July 12, 2017

VIA EMAIL

Mr. Anthony Star
Illinois Power Agency
160 North LaSalle Street, Suite C-504
Chicago, Illinois 60601

RE: Ameren Illinois Company's Response to the Illinois Power Agency's Request for Comments on the Long Term Renewable Resources Procurement Plan

Dear Director Star:

On June 6, 2017, the Illinois Power Agency (IPA) sent out to interested parties a request for comments on the Long Term Renewable Resources Procurement Plan (LTRRPP). Ameren Illinois Company d/b/a Ameren Illinois (Ameren Illinois or the Company) was one of the interested parties that received that request and prepared comments in response to the initial June 6, 2017 request. The Company was aware that the IPA requested response from interested parties was due on June 27, 2017. However, due to an administrative oversight, the Company's comments were not filed on June 27, 2017. The Comments that are being filed along with this letter were drafted prior to the June 27, 2017 response date, and the Comments were not prepared in response to or after review of other parties' responses.

The Company apologizes for any inconvenience that this omission may have caused, and seeks the opportunity for the IPA to review its Comments in regards to the LTRRPP.

Sincerely,

Geoffrey F. Grammer
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VIA EMAIL

Mr. Anthony Star
Illinois Power Agency
160 North LaSalle Street, Suite C-504
Chicago, Illinois 60601

RE: Ameren Illinois Company's Response to the Illinois Power Agency's Request for Comments on the Long-Term Renewable Resources Procurement Plan

Dear Director Star:

Ameren Illinois Company d/b/a Ameren Illinois (Ameren Illinois or the Company) appreciates the opportunity to respond to the Illinois Power Agency's (IPA) June 6, 2017, Request for Comments regarding the Long-Term Renewable Resources Procurement Plan (LTRRPP or the Plan) to be developed by the IPA. Ameren Illinois provides general comments herein, but may provide further and more specific comments as the Company continues to evaluate the IPA's proposals and the Plan under development by the IPA.

First, as a general matter, Ameren Illinois supports the IPA's focus on consumer protections for the variety of new products to be offered by entities to Illinois electric customers under the new Adjustable Block Program, Community Solar, and the Illinois Solar for All Program. To further provide protections to electric customers, two "subscriber-protection measures" identified by the Minnesota Public Utilities Commission (MPUC) in its *Order Rejecting Xcel's Solar-Garden Tariff Filing and Requiring The Company to File a Revised Solar-Garden Plan* issued on April 7, 2014 (Order), Docket No. E-002/M-13-867, at pgs. 28-30,[1] might be worth considering:

[1] The MPUC's Order is available at:
https://www.edockets.state.mn.us/EFiling/edockets/searchDocuments.do?method=showPoup&documentId=%7b30B6A5B5-73CF-

Subparagraph 17(a) from the MPUC's Order: "A requirement that the solar-garden operator provide the subscriber with a statement that [the Utility] makes no representations concerning the taxable consequences to the subscriber of bill credits or other tax issues related to participating in the solar garden."

Subparagraph 17(e) from the MPUC's Order: "A requirement that [the Utility] include a bill message to solar-garden subscribers clarifying that questions or concerns related to their solar garden should be directed to the solar-garden operator, including a statement that the solar-garden operator is solely responsible for resolving any disputes with [the Utility] or the subscriber about the accuracy of the solar-garden production and that [the Utility] is solely responsible for resolving any disputes with the subscriber about the applicable rate used to determine the amount of the bill credit."

Second, because the details of the "products" to be procured by Ameren Illinois under LTRRPP contracts are unknown, identifying the parameters for clawback provisions [questions C(15) through (18) in IPA's request for comments] is difficult. For example, if the "product" to be procured by Ameren Illinois under a Plan contract is renewable energy credits (RECs) from individual homeowners who install an eligible resource, then a provision in the contract requiring Ameren Illinois' permission for the homeowner to assign its contract (by selling the home) is not practical or optimal. Nevertheless, many of the clawback and breach provisions in recent IPA procurement contracts may be able to be mirrored.

Third, generally, Ameren Illinois supports the co-location of Community Solar projects. But these projects must be examined from both a physical interconnection perspective and practical perspective. Ameren Illinois does not have concerns about co-located solar facilities from a physical interconnection facilities perspective since each facility will be independently metered and will be independently connected to Ameren Illinois' distribution system. The Company will review each interconnection application separately to ensure that each facility can be safely interconnected to its distribution system.

46E6-9E5D-B087352EA1AD%7d&documentTitle=20144-98041-01%20and%20http://www.cleanenergyresourceteams.org/sites/default/files/CommunitySolarGarden_DisclosureChecklist_12-11-14_0.pdf.

Examining the project from a Practical perspective, the Company believes co-location should be permitted because sites that are configured to support the footprint of a single general facility capable of producing 2 MW of solar capacity are difficult to locate and obtain. Typically, at least 4 acres of land are necessary to support a 1MW of solar capacity and depending on the area, an 8 acre site necessary to support 2 MW of solar capacity might be difficult to either locate or obtain. In addition to the opportunity to secure to proper size site, the size of the community should also be takin into consideration when evaluating co-location opportunities. Depending on the size of the community targeted for subscriptions, the 2MW maximum capacity available from a single unit will be exhausted with subscriptions from 200 average residential customers (2MW/10kW.) As a result, allowing co-location is critical to help maintain lower development costs for generator owners, especially in communities where the availability of appropriately zoned and sized sites is limited.

Fourth, the cost of acquiring and maintaining subscribers will likely be affected by the involvement of known and respected groups in the enrollment process. For example, it's reasonable to assume that a generator developer, who partners with an existing community organization with a history of supporting its community, or specific geographic areas within their community, will acquire subscribers more easily than a generator without that local association. If the history of 3rd party supply for residential and small non-residential customers is any guide, it wasn't until the implementation of governmental aggregation (an example of a provider partnering with a known local organization) that widespread adoption of third party supply occurred among residential customers, even though choice had been available for many years prior to aggregation.

Depending on the communication and marketing efforts of the generator owner, securing subscriptions subsequent to the initial enrollment period may be a relatively low cost effort if the experience of initial subscribers is positive, and that positive experience is communicated in the targeted communities. Additionally, the amount of

subscription turnovers will depend on the structure of the subscriptions and any geographic limitations placed on the subscribers. For example, subscriptions that require a one-time payment for rights to a generator's output should have low subscription turnover rates if eligibility isn't tied to a specific geographic area. The subscription turnover associated with these subscriptions would be consistent with the number of customers who permanently leave the service area of that host utility.

Conversely, if eligibility for the subscription is tied to a specific community or geographic area within a community, subscription turnover rates can be expected to be more substantial than if there was not a community or geographic requirement. Additionally, subscription turnover rates may increase if scheduled payments are required to maintain one's subscription. However, tying eligibility for subscriptions to specific geographic areas may help reduce costs for acquiring subsequent subscribers if the community solar offering proves popular.

Fifth, subscription turnover and consumer protections could be addressed through the structure of the subscriptions. For example, the legislation mandates that subscriptions be portable. One could conclude that a subscription is a permanent agreement between the generator owner and the retail customer, and can be terminated or transferred only if the subscriber either leaves the utility's service territory or sells the subscription (the "transferability" referenced in the law.)

Finally, as Ameren Illinois has begun the process of developing tariffs to implement the legislation, we've become aware of a potential scenario that could thwart the intent of the legislation to provide a source of generation to support net metering at the retail customer level. Due to the economics associated with the continually lowering costs of the generation equipment, the federal investment tax credit, the availability of REC revenue from the IPA, the availability of rebates from the utility and the requirement that utilities purchase the output of unsubscribed generation through their mandated Qualified Facilities tariffs, the following scenario could result:

1. A developer builds a 2MW solar generator.
2. They have a customer of the utility in whose territory the generator is located subscribe to 40% of the generator's output; get another customer to subscribe to 40%; and get a third customer to subscribe to 20%.

3. The generator owner would then receive the rebates from the utility which are triggered by the registration of the subscriptions, and secure the RECs, which combined with the tax credit means that a substantial amount of the generation is paid for.
4. The generator owner could cancel the subscriptions, and then sell the total output of the generator via the Qualified Facilities tariff for an ongoing revenue stream.

Please note that the scenario above could be employed even where the generator owner could simply give away subscriptions to retail customers until the facility is completely subscribed, and then cancel the subscriptions, leaving the retail customers without the net metering benefits they were anticipating. Ameren Illinois doesn't believe that the legislation enables it to limit the ability of generator owners to implement the process outlined above in the utility's tariffs, and that any restrictions on this practice may have to be implemented through the IPA's processes for REC funding.

Ameren Illinois appreciates the opportunity to provide comments in response to the IPA's Request for Comments.

Sincerely,

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