comed
AN EXELON COMPANY

September 29, 2025

VIA EMAIL

Mr. Brian Granahan
Director
Illinois Power Agency
180 N Wabash Ave.
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RE: Commonwealth Edison Company's Comments on the Illinois Power Agency's Draft 2026 Long-Term Renewable Resources Procurement Plan Issued on August 15, 2025

Under Section 16-111.5(b)(5) of the Public Utilities Act ("PUA"), 220 ILCS 5/16-111.1(b)(5), Commonwealth Edison Company ("ComEd") submits these Comments ("Comments") on the Illinois Power Agency's ("IPA" or "Agency") Draft 2026 Long-Term Renewable Resources Procurement Plan ("2026 LTRRPP") that was issued for public comment on August 15, 2025.[1]

ComEd submits these Comments to address nine subjects: (1) Renewable Portfolio Standard ("RPS") budget forecasts and utility collections, (2) Alternative Compliance Payment ("ACP") funds held by the utilities, (3) adjustment of procurement targets, (4) use of surety bonds to meet Sellers' collateral requirements, (5) the REC Pricing Model, (6) contract amendments affecting utility obligations in the event of Seller bankruptcy, (7) assignment of batches,

[1] ComEd's silence at this time regarding any particular issue should not be interpreted as agreement with all statements, approaches, calculations, or recommendations made in the 2026 LTRRPP pertaining to that issue.

(8) Renewable Energy Credit ("REC") contract treatment of Residential Solar (Large), and (9) consumer protections.

1. RPS Budget Forecasts and Utility Collections

Based in part on ComEd's load forecasts, the 2026 LTRRPP indicates anticipated load growth as compared to the 2024 LTRRPP, primarily driven by the development of data centers throughout Illinois. This projected load increase will result in an increase in the number of Renewable Energy Credits required to meet the IPA's percentage-based Renewable Portfolio Standard goals as compared to the REC targets defined in the 2024 LTRRPP.[2] The RPS budget for those increased RECs, comprised of monies collected from ComEd's and the other Illinois utilities' customers, is calculated by multiplying the kilowatt hours ("kWh") of electricity delivered by the three electric utilities in the reference Delivery Year by the cost cap as set by statute.[3] While the budget is subject to variability in and timing of REC expenses and forward energy prices, for example, it is primarily the effect of the cost cap that concerns ComEd as continuously increasing REC targets based on forecasted customer load appear to result in a near-term budget deficit when REC expenditures exceed collections, and a substantial cumulative impact over the long term.

The IPA estimates that the RPS budget shortfall is projected to occur beginning in the 2027-2028 Delivery Year as a result of an increase in REC procurement volumes required to meet the updated Illinois RPS targets due to increases in the underlying utility load forecasts, as well as increased project costs and REC prices.[4] This is an acceleration of the previously forecasted shortfall anticipated in the 2028-29 Delivery Year and, in fact, if market conditions deteriorate it is realistic to assume that a shortfall could occur earlier. Further, absent near-term, affirmative

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[2] 2026 LTRRPP, at 66-67.
[3] *Id.*; 20 ILCS 3855/1-75(c)(B) and (E).
[4] 2026 LTRRPP, at 67.

steps to mitigate the cumulative effect of a continuing budget shortfall, the gap between RPS expenditures and utility collections will only widen over time.

The IPA is correct in pointing out throughout the 2026 LTRRPP that adjustments to (including suspension of) REC procurements by the IPA are allowable in the event the Agency determines in a Delivery Year that expenditures would exceed collections and previously collected and held funds, and that all costs incurred under REC contracts shall be fully recoverable by the electric utility.[5] That suspension or reduction would not occur until the end of the program year that the determination is made, meanwhile the PUA requires full and interrupted payment to sellers under existing REC contracts. ComEd has previously raised concerns during the drafting of the 2026 LTRRPP with the situation in which ComEd is required to advance funds to cover REC payments in the event of a shortfall, even if the ultimate recoverability of those advanced payments in a shortfall scenario is not in question.[6] Now that the Agency acknowledges a budget shortfall is currently forecasted within the 2026 LTRRPP period (the 2026-2027 and 2027-2028 Program Years), the IPA should be addressing actions in this 2026 LTRRPP to prioritize projects, scale back higher per-REC price program categories, or delay procurements in order to mitigate the consequences of the projected shortfall to customers, developers, and utilities. At the very least, the 2026 LTRRPP should propose appropriate mechanisms to safeguard against negative utility collection balances, along with advocating for a responsive rate adjustment process. As utilities deliver a service to both customers and Illinois, they should not fund cash flow deficits where the return fails to cover their cost of capital.

[5] 20 ILCS 3855/1-75(E) and (E-5).

[6] Commonwealth Edison Company Comments in Response to the Illinois Power Agency's Stakeholder Feedback Request for the 2026 Long-Term Plan Chapter 3: REC Portfolio, RPS Goals, Targets, and Budgets and Program REC Pricing (July 10, 2025).

2. Alternative Compliance Payment Funds Held by the Utilities

In Section 3.3.2 of the 2026 LTRRPP, the IPA welcomes stakeholder feedback on the proposal to roll over any available utility-held Alternative Compliance Payment funds to RPS collections for the years that a budget deficit is projected.[7] ComEd notes that Table 3-14 includes utility-held ACP funds starting with Delivery Year 2025-26.[8] ComEd requests that the IPA consider keeping the utility-held ACP balances out of RPS balances in projecting starting and yearend balances but have those funds available to be used in Delivery Years in which a funding shortfall occurs. ComEd sees this option offsetting the cash flow impacts described above in years when the utility will need to provide uninterrupted payments under the applicable contracts in cases where costs incurred have exceeded collections needed.

3. Adjustment of Procurement Targets

In Section 5.6 of the 2026 LTRRPP, the Agency seeks stakeholder feedback on a proposal to adjust procurement targets in a subsequent procurement event to adjust for RECs that will not be delivered under terminated contracts.[9] The Agency proposes adjusting the REC procurement targets associated with the technology featuring the terminated contract commensurate with the number of RECs previously under contract and not delivered.[10] ComEd is supportive of the IPA's suggestion to adjust procurement targets in subsequent procurements to adjust for RECs that will not be delivered due to previously terminated contracts as described.

The Agency is also requesting feedback on whether capacity from projects under contract that are subsequently removed from the Illinois Shines Adjustable Block Program ("Program")

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[7] 2026 LTRRPP, at 70.
[8] *Id.*, at 79.
[9] *Id.*, at 140-141.
[10] *Id.*, at 141.

should be included in the reallocation process that occurs between Program Years.[11] In the 2026 LTRRPP, the Agency proposes to start tracking the capacity associated with projects that were under contract but that were withdrawn or removed that were allocated a previous Program Year's capacity, and to redistribute the capacity through the reallocation process following the 2026-27 Program Year to ensure timely and efficient compliance with REC delivery goals.[12] ComEd is supportive of the IPA's suggestion to include capacity from projects that have been removed from the Program and include in the reallocation process that occurs between Program Years. ComEd believes these suggestions are a positive step toward achieving REC targets. In support of that effort, ComEd requests the IPA to consider whether any of the tables in the 2026 LTRRPP need to be adjusted to reflect the implementation of these measures.

4. Use of Surety Bonds to Meet Seller's Collateral Requirement

In Section 5.7.6 of the 2026 LTRRPP, the Agency seeks stakeholder feedback on the potential benefits or drawbacks to including surety bonds as a means for Seller to provide performance assurance.[13] Performance assurances can include a number of different financial instruments to manage risk, including cash, letters of credit, and surety bonds, but each serves different purposes and is used in different contexts. Article 7 of the IPA's Indexed REC contract currently provides that Seller may provide performance assurance through either posting a letter of credit or cash collateral (or other security acceptable to Buyer) if Seller's collateral threshold is lower than the collateral requirement. Through the Indexed REC contract development processes, the Agency has received requests from Sellers to include an option to use surety bonds as collateral instruments.[14]

[11] *Id.*, at 186.
[12] *Id.*
[13] *Id.*, at 146-47.
[14] *Id.*

Like cash and letters of credit, surety bonds could be used to guarantee that Sellers will fulfill their obligations under the REC contract in that, if a Seller fails to perform, then the surety (usually an insurance company) could be called upon to compensate the Buyer and seek reimbursement from the Seller. The principal difference in the context of REC contracts is the mechanics of execution in the event of a default by the Seller. Simply put, letters of credit are generally easier to execute upon. If a Seller defaults (*e.g.,* fails to complete construction, deliver the required RECs, etc.), then the Buyer can present the required documents to the issuing financial institution (usually a bank) and draw on the letter of credit. Conversely, the execution on a surety bond is more complex, slow, and often contentious, requiring the Buyer to file a claim with the surety which can then be the subject to legal review, extended negotiation, and litigation.

ComEd is continuing to work with Sellers and the IPA to better understand Buyers' concerns with respect to various forms of performance assurance and address those in future iterations of REC contracts and believes proposing changes in the 2026 LTRRPP is premature. As letters of credit are relatively simple, bank-backed instruments that can be drawn on with minimal legal engagement required, ComEd prefers letters of credit, and posted cash, to mitigate concerns with the timeliness of being able to call on a surety bond in the event a collateral drawdown. Execution on letters of credit is typically quick and administrative, while execution of surety bonds can be protracted and adversarial. Delays in collecting funds under surety bonds will have negative implications for the programs, including potential delays in construction and, as these instruments of performance assurance represent the forfeited collateral under the provisions of each specific contract, risk to the IPA's Consumer Protection Initiatives the funds support that are discussed later in Chapter 9 of the 2026 LTRRPP.

5. REC Pricing Model

In Section 7.5 and Appendices D and E of the 2026 LTRRPP, the Agency provides details of the updates to the REC Pricing Model ("Model").[15] ComEd appreciates the time and effort expended by the IPA and its consultants in their efforts to ensure the Model and its inputs remain up to date and align with actual market conditions. To aid in this objective, ComEd has certain suggestions applicable to the REC Pricing Model in the 2026 LTRRPP specifically related to distributed generation and community solar projects.

With respect to net metering, the Net Metering Credit needs to be updated for new rates and corrected for community solar to reflect the appropriate utility default supply rate (*i.e.*, the "Price to Compare" or "PTC") values.[16] For the updates, the Agency should ensure that Energy, Transmission, and Capacity Rates are updated to reflect current values, and that the Carbon-Free Resource Adjustment and Zero Emission Adjustment terminations are accounted for when those credits expire on May 31, 2027. For community solar projects, they receive subscription revenue as a percentage of the PTC. The PTC should therefore include Energy, Capacity, and Transmission charges as $/kWh value, and the other components should be excluded from the Net Metering Credit calculation. ComEd also recommends the Net Metering Value Allocation be updated to 90% as, based on ComEd's information on actual projects in service, 90% would be the more appropriate assumption to apply in the calculation of subscriber charges.[17]

The calculation of REC prices relies on a cost-of-service approach to identify the incentive necessary to make representative projects economically viable. Although the base REC price is derived from the most cost-efficient system size (5,000 kW AC), adjustments are made for

[15] *Id.*, at 210-221.
[16] *Id.*, at Appendix D, 7-8.
[17] *Id.*, at Appendix D, Table D-3.

different project size bins to reflect variations in costs and revenues.[18] However, ComEd notes that the IPA's REC Pricing bin methodology is not consistent for 2000-5000kW size, in that currently the 2000-5000kW bracket is only using the 5000kW scenario. The 2000-5000kW REC should use the same interpolation methodology as the other brackets.

ComEd also suggests that the calculation of REC prices needs to be considered when REC payments occur. RECs are only being paid upfront for small residential installations. For all others, the timing of when the RECs are being paid should be considered when calculating the actual REC price. This consideration would serve to help address any revenue gap based on the present value of the cost of energy less the present value of the net metering credits, as better representing the present value of the revenue shortfall. If the owner of a project receives payments upfront, they will have a net present value ("NPV") of zero because in most cases the payments will be made as RECs are being produced, and so then the denominator (*i.e.*, the number of RECs) should be on a present value basis as well when calculating the REC price.

6. Contract Amendments Affecting Utility Obligations in the Event of Seller Bankruptcy

In Section 7.14 of the 2026 LTRRPP, the Agency seeks comments on whether it should update the Master REC Contract moving forward such that the utility Buyer would be required to seek bankruptcy court approval before seeking to terminate the REC contract, or such that the utility Buyer would be required to provide 60-day advance notice to the Seller and collateral assignee before any such motion is filed.[19] The IPA notes it has received stakeholder (presumably Seller) feedback raising concerns about the effect of bankruptcy on a REC contract. ComEd opposes incorporating the proposed changes and questions whether the IPA or the contracting parties could impose or enforce such requirements, especially if they conflict with existing

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[18] *Id.*, at Appendix D, 2-3.
[19] *Id.*, at 261.

provisions under bankruptcy law that addresses treatment of contracts in the context of bankruptcy court proceedings. Further, the contracts at issue already have adequate notice and Seller protection provisions such that additional requirements imposed on utility Buyers introduces needless complexity, delay, legal costs, and an unreasonable shifting of risk from Sellers to Buyers.

7. Assignment of Batches

Section 7.10.1 of the 2026 LTRRPP discusses the batching process for the Illinois Shines Program and how the batches are awarded to the Illinois utilities.[20] The Plan indicates that the Program Administrator will consider how contract assignments contribute to each utility achieving its pro-rata share of the RPS REC targets and meeting available RPS funding, and that it strives to assign contracts to the utility where the bulk of the projects are located.[21] ComEd appreciates the effort expended by the Program Administrator in this regard, but request the IPA direct that the Program Administrator also take into account the number of systems and batches assigned to each utility and, where possible, allocate the number of batches and systems within each project category along the same pro-rata split for RPS REC targets and RPS funding. ComEd understands that allocation of batches is complex but requests the IPA and the Program Administrator be mindful that the allocation of both the number and types of projects is in general alignment with the respective utility RPS funding allocations.

8. REC Contract Treatment of Residential Solar (Large)

In response to the Agency's requested feedback in Section 8.5.4 of the 2026 LTRRPP, Residential Solar (Large) Sub-Program,[22] ComEd recommends that a multifamily residential building utilizing a single distributed generation system, wherein multiple units with individually

[20] *Id.*, at 242-43.
[21] *Id.*
[22] *Id.*, at 301-303.

metered utility accounts benefit from the energy produced, be treated as a single system under the REC contract. Treating such installations as multiple separate systems introduces significant administrative and tracking challenges for utilities. Specifically, ComEd is concerned that dividing the system into numerous small allocations could result in annual REC quantities per unit falling below practical tracking thresholds (*i.e.*, fractions of a REC). This fragmentation would complicate verification, reporting, and contract management, undermining the efficiency and scalability of the program. A single-system approach would better reflect the physical and operational reality of the installation, streamline REC tracking, and support broader adoption of solar in multifamily settings.

9. Consumer Protections

ComEd acknowledges the complexity of the Illinois Shines Program and appreciates the steps that the IPA has taken in this 2026 LTRRPP to address issues arising as the Program continues to mature and to ensure its continued success. In this context, ComEd requests the IPA consider whether there is an avenue to incorporate the utilities as a counterparty to the REC registry standing orders as those standing orders are being created. ComEd recognizes this as a barrier to moving forward in multiple situations impacting consumer protection. Like the IPA, ComEd has seen problems arise in the transfer of standing orders impacting how the utilities receive the RECs that they have paid for, and through which the utilities accurately report their clean energy metrics. For example, in instances where there is an unresponsive Approved Vendor or terminated contract, ComEd is unsure how the standing orders are transferred from the current Approved Vendor to a new Approved Vendor, separate and apart from the method by which the batches are assigned.

Additionally, in response to Section 9.4.2.1.1.4 of the 2026 LTRRPP,[23] when the REC Contract is terminated by the Approved Vendor or through bankruptcy, ComEd emphasizes the importance of receiving the RECs from these systems, as ComEd reports REC procurements based upon RECs received and retired into ComEd accounts. Should ComEd not receive the RECs for which it has paid, there is the risk of Approved Vendors potentially selling RECs to other parties or taking other actions with consumer protection consequences.

Finally, in Section 9.4.2.1.1.2 of the 2026 LTRRPP, the IPA proposes a revision to the REC Contract to allow for reassignment of projects in place of termination when the Original Approved Vendor is unable to execute reassignment.[24] This situation can occur, for example, if a company goes out of business and there is no person left to make decisions or sign legal documents on behalf of the company. In this situation, the solar projects are essentially "stuck" with the original (defunct) Approved Vendor, and there is currently no path forward that would allow for reassignment to a new Approved Vendor. ComEd has concerns with this administrative reassignment approach in that it could result in contract ambiguity and difficulty in administration for both parties. In an already complex contract, ComEd would like to preserve clarity where possible. ComEd suggests the more appropriate and legally sound path is for the IPA to exercise its discretion to reassign projects in these situations once the utilities are legally and contractually no longer bound to the original Approved Vendor.

[23] *Id.*, at 369-70.
[24] *Id.*, at 368-369.

Respectfully Submitted,

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