September 15, 2025

Via Email

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RE: Constellation Energy Generation, LLC's Comments on the Illinois Power Agency's Draft 2026 Electricity Procurement Plan Stakeholder Feedback

I. Introduction

Constellation Energy Generation, LLC (Constellation) appreciates the opportunity to submit these comments on the Illinois Power Agency's (IPA) 2026 Draft Electricity Procurement Plan (Draft Procurement Plan) that was issued for public comment on August 15, 2025, pursuant to Section 16-111.5(d)(2) of the Public Utilities Act (PUA).

For the reasons outlined below, Constellation believes the IPA should pursue long-term capacity procurements for ComEd eligible retail customers and multi-year all season capacity contracts for Ameren eligible retail customers. Long term capacity procurements can provide price stability for residential customers as markets adjust to new supply and demand dynamics and at a time when load forecast and demand uncertainty may cause volatility.

Constellation owns and operates the largest fleet of nuclear plants in the nation and operates at an industry-leading capacity factor of 94%, providing reliable access to power whenever customers need it. As the largest producer of nuclear power in the United States, Constellation is committed to ensuring the reliability, sustainability, and growth of the nation's nuclear fleet to meet growing energy demands and national security objectives. We are also expanding our existing clean, reliable nuclear assets more quickly and cost-effectively than any company in the U.S., with the ability to add approximately 1.6 GW of capacity by 2040 through nuclear restarts and uprates, in addition to preserving nearly 8 GW of capacity via planned license renewals over the same period. Constellation is also evaluating opportunities for new nuclear plant development at our nuclear sites, given the incredible advantages provided by our existing land, community, and infrastructure.

Here in Illinois, Constellation currently operates six nuclear energy generating facilities in Illinois: the Braidwood Clean Energy Center which generates up to 2,386 MW of carbon-free electricity in Braceville, IL; the Byron Clean Energy Center which generates up to 2,347 MW of carbon-free electricity in Byron, IL; the Clinton Clean Energy Center which generates up to 1,092 MW of carbon-free electricity in Clinton, IL; the Dresden Clean Energy Center which generates up to

1,845 MW of carbon-free electricity in Morris, IL; the LaSalle Clean Energy Center which generates up to 2,320 MW of carbon-free electricity in Marseilles, IL; and the Quad-Cities Clean Energy Center, of which Constellation owns 75%, and generates up to 1,870 MW of carbon-free electricity in Cordova, IL.

Constellation is also deeply invested in Illinois communities. Through its clean energy centers, the company supports thousands of high-quality, local jobs and generates millions in tax revenue that fund schools, emergency services, and other vital public resources. Beyond operations, Constellation contributes more than $1,500,000 annually in philanthropic support across the state—fueling economic development, supporting local partnerships and preserving family-sustaining careers in the communities surrounding its plants.

II. Comments on the 2026 Draft Procurement Plan

A. The Agency should procure capacity for eligible ComEd retail customers.

The Agency should procure a portion of the ComEd capacity through long-term contracts awarded through the IPA competitive procurement process, with the remainder of ComEd's capacity needs procured through the PJM Base Residual Auction (BRA). On July 22, 2025, PJM announced the results of the BRA for the 2026/2027 delivery year. The capacity price cleared at the FERC approved price cap of $329/MW-day and would have cleared at $389/MW-day if the price cap had not been in place.[1] PJM plans to hold the 2027/2028 BRA in December 2025 and the 2028/2029 BRA in June 2026.

Procuring long-term, bilateral capacity purchases will give eligible retail customers a financial hedge against volatility in the PJM market and could result in near-term customer savings.

B. Competitive markets benefit Illinois

It has been over a quarter of a century since Illinois restructured its electric generation market. During this time, electric utilities have functionally separated or divested their generation resources, replacing integrated resource plans with wholesale competitive markets, which have ensured the least cost and risk for customers and driven resource adequacy and bulk power transmission planning to ensure a robust grid. This transition has required private developers of generation resources in PJM to rely on wholesale markets as an investment signal, with private capital—not Illinois consumers—assuming the investment risk.

The consumer benefits of the competitive market over the long-term have been unmistakable,[2] but market prices in the short-term are unpredictable. PJM capacity auctions for the next two

[1] Draft Procurement Plan at 55; "2026/2027 Base Residual Auction Report," PJM, July 22, 2025, https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2026-2027/2026-2027-bra-report.pdf at 16.

[2] See Inflation-Adjusted Weighted Average Percentage Change by Customer Class, Choice vs. Monopoly States, 2008-2024, RESA, Figure-12-Inflation-Adjusted-Weighted-Average-Percentage-Price-Change-by-Customer-Class-Competitive-vs.-Monopoly-States-2008-2024-08AUG2025.pdf (showing that from 2008-

upcoming delivery years cleared at higher prices than for past delivery years. However, higher prices do not mean that PJM's capacity market is broken, but rather that there has been a significant change in the market fundamentals. The suddenness of this change is highlighted by the fact that the capacity price for 2024/2025 cleared at historic lows, sending a clear and unmistakable signal that resources should be exiting the market instead of expanding.[3] Illinois itself took action to avoid those retirements when its zero-emission nuclear plants faced prices that were below the costs of continued operation. And under those previous supply/demand fundamentals (for the delivery year that ended just a few months ago), many resources (largely coal and other emitting resources) retired or announced retirement.

The situation has changed. Illinois, and regions throughout the country, are now projecting significant and unprecedented load growth. The increase in demand is in part driven by data center development but also by increased building and transportation electrification, on-shoring of industry, and other electrification efforts. While most agree data center demand will continue to increase, the scope and pace of that demand is hotly debated, with many questioning the integrity of load forecasts for various reasons, including double counting projects and projections that far exceed the supply chain capabilities of the data center industry.[4] In addition, the lack of transparency and uniformity in load forecasting with respect to large loads in particular exacerbates the risk of inaccuracy.

Although it seems apparent that significant amounts of new generation supply (including uprates of existing resources) and investment in transmission infrastructure are needed to support this load growth, the extent of the required build-out is uncertain. New supply will surely come into the market, but the magnitude, pace and timing is unpredictable, and capacity prices may be high and volatile for several years.

The Agency should help eligible retail customers manage the uncertainty of future capacity prices during this transition period by entering into long-term contracts for capacity. The unpredictability resulting from supply/demand dynamics can be managed through a long-term capacity procurement to smooth the transition and stabilize consumer bills, avoiding dramatic changes from one delivery year to the next. IPA capacity procurements, in addition to any long-term offers from retail suppliers, will provide eligible retail customers with a financial hedge against volatility in the PJM market. Such hedging arrangements are commonly used by suppliers in the wholesale market. Importantly, these hedges do not seek to replace or alter outcomes in the PJM market. Instead, they offer price stability over time, benefiting eligible retail customers by

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2020 the inflation-adjusted weighted average prices of delivered supply have gone down significantly in competitive jurisdictions and increased moderately in monopoly jurisdictions).

[3] *See* PJM, *Energy Transition in PJM: Resource Retirements, Replacements & Risks* at 1 (Feb. 24, 2023), https://www.pjm.com/-/media/DotCom/library/reports-notices/special-reports/2023/energy-transition-in-pjm-resource-retirements-replacements-and-risks.ashx.

[4] *Brian Martucci*, Utility Dive, "A fraction of proposed data centers will get built. Utilities are wising up", (May 15, 2025) *available at*: https://www.utilitydive.com/news/a-fraction-of-proposed-data-centers-will-get-built-utilities-are-wising-up/748214/

smoothing out potential cost increases and avoiding rate shocks. A longer-term product could also produce lower prices given that bidders will have greater certainty over time.

C. If the Agency were to begin procuring capacity for ComEd eligible retail customers, how should the Agency structure the capacity product?

The Agency should seek to secure long-term capacity contracts that will provide price stability to eligible retail customers. Capacity contracts should be settled against the PJM BRA clearing price for the ComEd Locational Delivery Area (LDA) since this is the primary determinant of the price that ComEd eligible retail customers pay for capacity. The procurement should seek contracts with a 5-to-10-year term. A longer term will provide price stability for eligible retail customers and potentially result in lower bids from resources that value long-term revenue certainty.

The procurement volume should be 25-50% of the eligible supply to provide a reasonable level of price certainty while balancing the potential for customer switching. If the Agency requests bids that start in the 2028/29 delivery year and escalate at inflation thereafter, the procurement price could provide significant first year price savings relative to the potential capacity price in that year and predictable pricing for subsequent years. This capacity hedge would be similar to the hedge provided by the existing Carbon Mitigation Credits program which expires at the end of the 2026/2027 delivery year.

The IPA can implement bid price benchmarks to ensure that accepted capacity contracts are consistent with recent BRA prices and provide savings relative to future potential BRA prices. Indeed, the cost of new entry is likely to be above $550/MW-day for the ComEd LDA which will translate into a BRA price cap for the 2028/2029 delivery year that is much higher than historic levels.[5]

D. The Agency should consider multi-year, all-season capacity contracts for eligible Ameren customers.

For the similar reasons as discussed above, the Agency should consider a long-term capacity hedge for eligible Ameren eligible retail customers as well.[6]

III. Conclusion

Over the last two decades, PJM has procured 62 GW of new generation and ensured reliability even as thousands of megawatts of coal-fired generators retired. The recent PJM Base Residual Auction results for the 2026/2027 delivery year show that the PJM auction construct remains capable of procuring needed capacity for the PJM region, despite a cap on capacity prices below the cost of new entry and only 10 months between the auction and the delivery year. The auction cleared nearly 2.7 GW of new generation and generation uprates and 1.1 GW of withdrawn deactivations. Additional new entry is coming—PJM's Reliability Resource Initiative attracted

[5] See PJM Market Implementation Committee (August 22, 2025), "Quadrennial Review: PJM with (VC Barrow) PA PUC Joint Proposals." https://www.pjm.com/committees-and-groups/committees/mic
[6] Responding to IPA request for stakeholder feedback on page 65 of the Draft Procurement Plan.

9.3 GW of unforced capacity of new resources. Most of these resources will be online by 2030 or 2031, but a portion could be online much earlier. The market has shown it can work. In the meantime, the Agency should focus on securing price stability, by pursuing long-term capacity procurements for a portion of the eligible retail load and taking advantage of Illinois' large quantity of existing generation, as the market responds to increasing demand.

Respectfully submitted,

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