Question 1: What components of the new procurement mechanism framework should be detailed in the 2027 EPP, and why? What components should be deferred to being detailed in the 2028 EPP or 2029 EPP, after the first IRP will have been released and litigated, and why?

A: The Long-Term Clean Energy Procurement should be excluded from the 2027 EPP and instead incorporated into the 2028 Plan, following the completion of the initial Integrated Resource Plan (IRP). This approach allows stakeholders to gain a comprehensive understanding of Illinois' resource landscape before any decisions are made. Initiating work on this procurement framework in the 2027 Electric Plan, prior to the release of the IRP report, is not only unnecessary but could also pose significant risks.

Given the extensive duration and substantial financial implications of these contracts, careful consideration is essential in structuring them. It is vital to ensure that customers are investing in technologies capable of meeting Illinois' resource adequacy requirements. To identify the most appropriate technologies, the IRP must first be published, thoroughly reviewed, and discussed among stakeholders. Only after these steps can meaningful, informed discussions take place about the role that long-term clean energy procurements will play within the IRP mitigation plan.

Question 2: Are there any adjustments or refinements to the statutory framework that would better align the mechanism with its intended policy objectives?

A: If new legislation is proposed, AIC would recommend that it explicitly require long-term clean energy procurements to be incorporated into the 2028 Electric Plan and aligned with the completion of the IRP study. Additionally, it would be advantageous for the legislation to provide clear and detailed guidelines outlining how program costs should be allocated among utilities and ARES.

Questions 3: Aside from need determination, in what other ways should this procurement mechanism link to the IRP or Resource Adequacy Study / Mitigation Plan processes?

A: This procurement mechanism must prioritize customer bill impacts to guarantee the most cost-effective outcomes. A thorough approach is essential, involving comprehensive modeling of costs and diligent evaluation of potential technologies. By carefully vetting each option, we can ensure that customers ultimately benefit from solutions that deliver optimal value at the lowest possible cost.

Question 4: How should costs be allocated to Illinois customers and via what type of mechanism(s)? Should different procurement products warrant different cost allocation approaches? Should existing contracts and position be considered, and if so, how?

A: Cost recovery for wholesale product procurements should be allocated using methods that align with industry standards, reflect cost-causation, and ensure rates remain fair and reasonable.

While it is reasonable to account for existing contractual positions, this should be limited to the short term—specifically, one to two years. Beyond this period, all parties must have the opportunity to adjust their portfolios to meet new obligations. For example, AIC has layered BGS contracts for the next one to two years, with a smaller portion extending into the third year. This structure thoughtfully anticipates shifts in the customer base and helps mitigate price volatility.

Similarly, ARES face equal or greater risks related to customer switching and generally lack substantial long-term positions. They, like the utilities, should be empowered to adapt their portfolios to accommodate state-procured resource requirements. This should not pose significant challenges, as resources obtained by the state under this provision are intended to drive the development of new facilities—which typically require more than two years to come online—giving all parties ample time to adjust.

Ultimately, we believe that ARES should participate fully to maintain a robust and competitive supply market in Illinois.

Question 5: Given the IRP and mitigation plan studies will not be completed ahead of the 2027 EPP, should there be any procurement conducted under this mechanism in advance of the final studies? If so, why? How should the need be determined? What considerations (if any) should be part of this procurement decision and process that may differ from future procurements performed after subsequent planning processes such as IRP and Mitigation Plan.

A: There should be no procurements conducted under this mechanism prior to the completion of the final studies. Moving forward prematurely would be both imprudent and potentially hazardous, especially given the extensive duration and significant financial stakes associated with these contracts. Any decisions made without thorough analysis risk placing the proverbial cart before the horse, thereby exposing customers to long-term affordability challenges that could persist across generations.

Illinois has never implemented a mechanism of this nature before. To hastily initiate procurement before all studies have been released could subject customers to unneeded risk and is contrary to customer interests. Careful, deliberate planning is essential to safeguard the well-being of customers and ensure that any actions taken are grounded in comprehensive understanding and informed judgment