

Date: 06/09/26

Groups Signed On: Natural Resources Defense Council, Vote Solar, Union of Concerned Scientists, A Just Harvest, Elevate, Little Village Environmental Justice Organization

Introduction

The signatory organizations appreciate the opportunity to provide comments in the IRP process. Our comments are organized into three sections.

The first section provides answers to the google form questions regarding customer cost and revenue requirement analysis. At this time, we have additional questions regarding the underlying methodology and are therefore reserving detailed comments on these topics for future opportunities.

The second section provides direct feedback gathered from environmental justice organizations.

The final section offers additional context not directly tied to the questions asked in the Google form. This section is divided into two components: the first discusses outstanding questions on methodology, and the second highlights additional considerations to be included in the cost analysis.

Customer Cost Allocation and Revenue Requirement Feedback

1. E3 plans to conduct a revenue requirement analysis on a subset of scenarios looking at representative residential, commercial and industrial customer classes. How should “commercial” versus “industrial” customer classes be defined for purposes of reporting customer cost impacts?

No response at this time. Please see comments below in the “Methodology” section.

2. If “commercial” and “industrial” are defined using load thresholds, what threshold(s) do you recommend and why?

No response at this time. Please see comments below in the “Methodology” section.

3. For the stakeholder group(s) that you are representing in the IRP process, what are you hoping to learn from the cost impact analysis specific to the customer group you are interested in?

No response at this time. Please see comments below in the “Methodology” section.

4. E3 proposes to estimate the future delivery revenue requirement by starting with the current delivery revenue requirement and applying a growth rate based on historical authorized revenue requirement increases over the past 10 years, along with modeled additions for new transmission and distribution investments. Do you believe this is a reasonable approach for projections?

No response at this time. Please see comments below in the “Methodology” section.

5. If “Yes, but should be adjusted” or “No” was selected in the previous question, what adjustment is most appropriate? Select one:

No response at this time. Please see comments below in the “Methodology” section.

6. If “Use a different historical window” was selected in the previous question, what lookback period should be used to estimate the growth rate and why?

No response at this time. Please see comments below in the “Methodology” section.

Equity Feedback

The undersigned organizations support and uplift the comments submitted by environmental justice organizations. The following questions were presented to various EJ organizations, and the responses are provided below. In certain instances, we directly quote the organization that has raised these concerns to accurately reflect their feedback.

7. The agencies and E3 are seeking stakeholder feedback to inform our approach to equity as part of the IRP. Energy burden is defined as the percentage of a household's annual income spent on household energy bills. What baseline would be most useful for examining energy burden in the IRP (e.g., historical, business-as-usual, etc.)?

" Seasonal changes are important to capture. Energy burdens are felt seasonally in Chicago. In the summertime, electric bills rise and in the winter months, gas bills rise. Having insulated homes helps save a lot on energy costs, but home insulation programs are hard to access -- particularly for renters. Historical models that examine energy burden would be interesting to analyze given the impact that housing affordability has had on formerly redlined Black and Brown communities. " - Little Village Environmental Justice Organization

8. Are there data sources available at the community or census-tract level in Illinois that should inform how EJ and equity investment eligible communities are identified and characterized?

We recommend that E3 use the following three maps as the basis for identifying environmental justice and equity investment eligible communities.

- **Illinois Solar for All Income Eligible Communities Map (2025 and 2026):** <https://www.illinoissfa.com/income-eligible-communities-map/>
- **Illinois Solar for All Environmental Justice Communities**
Map: <https://www.illinoissfa.com/environmental-justice-communities-map/>, including communities that have applied for self-designated status. We further recommend, if possible, that the model accounts for the possibility that additional communities may be classified as environmental justice communities through self-designation in the future.
- **Equity Investment Eligible Community**
Map: <https://energyequity.illinois.gov/resources/equity-investment-eligible-community-map.html#map-target>

9. What are the most significant barriers to participation in existing programs for EJ and/or equity investment eligible communities, e.g. upfront costs, eligibility restrictions, lack of information, or structural factors like renter status?

“Lack of information is a big one. Folks aren't aware of helpful programming until after the programming ends or after program support has already been distributed. Having insight on some of the challenges that come with energy efficient programming is important as well -- could energy costs go up? How do energy efficiency programs work? Are there challenges associated with participating in them?” - Little Village Environmental Justice Organization

“Renter status and housing security/affordability are large challenges as well. Community members are concerned that retrofitting homes (making them more energy efficient) will lead to displacement as a result of cost burdens being put on renters.” - Little Village Environmental Justice Organization

“Lack of community engagement and participatory avenues for communities to learn about energy efficient programs. Hosting public forums, connecting with families/parents at schools and churches can be great spaces to share information about energy efficiency programs.” - Little Village Environmental Justice Organization

“There is a distinct lack of trust in programs that offer savings or something new and unfamiliar. In addition, and perhaps most significantly, there is a lack of capacity to take on another task-having the time or energy to put towards learning about these programs, returning an email or phone call, filling out forms, talking to people, etc.”- A Just Harvest.

Additional Discussion and Questions

Concerns with the Proposed Customer Cost Impact Methodology

This section raises two fundamental concerns with the approach proposed by E3 to model customer cost impacts as part of the Illinois Integrated Resource Plan (IRP) process. While the organizations appreciate the agencies' interest in providing stakeholders with a fuller picture of energy costs, the proposed methodology introduces complications that will obscure rather than clarify the core policy questions the IRP is designed to answer. We urge the agencies and E3 to reconsider this approach before proceeding.

I. Delivery Service Costs Are Exogenous to the IRP Model and Should Not Be Projected Using Proxies

Distribution system and delivery service costs are not related to IRP results and are not modeled in the IRP. By definition, delivery service costs are exogenous to the resource supply model. Illinois has separate, dedicated proceedings — the grid plans — specifically designed to address and manage these costs. Introducing delivery service cost projections into the IRP conflates two distinct analytical frameworks and risks radically misstating the delivery service costs that are at issue in the grid plans and the manner in which those costs will be allocated.

There is some theoretical value in co-optimizing distribution, transmission, and energy supply costs, but that is not what E3 proposes to do. Rather, E3 proposes to project delivery service costs going forward using recent price trends as a proxy. This is problematic in part because recent historical trends reflect significant market constraints and inflationary pressures that have been particularly acute since 2020 — they are not reliable indicators of future delivery service costs under different resource scenarios across the full planning period

The Commission, stakeholders, and policymakers will get a clearer and more actionable picture of the resource options available to them if energy supply costs are not obscured by factors that are not part of the supply model. The IRP's value lies in its ability to distill the tradeoffs we face and the implications of energy supply resource choices. Introducing exogenous delivery service costs clouds those questions rather than clarifying them.

II. Cost Allocation by Customer Class Is Not Currently Meaningful in a Restructured Market

Illinois operates in restructured electricity markets (PJM and MISO). In restructured markets, energy and capacity prices are set by competitive market mechanisms and passed through based on consumption and demand proportionately to all customers.

Because all customers are exposed to the same market prices for energy and capacity in their respective RTOs, there is no mechanism currently in Illinois to shield existing customers from price increases induced by large loads.

By proposing to conduct a revenue requirement analysis that allocates costs to representative customer classes, E3 appears to be proposing to make cost allocation decisions that do not reflect actual energy costs to customers in the market. This is simply not an appropriate exercise for a restructured state. Any such simulation would introduce substantial uncertainty into the IRP results without shedding light on the core question the IRP is designed to answer: what is the optimal portfolio for the energy supply system that achieves the reliability and environmental requirements established in Illinois statute?

III. Challenges in Making the Cost Analysis Useful

In addition to the points made above, we want to be clear that the utility of a cost/rate analysis is very much driven by how closely it reflects current functionalization, classification, and allocation of costs and does not make simplifications by lumping multiple utilities and multiple rate classes together. The proposed analysis appears to be so oversimplified that it will be hard to draw meaningful conclusions even if energy supply costs were not simply passed through to customers.

IV. Recommendation

For these reasons, we recommend that E3 and the agencies limit the IRP's cost impact analysis to energy supply costs that are directly modeled in the IRP scenarios. This will produce cleaner, more defensible results that directly illuminate the resource portfolio tradeoffs at the heart of the IRP process. Delivery service costs should continue to be addressed through the grid plans process, which is the appropriate venue for that analysis. Cost allocation for delivery services should remain in the rate cases and are not relevant to restructured markets for energy supply services.

We are committed to a robust and transparent IRP process and welcome further discussion of these concerns with the agencies and fellow stakeholders.

Incorporation of Health Costs and Climate Damages into Resource Planning

We urge the IL agencies to incorporate assessment of health costs and climate damages into the IRP/RMP. These costs and damages arise from the use and combustion of fossil fuels such as gas and coal in power plants. While costs due to health impacts attributable to fossil plant emissions are not borne entirely by people living in Illinois and while climate damages are incurred globally, these categories represent negative externalities of certain

portfolio selections such as delaying CEJA emission limits or incentivizing the construction of new fossil resources.

Accordingly, health costs and climate damages should be viewed as relevant information for the IL agencies to consider in developing their IRP/RMP recommendations and for public stakeholders to be aware of. See *generally* 220 ILCS 5/16-201(f)(5),(ii) (“The [IRP] must provide expected emissions for CO₂, SO₂, NO_x, mercury, and any other regulated pollutants in order to analyze the impact of retirement timelines on emissions reductions” and must include an analysis of “the status of the State’s CO_{2e} and copollutant emissions reductions”); 220 ILCS 5/16-202(b)(2),(3) (The Commission may only approve an IRP if it finds that the plan “prepares the State to best address issues of resource adequacy at the least amount of CO_{2e} and copollutant emissions” and “considers the emissions’ impacts on environmental justice communities”).

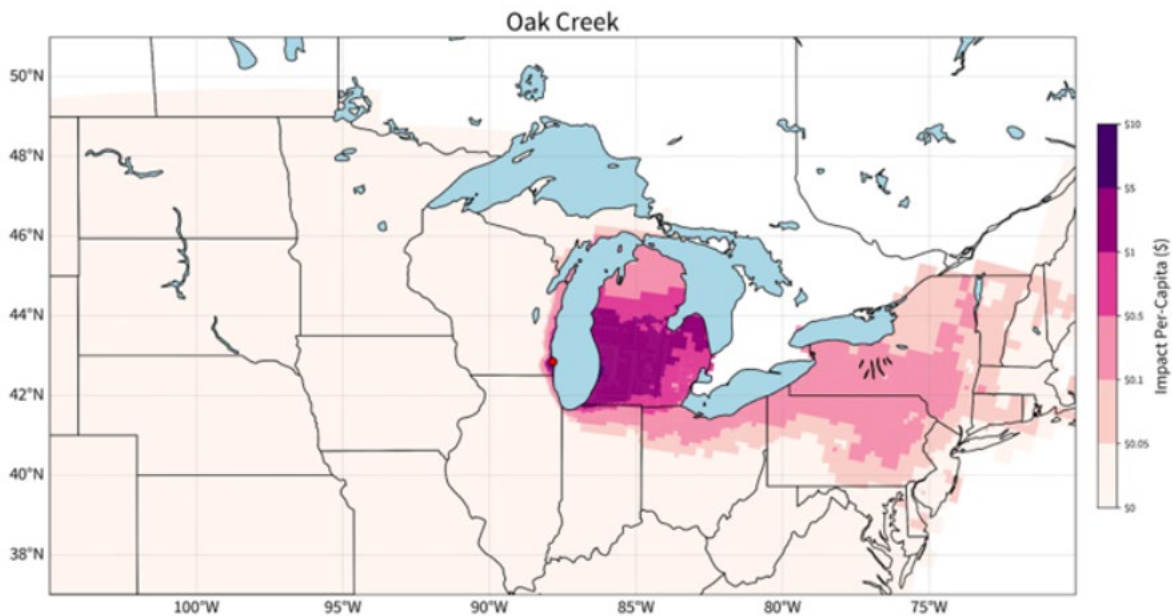
Several of the undersigned groups have assisted with and sponsored health cost/climate damage analyses in IRPs or other utility dockets in states including Michigan, Minnesota, and Wisconsin. For example, experts from [PSE Healthy Energy](#) (“PSE”)—an independent research institute—have conducted health impact analyses and provided expert testimony in numerous proceedings in these three states on behalf of undersigned organizations.

PSE’s methodology is set forth in the various materials linked below. Stated briefly, PSE uses reduced-form models in combination with each other, such as USEPA’s Co-Benefits Risk Assessment (“COBRA”) and the Intervention Model for Air Pollution (“InMAP”). PSE explains that “when used together, COBRA provides an overall understanding of the scale of public health and economic impacts from each proposed facility, while InMAP offers the spatial resolution needed to map those impacts in greater detail.”

The methodology provides projected emissions of PM_{2.5}, NO_x, SO₂, and VOCs for both existing and proposed fossil generating facilities. The models mentioned above are then able to estimate nationwide health impacts for a particular plant’s annual operation that can be extrapolated on a cumulative basis over a longer time assuming no changes in operation or demographics.

COBRA provides projected health impact numbers in categories including premature mortality, nonfatal heart attacks, total asthma onset, total emergency room visits, and more. The model also provides a monetary value for these health impacts, which is what we refer to as the “health costs” of operating fossil fuel power plants. Meanwhile, the InMAP model is used to evaluate the geospatial distribution of the health and economic impacts associated with the operation of particular plants and its

results are capable of producing maps showing the spatial distribution of cumulative and per capita health costs (example shown below of a Wisconsin plant).



We would be happy to inquire with PSE Healthy Energy about providing a briefing on its analyses to the IL agencies/E3 consultants or to present at a future stakeholder workshop. Here is a representative list of analyses and testimony provided by PSE Healthy Energy in Michigan, Minnesota, and Wisconsin IRPs or construction dockets:

- “Health, Equity, and Economic Impacts of Proposed Gas Power Plants in Wisconsin: Oak Creek and Paris Projects” (January 2025, [link to report](#)).
- “Incorporating Health and Equity Metrics into the Otter Tail Power 2023 Supplemental Integrated Resource Plan” (September 2023, [link to report](#)).
- Direct Testimony of Dr. Kelsey Bilsback, Michigan Public Service Commission Case No. U-21193 (DTE Energy IRP) (March 2023, [link to testimony](#)).
- “Incorporating Health and Equity Metrics into the Minnesota Power 2021 Integrated Resource Plan” (April 2022, [link to report](#)).
- Direct Testimony of Dr. Kelsey Bilsback, Michigan Public Service Commission Case No. U-21090 (Consumers Energy IRP) (October 2021, [link to testimony](#)).

- Related reference: “Four Ways to Bring Health and Equity to Utility Planning” blog post by Drs. Kelsey Bilsback and Elena Krieger (August 2022, [link to post](#)).

With respect to climate damages, PSE Healthy Energy’s work is also instructive. For example, PSE explains how it calculates the lifecycle greenhouse gas impacts of gas combustion in its report for one of Minnesota Power’s IRPs (see page 30, [here](#)). This methodology includes direct CO₂ emissions from combustion of the gas itself but also incorporates effects of methane leakage that occurs throughout the entire gas system, including during production, processing, transmission, and use. Because methane’s global warming potential is so much higher than CO₂, PSE points out that “[t]he result of this methane leakage is that the global warming impacts of natural gas combustion are significantly higher than reflected in the direct CO₂ emissions reported at power plant stacks.”

Once a plant’s equivalent annual emissions of CO₂ are understood, the cost of those greenhouse gas emissions can be calculated (*i.e.*, the “climate damages”) using [USEPA’s 2023 estimate](#) for the social cost of carbon. Along with CO₂, USEPA provides a dollar valuation for methane and nitrogen oxides in 2020 dollars, as well as different estimates based on an assumed discount rate. For purposes of a recent analysis by the Union of Concerned Scientists, we used a 2% discount rate and set forth the details of the formula and calculations we conducted to determine climate damage monetary figures (see *Data Center Power Play* [technical appendix](#) at pages 18-19).

In summary, there are well-documented approaches for incorporating health costs and climate damages into IRP processes that the IL agencies can draw upon. This information is crucial for decisionmakers and stakeholders to have when evaluating the full costs and benefits of different resource technology options.