



December 3, 2021

Illinois Power Agency
105 West Madison Street
Chicago, IL 60602

Dear IPA Staff,

Advanced Energy Economy (AEE) appreciates the opportunity to provide comments in response to the self-direct questions posed by Illinois Power Agency (IPA or Agency) staff on November 12, 2021. AEE and its member companies were involved in developing and supporting the passage of the self-direct provisions of the Climate Equity and Jobs Act (CEJA). We believe that a robust self-direct program will allow large energy buyers with ambitious climate goals to meet their goals and accelerate the energy transition envisioned by CEJA. Below, our comments focus on a subset of the questions posed by the Agency as a part of the large customer self-direct RPS compliance program request for stakeholder feedback. We look forward to reviewing Staff's draft Long-Term Renewable Resources Procurement Plan and the opportunity to provide further feedback.

If you have any questions relating to these comments, please contact me at rhaggart@aeenet.

Sincerely,

Robert Haggart
Policy Associate

I. General Comments

These comments address a subset of questions posed by the Agency relating to customer eligibility, project eligibility, program size, and the application process. Our comments seek to provide clarity on processes and working definitions that Staff have identified.

II. Customer Eligibility

Section 1-75(c)(1)(R)(1) allows for “multiple retail customer accounts under the same corporate parent” to be aggregated to meet the law’s 10,000 kilowatt peak demand participation threshold.

- 1) For multiple aggregated accounts, should the 10,000 kW threshold be based on coincident or non-coincident “total highest . . . demand” peak demands?*

For multiple aggregated accounts, AEE recommends that The IPA should set the 10,000 kW threshold based on non-coincident “total highest demand” peak demands. Doing so creates more opportunity for customers with multiple accounts to participate in the self-direct program, as the demand profile for each account may not coincide with each other. It also creates a simpler metric for companies to understand and demonstrate, and we assume this method is consistent with how the Agency would treat a single site that meets the threshold. While coincident peak is a useful tool when considering the grid impacts of a customer and cost causation in rate design, we do not believe that this metric should be the threshold for determining customer eligibility in the self-direct program.

III. Project Eligibility

Section 1-75(c)(1)(R)(2) requires that RECs “be sourced from new utility-scale wind projects or new utility-scale solar projects,” but “new” is not defined within Section 1-75(c)(1)(R). The Agency is proposing to utilize the “new” project definition found in Section 1-75(c)(1)(C)(iii) (energized after June 1, 2017) in applying subparagraph (R), with geographic eligibility determined by the application of Section 1-75(c)(1)(I) of the IPA Act as interpreted through the Agency’s Commission-approved Long-Term Renewable Resources Procurement Plan in place at the time of contract execution (with the IPA’s Initial Long-Term Plan’s determinations applicable to contracts executed before that Plan’s formal approval).

- 1) *Is this approach to determine whether a project is “new” the correct approach?*
 - a) *Should the Agency instead consider “new” as a facility that had not yet been energized as of the effective date of P.A. 102-0662?*

AEE recognizes the importance of advancing the growth of renewable energy sources in the state by requiring that RECs be sourced from “new” utility-scale wind or solar projects. However, we recommend the IPA create a working definition for “new” projects that includes projects energized before the effective date of P.A. 102-0662. Using the effective date of the Act may disqualify facilities that recently came online and could serve as REC sources for the program. Also given that the signing date of P.A. 102-0662 is arbitrary in nature, we have concerns that companies interested in buying renewable energy through the self-direct program may have already contracted with resources that were energized by the signing of the bill. We also have concerns that if the IPA uses the effective date of the Act to define new projects, there may be a significant lag between demand from buyers in the program and available RECs to be purchased. Including projects that were already energized by the signing of the Act creates an immediate source of RECs for the program that buyers can use and allows for the program to have an immediate impact giving more projects time to come online and become a source of RECs for the program. Thus, we recommend the IPA use June 1, 2017, as the deadline for a project to be considered new. This will create consistency between the self-direct program and other IPA programs.

- 2) *For geographic qualification, would facilities qualifying under Section 1-75(c)(1)(I)’s new provisions for electricity transmitted to Illinois-based HVDC converter stations also qualify (once such converter stations are built and qualified)?*

Facilities that qualify under Section 1-75(c)(1)(I)’s new provisions for electricity transmitted to Illinois-based HVDC converter stations should qualify to participate in the self-direct program. Given that the power is still directed into the state and is contracted by an Illinois-based buyer, the resource should qualify for the program.

IV. Program Size

Section 1-75(c)(1)(R)(3) requires that the Agency “annually determine the amount of utility-scale renewable energy credits it will include each year” from the program, with that

determination made through evaluating “publicly available analyses and studies of the potential market size for utility-scale renewable energy long-term purchase agreements by commercial and industrial energy customers.” Program size should also take into consideration the overall market size or share of eligible self-direct customers—but that market size has proven difficult to determine, as many smaller retail customer accounts may qualify once aggregated through corporate affiliation.

1) How should the IPA handle this requirement for establishing program size?

To establish program size, AEE recommends that the IPA create a public notice asking companies who may participate in the self-direct program to file a non-binding advance notice that includes the number of RECs they intend to purchase and the size of their aggregation (in the case they intent to combine multiple sites). Including this optional step can provide the IPA with a clearer understanding of potential demand for the program and subsequently how to scale the program’s size. Generally, however, we recommend that the IPA air on making the program larger than initial analyses may indicate. After a year of operating the program, the Agency will have a better understanding of the real demand for the program and can adjust the available RECs accordingly. However, AEE believes that establishing a program that is originally too small could result in a burdensome waitlist that inhibits the growth of renewable assets in the state.

V. Application Process

Section 1-75(c)(1)(R)(5) could be understood as envisioning a two-step application process. First, the customer must demonstrate that it qualifies as a self-direct customer, generally by a demonstration of usage above 10,000 kilowatts by that customer or its affiliates. Next, the customer must demonstrate that its contract with a new utility-scale renewable energy facility qualifies for self-direct bill crediting (e.g., from contracts of at least 10 years and in volumes that are at least 40% of the customer’s annual consumption).

1) Should these steps be completed contemporaneously?

AEE believes that these two steps should occur as a part of a single application form or process to maximize efficiency and prevent a backup in applications. In this case, allowing the steps to

be completed at the same time minimizes any unnecessary effort or time spent by the applicant to demonstrate that it qualifies as a self-direct customer.

Section 1-75(c)(1)(R)(5)(ii)-(v) references “proof” or “supporting documentation” required for compliance demonstration.

1) What types of documentation should the Agency seek?

For supporting documentation required for demonstrating compliance, AEE recommends that the Agency develop a self-direct buyer certification form that self-direct buyers fill out when they first apply to become eligible for the program. To complete this form, we recommend that the IPA follow a similar structure to the “Accelerated Renewable Energy Buyer Certification Form” currently proposed by Staff at the Virginia State Corporation Commission.¹ This form requires advanced renewable energy buyers (ARBs) to provide a list of the account numbers to be aggregated for the purposes of certifying an entity as an ARB, an itemized list of each qualifying RPS-eligible resource under contract with the applicant, the actual production from the resources sold to the ARB in MWh in the prior calendar year or the number of RECs sold to the ARB in the case of a REC-only contract, and the contract delivery term start and end dates, among other items. AEE recognizes that specific aspects of this form are unique to the State of Virginia and its statutory mandates. However, we posit that this certification process could serve as an useful template for the IPA to consider as it develops a process to determine if an applicant is compliant with self-direct requirements.

2) What confidentiality considerations apply to the receipt of this information?

For large energy buyers, confidentiality is important for both business and practical reasons. From a business perspective, self-direct customers cannot publicly disclose business-sensitive information about their electricity load and confidential information about renewable energy contracts. From a practical perspective, self-direct applicants under many contractual agreements

¹ VA Case No. PUR-2021-00089 Staff Report in the Matter of Establishing Rules and Regulations Pursuant to § 56-585.5 G of the Code of Virginia related to Accelerated Renewable Energy Buyers <https://scc.virginia.gov/docketsearch/DOCS/61c901!.PDF>

would have to request the ability to share specific contract information from the counterparty to each individual contract. Therefore we request that the Agency seek documentation that includes the necessary information to confirm that an applicant qualifies as a self-direct supplier but that the Agency redact any confidential information from publicly available documents, including information from any electric utility in the state. This would include any required documentation to meet proposed requirements.

VI. Timeline for Program Size Establishment, Application Process, REC Allocation

As the Agency determines the annual size of the self-direct program, the open application period, and the final decision to allocate RECs, we ask that it create a granular, well-defined timeline for this annual process. For large energy buyers and suppliers interested in participating in this program, a clear timeline is instrumental for these companies to devote the necessary resources and internal planning to engage with this process.