidly changing economic environment for obtaining materials for either generation or load interconnection, this must be considered to develop the best possible approach to secure an affordable, reliable and sustainable energy future for Illinois.

> Question 4: Are there known or expected developments in federal or state policy that should be integrated into scenario development? Please explain in detail and provide references where possible.

Response. At the federal level, the passage and implementation of the recent One Big Beautiful Bill Act ("OBBBA")[6] 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 are already tight, expectations are that prices for materials and labor will rise, with the only question being by how much. The foreign entity of concern ("FEOC") rules that start in January 2026 will only exacerbate supply chain issues by limiting how much material from any project can

[6] U.S. Public Law No: 119-21

come from China. The study should include a rigorous cost analysis of the impact the expiration of the credits will have on the prices and availability of equipment both in the near term and further out the curve. 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.

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 prior state mandates, including accelerated retirements of fossil fuel plants and increased reliance on renewable resources. To attempt to replace this money on the backs of already overburdened Illinois ratepayers could be disastrous.

> Question 5: How should cost implications or other findings beyond potential reliability shortfalls be presented or considered to support constructive policy decisions?

Response. Any findings related to one of the three key pillars of sound energy policy, in this case the affordability pillar, 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.

Question 6: What blind spots or gaps in the RA Study process do you worry might be overlooked or otherwise not addressed?

a. Are the identified blind spots or gaps unique to customer segments, modeling scenarios, market conditions or other targeted parameter?
b. How could the identified blind spots or gaps be addressed? (e.g. through additional scenarios, targeted data inputs, utilizing specific modeling, etc.)

Response. 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 is counter to the spirit of the Electric Customer Choice and Rate Relief Act of 1997 which moved away from regulated energy prices toward market solutions and 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 Agency which has stated it will not be meet the statutory goals without additional money which will be added on to consumers energy bills.[7]

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 ERCOT. ERCOT, without a state mandate and

[7] Illinois Power Agency report, *Updated Renewable Portfolio Standard Budget Forecast*, May 12, 2025, at page 6.

using a market based approach especially when compared to policies adopted 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.[8] 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,[9] 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.[10]

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 better encouraged 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.[11] This model works elsewhere

[8] DemandandEnergy2024.xlsx.
[9] Electric Power Monthly - U.S. Energy Information Administration (EIA)
[10] https://www.eia.gov/todayinenergy/detail.php?id=61202.
[11] IIEC and the Chamber acknowledge the "Self-Direct" option for very large customers within current law for meeting RPS needs, but points out that such customers must still pay over 90% of the utility RPS charge, even though they are by far exceeding the performance of the IPA and utilities in meeting energy needs through renewable resources. Thus, if customers have to pay nearly all of the utility RPS charge anyway, there is little

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, although it is implicit in the statutory requirements, it is worth highlighting that RA responsibility and accountability at the wholesale level ultimately rests with the regional transmission organizations ("RTO"), PJM and MISO. One need only engage in the most cursory of discussions with experts at PJM or MISO or the members of IIEC and/or the Chamber to appreciate the continual evolution and changes to methodologies for insuring sufficient generation now and in the future to meet significantly growing electricity demand. Because the interconnected electric grid is much larger than just Illinois, the parameters of what is needed to insure RA and options for achieving this goal will come from the RTOs. Illinois, which is uniquely positioned to leverage the 2 largest RTOs in the country to meet its energy needs should not only use the same data/metrics as the RTO in thinking about RA, but should carefully craft any retail choice or other electricity policies to align with the market driven approach of the RTOs.

> Question 7: 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?

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economic incentive to pursue their own renewable energy generation. *See*, https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/20250210-self-direct-preliminary-2025-2026-bill-credit-rates-feb-6-2025.pdf.

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?

Response. Understanding how much demand will increase is obviously a critical part of any RA undertaking. However, Illinois does not appear to have any standards or process for determining this value beyond those established by the applicable RTO. Without any systematic approach to determining the accuracy or even likelihood of a particular load forecast, RA 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 should be made available to stakeholders. The three separate forecasts should be:

1. Interconnection requests for generators and loads made to the utility for interconnection over each of the next 5 years;
2. 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 large customer load interconnection requests

were completed and saw load interconnect, then adjust the total industrial load interconnections by a comparable percentage; and

3. 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 House Bill 5066, from the 2023 Texas Legislative Session.[12] 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.

Question 8: Are there recommendations for specific data sources that could be utilized in this study?

a. Are there preferences for certain input assumptions that should be made?
b. 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)?

***Response*:** RA 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. Specifically, FERC Docket AD25-7-000 contains information from experts in RA, including ones from PJM, MISO, and even the consumer segment.

Question 9: Are there specific transmission constraints, expansions, or projects that should be considered and reflected in a model scenario? Further, are these transmission considerations intended to target and/or solve specific challenges?

[12] additional information about this process can be found at https://www.ercot.com/files/docs/2025/04/07/8.1-Long-Term-Load-Forecast-Update-2025-2031-and-Methodology-Changes.pdf.

Please explain, provide supporting documentation justifying inclusion, and provide pertinent reference materials including reports or studies.

***Response*:** IIEC and the Chamber take no position in response to Question 9 at this time.

Question 10: 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?

a. 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.
b. Which assumptions are contingent upon specific policy and/or legislative conditions being met or otherwise enacted? Please explain in detail.

***Response*:** IIEC and the Chamber have 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 RA shortfall, specific assumptions about the delay of resource retirements need to be considered and explicitly stated. IIEC and the Chamber 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.

Question 11: As a component of the RA Study, the Agencies will be seeking to obtain utility and RTO load forecast projections and the underlying assumptions behind the load forecasts. In addition to these utility forecast assumptions, what additional assumptions should also be considered, either embedded in a base case or considered in scenarios? Further, what data sources should be drawn upon, supporting any load forecast modifications? (i.e. large load / electrification growth)

a. Provide details on why these additional assumptions should be considered during the modeling process?

b. Are any proposed load forecast assumptions directly impacted and/or predicated upon specific to policy, legislative, or other conditions being met and/or otherwise enacted? Please explain in detail.

Response: See the response to Question 7, above.

Question 12: Are there any additional considerations – data inputs, policy, drivers, or assumptions – that Stakeholders believe the Agencies should consider, not already explain [sic] in response to the preceding questions? Please explain in detail.

Response: RA 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 tension between these two realities is obvious. The current state of energy technologies make 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 as a result of such pursuit.

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.[13] 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.

Respectfully submitted,

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[13] Indeed, if the state were to quantify how much renewable energy is actually being promoted and used in the state, though voluntary participation by residents and corporations, it may find that its renewable energy goals are much closer to being met, or perhaps are already met, and the predicted shortfalls in terms of moving to a zero carbon energy future may be illusory.