COMMENTS OF THE ILLINOIS COMPETITIVE ENERGY ASSOCIATION IN
<u>RESPONSE TO INTEGRATED RESOURCE PLAN REQUEST FOR COMMENTS SET 3</u>
June 11, 2026

The Illinois Competitive Energy Association ("ICEA"), a trade association representing leading competitive retail suppliers of electricity and natural gas, appreciates the opportunity to provide feedback to follow up on the June 4, 2026 stakeholder session and the initial two sets of requests for comments regarding the new clean energy procurement mechanism under the Clean and Reliable Grid Affordability Act, or "CRGA").

As ICEA noted in its previous comments, ICEA members themselves or through affiliates own, operate, and contract for generation, including utility- and distributed-scale renewables and storage, in order to provide service to retail customers in Illinois. Energy, capacity, and RECs from these sources form a key part of many ARES' portfolios used to serve customers.

ARES customers thus rely on their ARES to procure energy, capacity, RECs (if the customer prefers a green product), and other wholesale components of retail supply. Given the ARES' expertise in the area and their customers' reliance, ARES should have an opportunity to—if they so choose—procure the required (if any) incremental amounts necessary for that ARES's retail customer portfolio. As described in previous comments, as long as there is a clear standard set in the IRP for *what* must be procured, ARES can procure those products efficiently and effectively. ARES may even be able to procure at lower prices or with a higher likelihood of development, because ARES are not bound to a single standard, largely non-negotiable, pay-as-bid contract based on a lengthy procurement process.

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?

ICEA RESPONSE: The first and by far the most important issue the IPA must solve after it has determined that the identified need cannot be met through current programs and procurements (such as programs under Section 1-56 or 1-75(K) or competitive procurements under Section 1-75(c) or 1-75(d-20)), existing market structures or other non-IPA procurement pathways, is what it plans to procure. Physical or financial? Energy only or energy and capacity? Is the product an offtake agreement or a minimum payment to ensure a new clean energy resource will go from early-stage development to being placed in service and then participate as a merchant resource?

Second, after a product has been selected, the IPA must solve how ARES customers (or ARES themselves) will receive the benefit of the procurement if they are paying. Will a portion of the product—whatever it is—be assigned to ARES? How will those transfers be accomplished, and on what commercial terms? If the IPA procures physical products but ARES are not assigned any portion of those products, depending on how cost recovery is handled, their customers may be paying for the physical products serving utility customers. Ultimately, whatever contract structure or cost recovery (funding mechanism) the IPA

decides upon, it must ensure a competitively neutral outcome, as described in further detail in response to Question 4 below.

Third, the Commission must determine how these procurements will interact with preexisting utility rates. For example, how will costs of a fixed asset be assigned to a customer currently on ComEd or Ameren's hourly pass-through (Rate HSS for Ameren, Rate BESH for ComEd)? The Commission should resolve how these rates designed to be completely unbundled and unhedged will interact with a compelled hedge purchase by the utility. Similar—though potentially less complex—conversations will have to be had, and questions resolved, around the impact of any new procurement under this section of CRGA on behind-the-meter net metering for both utility and ARES customers (for instance, if the charge for long-term procurements is volumetric, will a net metering customer that exports receive a credit?).

These issues should be addressed sooner than later. The EPP may not be the proper venue for any of them—especially because the EPP is solely a procurement on behalf of bundled customers and not on behalf of any other customers. (*See* 220 ILCS 5/16-111.5(a) (identifying authority for procurement of power and energy on behalf of "eligible retail customers".)

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

ICEA RESPONSE: Yes. The statutory framework should identify exactly where the IPA or Commission would make a clear finding that the identified need cannot be met through existing programs or competitive procurements, existing market structures, or other non-IPA procurement pathways. One such structure, that could help mitigate the need for any IPA procurement or be used in conjunction with an IPA procurement, would be the implementation of an ARES self-procurement option that allows an ARES to procure similar products that the IPA procures from new clean energy resources to meet the ARES-specific procurement obligations imposed by the IRP. Such legislative clarification should ensure that ARES customers are not paying for such products *both* procured by the IPA *and* the ARES to the extent that the ARES is self-procuring. The procurement of similar products ensures that ARES are helping the State meet its policy goals equally but through their own procurements if they so choose.

Such ARES self-procurement is authorized by the existing statute, specifically in Sections 16-111.5(b-10)(2)-(6), but additional legislation would provide certainty both of ARES obligations (for those that elect to self-procure) and ensuring that there is no double charging of ARES customers.

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?

ICEA RESPONSE: To the extent that the Resource Adequacy Study and Mitigation Plan identify a specific need—for instance, additional installed capacity vs. energy availability at

certain times vs. higher RTO capacity construct participation—the product procured by the IPA and that can be self-procured by ARES should be refined to match the need.

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?

ICEA RESPONSE: Section 16-111.5(b-10) provides minimum requirements for the cost allocation mechanism. The IPA procurements "shall be funded in a competitively neutral manner" and the method chosen by the Commission must be "a means of ensuring a fair and competitively neutral allocation of contract costs." (220 ILCS 5/16-111.5(b-10)(3).) Similarly, the statute requires the Plan to consider past procurements:

> **In establishing collections, the Agency may propose and the Commission may approve adjustments for load-serving entities that have contracts entered into before the effective date of this amendatory Act of the 104th General Assembly for energy, capacity, or environmental attributes to ensure customers are not double-billed for the same service.**

(*Id.*) Taken together, it is completely inconsistent with fairness and competitive neutrality to place costs on ARES customers *except to the extent that* ARES customers are receiving the same benefits as utility customers. The cleanest method for doing so is allowing ARES to self-procure, to the extent (after adjustments considering contracts entered into prior to the effective date of CRGA) such an ARES is allocated responsibility for some of the IRP/shortfall. However, even ARES that do not elect to self-procure should be assigned the benefits (whether physical or financial) of the IPA's procurements so those values can be passed through to their customers.

Some combination of these two steps are the minimum necessary for a "competitively neutral" and "fair" cost allocation. Otherwise, ARES customers will pay for a procurement at the same rate as utility customers but receive less (if any) benefits—rendering the clear and unambiguous legislative directive that cost-allocation be "competitively neutral" as a nullity.

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?

ICEA RESPONSE: No. The EPP is not the right procedural vehicle to resolve all of the threshold issues outlined in ICEA's responses above and concerns raised by other stakeholders. Without information about what the shortfall is, it is not possible to determine what the product(s) to be procured should be. In addition, as described in response to Questions 1 and 4, there are several critical issues that must be addressed to address competitive neutrality and procurement design that are outside of the scope of the

EPP. In addition, the EPP is 90 calendar days from filing through Commission order, which is not sufficient time for development of a fulsome factual record for the Commission to consider and weigh in. Thus, until the IRP and Mitigation Plan have been fully litigated, the EPP should not serve as an unofficial forward procurement anticipating a future Commission determination regarding the IRP and Mitigation Plan.

That said, ICEA does not object in principle to expansion of existing programs and competitive procurements funded by all ratepayers through riders authorized under Section 16-108(k). Unlike the novel procurements that are the subject of these comments, existing programs and competitive procurements have had these initial gatekeeping questions answered and costs are recovered in a competitively neutral manner. Whether or not such an expansion is prudent would be a fact-specific determination to be made by the Commission, but implementation of such an expansion would not be uncharted territory.