

# FISCAL YEAR 2016



## ANNUAL REPORT

**FEBRUARY 15, 2017**

**Illinois Power Agency  
Annual Report  
Fiscal Year 2016**

(July 2015 - June 2016)

Prepared in Accordance with 20 ILCS 3855/1-125 and 220 ILCS 5/16-115D(d)(4)

February 15, 2017

## **INTRODUCTION**

The Illinois Power Agency (“IPA”) was established to serve the people of Illinois by overseeing the electricity planning and procurement processes for residential and small commercial customers of Ameren Illinois Company (“Ameren Illinois”), Commonwealth Edison Company (“ComEd”), and MidAmerican Energy Company (“MidAmerican”).<sup>1</sup> The IPA assists with achieving a diverse electricity supply portfolio for the State that includes renewable resources, energy efficiency, demand response measures and advanced clean coal technologies.

The IPA’s processes and mandates are described in the Illinois Power Agency Act (20 ILCS 3855) and the Illinois Public Utilities Act (220 ILCS 5). The Agency strives to employ best practices to meet the goals set out for it in those statutes. Chief among these is to develop electricity procurement plans and processes to ensure adequate, reliable, affordable, efficient, and environmentally sustainable electric service at the lowest total cost over time, taking into account any benefits of price stability. The Agency prepares procurement plans on an annual basis and those plans include, among other things, provisions for procurement of renewable energy resources sufficient to achieve the renewable energy resource procurement goals specified in the Illinois Power Agency Act.

As an independent agency subject to the oversight of the Executive Ethics Commission, the Illinois Power Agency is committed to:

- Conducting competitive procurement processes to procure the supply resources identified in the procurement plan.
- Ensuring that the process of power procurement is conducted in an ethical and transparent fashion, immune from improper influence.

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<sup>1</sup> Section 16-111.5(a) of the Public Utilities Act allows small multi-jurisdictional electric utilities to elect to participate in the IPA procurement process. In April 2015, MidAmerican elected to participate in the development of the IPA’s 2016 Procurement Plan. Therefore this Annual Report includes for the first time information about procurements for MidAmerican pursuant to that Plan.

- Operating in a structurally insulated, independent and transparent fashion so that nothing impedes its mission to secure power at the best prices the market will bear, provided that it meets all applicable legal requirements.
- Continuing to review its policies and practices to determine how best to meet its mission of providing the lowest cost power to the greatest number of people, at any given point in time, in accordance with applicable law.

In addition to developing its annual Procurement Plan and successfully conducting scheduled procurements, Fiscal Year 2016 featured the following milestones for the Agency:

- The Agency conducted its first electricity and renewable energy procurement events for MidAmerican in the Spring of 2016.
- The Agency conducted procurements of Renewable Energy Credits (“RECs”) from distributed renewable energy generation devices in October 2015 and June 2016. These were the first distributed generation renewable energy resource procurements conducted by the Agency under Section 1-75(c) of the IPA Act.
- The Agency concluded its scheduled procurement events under the Supplemental Photovoltaic Procurement Plan developed pursuant to Public Act 98-0672 and approved by the Illinois Commerce Commission in January 2015. The third and final procurement event conducted pursuant to this Plan was successfully completed in April 2016.
- The Agency had no Audit Findings for Fiscal Year 2016. Previously, the Agency had reduced findings from 23 for Fiscal Year 2013, to 9 for Fiscal Year 2014, to one for Fiscal Year 2015.
- Senate Bill 2522 of the 99<sup>th</sup> General Assembly, which changed requirements related to the Resource Development Bureau, and consolidated the Agency’s Annual Report (this Report) with the Agency’s annual report on the cost and benefits of renewable resource procurement and was developed with the Agency’s consultation and support to streamline operations and reduce audit findings, passed both chambers of the General Assembly unanimously and was signed into law as Public Act 99-0536.

Subsequent to Fiscal Year 2016, Public Act 99-0906 was enacted with an effective date of June 1, 2017. This Act will make significant changes to Agency operations for Fiscal Year 2017 and beyond, including requirements related to the development and implementation of a procurement plan for Zero Emissions Credits, the separation of renewable energy resource procurements from the Agency’s regular procurement plan into a long-term renewable resources plan, and the development of a low-income solar incentive program.

The IPA welcomes your questions and hopes you will take advantage of the information offered herein and on the Agency’s website: [www.illinois.gov/IPA](http://www.illinois.gov/IPA).

## REPORT ORGANIZATION

20 ILCS 3855/1-125 requires that, by February 15 of each year, the Agency shall report annually to the Governor and the General Assembly on the operations and transactions of the Agency. The annual report shall include, but not be limited to, each of the following:

- (1) The average quantity, price, and term of all contracts for electricity procured under the procurement plans for electric utilities.
- (2) (Blank)<sup>2</sup>
- (3) The quantity, price, and rate impact of all energy efficiency and demand response measures purchased for electric utilities, and any measures included in the procurement plan pursuant to Section 16-111.5B of the Public Utilities Act.
- (4) The amount of power and energy produced by each Agency facility.
- (5) The quantity of electricity supplied by each Agency facility to municipal electric systems, governmental aggregators, or rural electric cooperatives in Illinois.
- (6) The revenues as allocated by the Agency to each facility.
- (7) The costs as allocated by the Agency to each facility.
- (8) The accumulated depreciation for each facility.
- (9) The status of any projects under development.
- (10) Basic financial and operating information specifically detailed for the reporting year and including, but not limited to, income and expense statements, balance sheets, and changes in financial position, all in accordance with generally accepted accounting principles, debt structure, and a summary of funds on a cash basis.
- (11) The average quantity, price, contract type and term and rate impact of all renewable resources purchased under the electricity procurement plans for electric utilities.
- (12) A comparison of the costs associated with the Agency's procurement of renewable energy resources to (A) the Agency's costs associated with electricity generated by other types of generation facilities and (B) the benefits associated with the Agency's procurement of renewable energy resources.

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<sup>2</sup> Previous Illinois Power Agency Annual Reports included a Section (2) that provided information on, "The quantity, price, and rate impact of all renewable resources purchased under the electricity procurement plans for electric utilities." That provision was repealed pursuant to Public Act 099-0536 through consolidating the Agency's Annual Report and its previously-required separate report on the Cost and Benefits of Renewable Resource Procurement. Information comparable to what was previously reported in Section (2) can be found in Section (11) of this Report.

- (13) An analysis of the rate impacts associated with the Illinois Power Agency's procurement of renewable resources, including, but not limited to, any long-term contracts, on the eligible retail customers of electric utilities. The analysis shall include the Agency's estimate of the total dollar impact that the Agency's procurement of renewable resources has had on the annual electricity bills of the customer classes that comprise each eligible retail customer class taking service from an electric utility.
- (14) An analysis of how the operation of the alternative compliance payment mechanism, any long-term contracts, or other aspects of the applicable renewable portfolio standards impacts the rates of customers of alternative retail electric suppliers.

In addition to those provisions, this Annual Report also contains the following information. 220 ILCS 5/16-115D(d)(4) requires that, beginning April 1, 2012 and by April 1 of each year thereafter, the Agency shall submit the following information to the General Assembly, the Commission, and alternative retail electric suppliers:

- (15) A report of the alternative compliance payment mechanism fund that shall include ...
  - (A) the total amount of alternative compliance payments received in aggregate from alternative retail electric suppliers by planning year for all previous planning years in which the alternative compliance payment was in effect;
  - (B) the total amount of those payments utilized to purchased [sic] renewable energy credits itemized by the date of each procurement in which the payments were utilized; and
  - (C) the unused and remaining balance in the Agency Renewable Energy Resources Fund attributable to those payments.”

This Annual Report for Fiscal Year 2016 addresses each of the above requirements.

**(1) The average quantity, price, and term of all contracts for electricity procured under the procurement plans for electric utilities.**

The IPA's 2016 Procurement Plan, approved by the Illinois Commerce Commission in Docket No. 15-0541, contains a hedging strategy for the procurement of electricity under which 100% of projected eligible retail customer load is to be under contract for the upcoming (or "prompt") delivery year (starting June 1, 2016),<sup>3</sup> 50% for the following year (starting June 1, 2017), and 25% for the next year thereafter (starting June 1, 2018). This approach constitutes a continuation of the approach adopted in the 2015 Procurement Plan, under which the Agency holds two energy procurement events per year, with each procurement using an updated load forecast provided by the utilities to more accurately match procured volumes with actual demand. Each Procurement Plan covers a calendar year of Agency activities, while energy deliveries are based on an industry-standard energy delivery year that starts June 1 (and thus is one month different from the State Fiscal Year). Therefore, in Fiscal Year 2016, the IPA held two energy procurements: the first occurred in September, 2015 pursuant to the 2015 Plan; the second took place in March, 2016 pursuant to the 2016 Plan.

The following tables report on the quantity, price and term for electricity contracts procured through the two procurement events.<sup>4</sup> The specific months and quantities procured reflect the load forecasts provided by Ameren Illinois, ComEd and MidAmerican. Where specific months and products are designated below as "not procured," this was due to existing contracts meeting the projected load and the IPA's hedging level for that month and product.

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<sup>3</sup> This percentage total is actually 106% for July and August 2016, on-peak.

<sup>4</sup> Under Section 16-111.5(h) of the Public Utilities Act, "the names of the successful bidders and the load weighted average of the winning bid prices for each contract type and for each contract term shall be made available to the public." This information is included in the tables that follow. However, as the IPA "shall maintain the confidentiality of all other supplier and bidding information," individual supplier contract quantities, prices, and terms may not be disclosed and have not been included in this report or in prior annual reports.

## September 2015 Procurement

### Ameren Illinois

#### Winning Suppliers

AEP Energy Partners, Inc.
American Electric Power Service Corporation
Cargill Power Markets LLC
Dynegy Marketing and Trade, LLC
Exelon Generation Company, LLC
NextEra Energy Power Marketing, LLC
Shell Energy North America (US), L.P.
TransAlta Energy Marketing (U.S.) Inc.
Union Electric Company d/b/a Ameren Missouri

#### Average Prices (\$/MWh) and MWs of Electricity Contracts

Month(s)	On-Peak		Off-Peak	
	Average Price	Quantity	Average Price	Quantity
Nov-15	32.20	175	24.30	150
Dec-15	33.85	200	25.89	175
Jan-16	40.45	225	30.78	175
Feb-16	40.26	200	30.25	200
Mar-16	35.88	175	28.05	175
Apr-16	33.99	150	26.92	150
May-16	35.45	150	24.84	125
Jun-16	35.07	150	24.61	125
Jul-16	41.72	175	26.74	125
Aug-16	38.69	150	26.58	100
Sep-16	32.72	150	24.07	125
Oct-16	32.43	125	24.33	100
Nov-16	32.33	100	24.64	100
Dec-16	34.40	175	27.24	150
Jan-17	43.42	150	31.65	125
Feb-17	42.88	125	30.39	125
Mar-17	36.45	150	27.45	125
Apr-17	34.07	100	23.12	100
May-17	34.42	75	23.22	100
Jun-17	35.22	75	23.17	75
Jul-17	43.70	150	25.61	100
Aug-17	42.29	125	25.61	100
Sep-17	33.20	100	23.53	50

Month(s)	On-Peak		Off-Peak	
	Average Price	Quantity	Average Price	Quantity
Oct-17	31.24	75	23.71	50
Nov-17	31.03	50	24.45	25
Dec-17	33.08	100	25.98	75
Jan-18	43.89	75	34.67	75
Feb-18	43.22	50	33.28	50
Mar-18	37.68	75	27.77	50
Apr-18	32.05	50	23.53	25
May-18	35.89	50	25.05	50

During Fiscal Year 2016 (specifically, in September of 2015), the IPA also procured capacity for Ameren Illinois. Although the capacity procured did not include an electricity component, this information is being provided here for the benefit of completeness. The following tables report on the quantity of capacity procured - in Zonal Resource Credits (ZRCs), the average contracted price and term.

#### Winning Suppliers

DTE Energy Trading, Inc.
Dynegy Marketing and Trade, LLC
Exelon Generating Company, LLC
Union Electric Company d/b/a Ameren Missouri

#### Term, Average Price (\$/MW-Day) and Quantities (in ZRCs) of Capacity Contracts

Term	Zonal Resource Credits	
Planning Year	Average Price	Quantity
June 2016 – May 2017	\$138.12 per MW-day	1,033



## ComEd

### Winning Suppliers

AEP Energy Partners, Inc.
American Electric Power Service Corporation
Calpine Energy Services, L.P.
Cargill Power Markets LLC
Exelon Generation Company, LLC
Morgan Stanley Capital Group Inc.
NRG Power Marketing LLC
Shell Energy North America (US), L.P.
TransAlta Energy Marketing (U.S.) Inc.

### Average Prices (\$/MWh) and MWs of Electricity Contracts

Month(s)	On-Peak		Off-Peak	
	Average Price	Quantity	Average Price	Quantity
Nov-15	34.19	975	23.16	850
Dec-15	35.57	1150	25.39	1025
Jan-16	45.41	1125	32.93	1050
Feb-16	44.84	1050	32.47	925
Mar-16	37.27	950	29.03	825
Apr-16	35.67	825	26.67	725
May-16	37.29	900	23.16	725
Jun-16	36.87	600	21.73	400
Jul-16	40.66	775	23.33	575
Aug-16	40.47	750	22.93	500
Sep-16	36.03	450	21.81	325
Oct-16	36.58	350	22.06	250
Nov-16	36.23	425	21.83	300
Dec-16	36.07	550	23.01	450
Jan-17	40.87	525	35.32	450
Feb-17	40.11	475	33.66	400
Mar-17	37.16	400	27.87	300
Apr-17	37.20	300	24.47	225
May-17	36.55	400	21.00	225
Jun-17	35.91	200	21.61	75
Jul-17	44.1	325	23.23	225
Aug-17	40.96	275	23.15	150
Sep-17	32.00	125	NP	NP
Oct-17	Not Procured		Not Procured	
Nov-17	31.61	50	Not Procured	

Month(s)	On-Peak		Off-Peak	
	Average Price	Quantity	Average Price	Quantity
Dec-17	33.30	150	24.48	75
Jan-18	46.76	400	33.50	325
Feb-18	44.92	375	33.50	325
Mar-18	34.58	300	28.24	225
Apr-18	33.69	225	24.97	200
May-18	34.25	325	22.24	200

## April 2016 Procurement

### Ameren Illinois

#### Winning Suppliers

AEP Energy Partners, Inc.
Dynegy Marketing and Trade, LLC
Exelon Generation Company, LLC
NextEra Energy Power Marketing, LLC
Shell Energy North America (US), L.P.
The Energy Authority, Inc.
TransAlta Energy Marketing (U.S.), Inc.
Union Electric Company d/b/a Ameren Missouri

#### Average Prices (\$/MWh) and Quantities (MW) of Electricity Contracts

Month(s)	On-Peak		Off-Peak	
	Average Price	Quantity	Average Price	Quantity
Jun-16	30.50	475	21.92	400
Jul-16	36.74	625	23.63	425
Aug-16	35.74	575	23.32	375
Sep-16	30.54	375	21.53	300
Oct-16	31.74	150	23.31	125
Nov-16	31.41	175	23.31	125
Dec-16	31.65	225	23.45	175
Jan-17	35.22	200	26.98	200
Feb-17	34.69	175	26.54	175
Mar-17	32.20	175	24.44	175
Apr-17	32.17	150	23.81	125
May-17	32.32	150	22.81	125
Jun-17	32.76	125	22.87	100
Jul-17	37.36	125	24.53	100
Aug-17	37.36	125	24.35	75
Sep-17	32.00	100	22.58	75
Oct-17	31.76	75	23.64	75
Nov-17	31.38	100	23.64	75
Dec-17	31.86	100	24.07	100
Jan-18	37.01	100	29.65	100
Feb-18	36.18	100	29.00	100
Mar-18	32.86	100	25.96	75
Apr-18	32.72	75	23.85	75
May-18	33.20	75	23.55	75

Month(s)	On-Peak		Off-Peak	
	Average Price	Quantity	Average Price	Quantity
Jun-18	33.22	100	23.15	75
Jul-18	38.72	125	25.72	100
Aug-18	38.72	125	25.00	75
Sep-18	31.72	75	22.22	50
Oct-18	31.03	50	21.47	25
Nov-18	31.03	50	22.72	25
Dec-18	31.60	75	25.04	75
Jan-19	38.43	75	32.29	75
Feb-19	37.25	75	31.97	50
Mar-19	32.94	50	26.96	50
Apr-19	31.31	50	26.15	25
May-19	32.65	50	23.21	25

ComEd

**Winning Suppliers**

AEP Energy Partners, Inc.
American Electric Power Service Corporation as agent for Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power Company, and Wheeling Power Company
BNP Paribas Energy Trading GP
Dynegy Marketing and Trade, LLC
Exelon Generation Company, LLC
Macquarie Energy LLC
Midwest Generation, LLC
Morgan Stanley Capital Group Inc.
NextEra Energy Power Marketing, LLC
Shell Energy North America (US), L.P.
TransAlta Energy Marketing (U.S.), Inc.

**Average Prices (\$/MWh) and Quantities (MW) of Electricity Contracts**

Month(s)	On-Peak		Off-Peak	
	Average Price	Quantity	Average Price	Quantity
Jun-16	32.35	1475	20.66	1175
Jul-16	39.49	1950	22.93	1450
Aug-16	38.94	1875	22.81	1350
Sep-16	31.62	1250	20.80	1050
Oct-16	33.50	550	22.71	450
Nov-16	33.21	625	22.56	550
Dec-16	33.45	725	23.04	650
Jan-17	38.67	725	27.92	650
Feb-17	38.29	675	27.20	575
Mar-17	34.29	600	23.61	500
Apr-17	34.22	525	23.42	450
May-17	34.27	550	21.91	475
Jun-17	34.44	425	21.62	325
Jul-17	40.77	500	23.29	400
Aug-17	39.95	475	23.16	375
Sep-17	32.75	350	21.66	300
Oct-17	32.19	300	22.27	200
Nov-17	32.05	350	21.90	250
Dec-17	32.33	400	22.79	350
Jan-18	39.53	400	29.14	350

Month(s)	On-Peak		Off-Peak	
	Average Price	Quantity	Average Price	Quantity
Feb-18	39.37	375	28.80	325
Mar-18	33.48	325	24.96	300
Apr-18	33.38	300	24.20	250
May-18	33.24	325	21.71	250
Jun-18	34.81	350	22.11	275
Jul-18	41.48	450	23.96	350
Aug-18	40.70	425	23.87	325
Sep-18	32.69	300	22.13	250
Oct-18	32.53	225	22.76	150
Nov-18	32.46	250	22.62	200
Dec-18	32.92	300	22.77	275
Jan-19	40.23	300	28.56	250
Feb-19	39.77	275	28.00	225
Mar-19	32.64	225	24.22	175
Apr-19	32.53	200	23.95	150
May-19	32.20	225	22.18	175

MidAmerican

**Winning Suppliers**

NextEra Energy Power Marketing, LLC
TransAlta Energy Marketing (U.S.), Inc.

**Average Prices (\$/MWh) and Quantities (MW) of Electricity Contracts<sup>5</sup>**

	<b>On-Peak</b>	<b>Off-Peak</b>
<b>Month(s)</b>	<b>Average Price</b>	<b>Average Price</b>
Jun-16	22.12	11.42
Jul-16	29.61	12.72
Aug-16	31.38	12.72
Sep-16	19.75	9.67
Oct-16	Not Procured	Not Procured
Nov-16	Not Procured	Not Procured
Dec-16	26.37	17.37
Jan-17	Not Procured	Not Procured
Feb-17	Not Procured	17.22
Mar-17	Not Procured	Not Procured
Apr-17	23.47	15.97
May-17	Not Procured	16.62

<sup>5</sup> In accordance with the procurement RFP rules and previous Illinois Commerce Commission orders, quantity information is only released when the number of successful bidders in a procurement is greater than two. The results of the April 2016 Procurement of electricity did not meet that threshold, therefore quantity is not provided.

**(2) (Blank)**



**(3) The quantity, price, and rate impact of all energy efficiency and demand response measures purchased for electric utilities, and any measures included in the procurement plan pursuant to Section 16-111.5B of the Public Utilities Act.**

Consistent with prior years, the IPA did not directly purchase any energy efficiency or demand response measures for ComEd or Ameren Illinois in Fiscal Year 2016. However, also consistent with prior years, the Agency's 2016 Procurement Plan included incremental energy efficiency programs pursuant to Section 16-111.5B of the Public Utilities Act. These programs include both expansion of energy efficiency programs administered by the ComEd and Ameren Illinois under Section 8-103 of the Public Utilities Act as well as new programs responsive to Requests for Proposals ("RFP") administered by the utilities. Section 16-111.5B outlines a process by which utilities propose additional cost effective energy efficiency programs to be included in the IPA's procurement plan. The programs are selected for inclusion as part of the IPA's procurement plan which must then be approved by the Illinois Commerce Commission for implementation by the above-referenced utilities—so while the IPA plays a role in reviewing the proposed programs for cost effectiveness and other criteria and determining which programs are included in its filed Plan, the IPA does not have final say over which programs are ultimately authorized and implemented. Similarly, the IPA is not responsible for the actual procurement or purchase of the measures or a party to any resulting energy efficiency or demand response contracts.

The Section 16-111.5B programs approved as part of the IPA's 2015 Procurement Plan began operation in June of 2015, the last month of Fiscal Year 2015, and operated through May of 2016. Starting in June, 2016 the programs approved in the 2016 Plan commenced.

ComEd reported that the preliminary (and currently unevaluated) results of the Section 16-111.5B programs for the energy delivery year June 2015 – May 2016 were 685,748 MWh of net first year incremental savings. This was greater than the planned goal of 671,579 MWh. The cost of the programs was \$87,103,873, which represents an initial rate impact of 2.04%.

Ameren Illinois reported that the preliminary (and currently unevaluated) results of the Section 16-111.5B programs for the energy delivery year June 2015 – May 2016 were 109,680 MWh of net first year incremental savings. This was less than the planned goal of 158,801 MWh. The cost of the programs was \$38,559,718, which represents an initial rate impact of 2.19%.

For both utilities, it should be noted that the rate impact is based upon the cost of the programs for the energy delivery year as a percent of total revenue from both eligible and potentially eligible retail customers. The rate impact and MWh savings do not include future savings from energy efficiency measures that have a lifespan of more than one year and thus the true cost of the measures will be significantly lower and there will not be a full lifetime rate impact. To be approved, all programs must first pass a "Total Resource Cost Test" under which the net present value of the expected benefits must exceed the expected costs.

**(4) The amount of power and energy produced by each Agency facility.**

Consistent with prior years, the IPA had no Agency facilities during Fiscal Year 2016.

**(5) The quantity of electricity supplied by each Agency facility to municipal electric systems, governmental aggregators, or rural electric cooperatives in Illinois.**

Consistent with prior years, the IPA had no Agency facilities during Fiscal Year 2016.

**(6) The revenues as allocated by the Agency to each facility.**

Consistent with prior years, the IPA had no Agency facilities during Fiscal Year 2016.

**(7) The costs as allocated by the Agency to each facility.**

Consistent with prior years, the IPA had no Agency facilities during Fiscal Year 2016.

**(8) The accumulated depreciation for each facility.**

Consistent with prior years, the IPA had no Agency facilities during Fiscal Year 2016.

**(9) The status of any projects under development.**

Consistent with prior years, the IPA had no Agency facilities under development during Fiscal Year 2016.

Among the Agency's goals and objectives enumerated in the Illinois Power Agency Act are the following:

- *Develop electric generation and co-generation facilities that use indigenous coal or renewable resources, or both, financed with bonds issued by the Illinois Finance Authority.*
- *Supply electricity from the Agency's facilities at cost to one or more of the following: municipal electric systems, governmental aggregators, or rural electric cooperatives in Illinois.*<sup>6</sup>

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<sup>6</sup> 20 ILCS 3855/1-5(C) and (D).

The Act puts a number of restrictions on the Agency that severely limit its ability to develop the allowed facilities in the current marketplace. See, for example:

*At the Agency's discretion, it may conduct feasibility studies on the construction of any facility. Funding for a study shall be assessed to municipal electric systems, governmental aggregators, units of local government, or rural electric cooperatives requesting the feasibility study; or through an appropriation from the General Assembly.*

No entities have requested such a study.

*The Agency may enter into contractual arrangements with private and public entities, including but not limited to municipal electric systems, governmental aggregators, and rural electric cooperatives, to plan, site, construct, improve, rehabilitate, and operate those electric generation and co-generation facilities.*

No entities have requested such arrangements.

*The first facility that the Agency develops, finances, or constructs shall be a facility that uses coal produced in Illinois. The Agency may, however, also develop, finance, or construct renewable energy facilities after work on the first facility has commenced.*

*Any such facility that uses coal must be a clean coal facility and must be constructed in a location where the geology is suitable for carbon sequestration.*

*The Agency may supply electricity produced by the Agency's facilities to municipal electric systems, governmental aggregators, or rural electric cooperatives in Illinois. The electricity shall be supplied at cost. Electric utilities shall not be required to purchase electricity directly or indirectly from facilities developed or sponsored by the Agency.*

The IPA concurs that competitive markets function best when decisions by potential buyers can be made based on economics rather than fiat. However, under these requirements, the pool of potential buyers for Agency-supplier electricity is extremely small.

Additionally, financing of new generation requires that there be certainty regarding the contractual obligation to purchase the output of the facility. No potential buyer appears to be looking to enter into contracts for the output of a new clean coal facility; even priced at cost, electricity produced by such a facility is likely to be priced significantly above market. Due to a severely restricted pool of potential buyers and the apparent absence of need among those potential buyers, the development of a new IPA facility may not be feasible in the foreseeable future.

*The Agency may sell excess capacity and excess energy into the wholesale electric market at prevailing market rates; provided, however, the Agency may not sell excess capacity or excess energy through the procurement process described in Section 16-111.5 of the Public Utilities Act.*

*The Agency shall not directly sell electric power and energy to retail customers. Nothing in this paragraph shall be construed to prohibit sales to municipal electric systems, governmental aggregators, or rural electric cooperatives.*

(Source: P.A. 95-481, eff. 8-28-07; 95-1027, eff. 6-1-09.)

These provisions mean that the Agency may not serve load in Illinois with any facilities it develops, which serves as a protection of both customers and the market. However, as a consequence, there is not sufficient demand at this time (or in the near future) for the IPA to develop a new facility.

- (10) Basic financial and operating information specifically detailed for the reporting year and including, but not limited to, income and expense statements, balance sheets, and changes in financial position, all in accordance with generally accepted accounting principles, debt structure, and a summary of funds on a cash basis.**

The Agency's Fiscal Year 2016 audited Financial Statements and Notes are contained in the attached Appendix A. Appendix B contains a summary of funds on a cash basis.

**(11) The average quantity, price, contract type and term and rate impact of all renewable resources purchased under the electricity procurement plans for electric utilities.**

This section of the report, in addition to providing the average quantity, price, contract type and term of all renewable resources purchased, provides a comparison of the costs associated with the procurement of the renewable resources to the costs associated with electricity generated by other types of generation facilities.

Information on the resources procured and the results of the comparative procurements are presented for the 2016-17 delivery year for ComEd, Ameren Illinois, and MidAmerican.<sup>7</sup> In order to place the costs of renewable resources and conventional generation on a level footing, procurement costs are compared for RECs and electricity contracted or delivered to the utility's bundled rate customers during the 2016-17 delivery year. The following costs are tabulated:

- The weighted average cost of RECs procured by the Agency;
- The weighted average cost per MWh of the blocks of electricity procured by the Agency;
- For Ameren and ComEd, the 2010 Long-Term Power Purchase Agreements ("LTPPAs") purchase costs broken down to show the imputed REC and electricity prices,<sup>8</sup> beginning with the 2012-13 delivery year, which is the first year of delivery under those agreements; and
- For Ameren and ComEd, the 2012 Rate Stability Procurement costs of RECs and electricity, beginning with the 2013-14 delivery year, which is the first year of delivery under those agreements.

With regard to the 2010 LTPPAs, the contracts contain bundled pricing for electricity and RECs. REC prices are "imputed" by subtracting an electricity price from the bundled price. The electricity prices are based on a forward energy curve calculated at the time of the procurement event. The process of imputing these REC prices is described in Appendix K to the Agency's 2010 Procurement Plan.<sup>9</sup>

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<sup>7</sup> Historical information is available in the Agency's Report on Costs and Benefits of Renewable Resource Procurement published on April 1, 2016.

<sup>8</sup> In its December 19, 2012 Order the ICC allowed for the release of the previously confidential "Appendix K" imputed REC prices. The conformed plan (ICC Docket No. 12-0544, 2013 Electricity Procurement Plan Conforming to the Commission's December 19, 2012 Order at 84) included imputed prices for the five subsequent Delivery Years 2013-17.

<sup>9</sup> Illinois Power Agency, ICC Docket No. 09-373, Supplemental Filing (Nov. 9, 2009).

Although the costs associated with procuring RECs are compared to the costs associated with procuring electricity in the tables below, it should be noted that these costs are not for equivalent products. RECs represent only the value of the environmental attributes of electricity produced from renewable energy resources, and not the value of the underlying electricity. Alternatively, the costs shown for electricity procured represent prices of actual electricity procured for delivery and use by the end customer. In general, the REC costs are additive to the conventional supply costs when calculating individual customer rate and bill impacts. The Agency also notes that the costs reported herein are only for the supply of electricity and do not include distribution, transmission or other costs related to the provision of electric service.

## ComEd

Table 1 shows the average quantity, price and contract type of all renewable resources purchased and a comparison of the cost of RECs relative to the cost of electricity under contract for delivery to ComEd during the 2016-17 delivery year.

**Table 1: Relative Cost Comparison of RECs and Electricity under Contract with ComEd for the 2016-17 Delivery Year**

Cost of RECs and Electricity Under Contract for Delivery to ComEd during the 2016-17 Delivery Year					
Procurements from Renewable Energy Resources		Quantity		Average Unit Price	Contracted Cost
2016 One-Year Solar REC Procurement		67,952	RECs	\$33.92	\$2,304,739
2016 Five-Year Distributed Generation REC Procurement <sup>10</sup>			RECs	\$129.50	
2015 Five-Year Distributed Generation REC Procurement <sup>11</sup>			RECs	\$113.30	
2012 Rate Stability REC Procurement		299,672	RECs	\$2.51	\$751,324
<u>2010 Long-Term Purchase Agreements REC Procurement<sup>12</sup></u>		<u>1,261,725</u>	<u>RECs</u>	<u>\$17.97</u>	<u>\$22,673,813</u>
Total RECs		1,632,119	RECs	\$15.97	\$26,057,228
Long-Term Renewable Energy, 2010 Long-Term Purchase Agreements <sup>13</sup>		1,261,725	MWh	\$41.76	\$52,687,327
Electricity Procured from Conventional Energy Resources		Quantity		Average Unit Price	Contracted Cost
2016 Fall Block Energy Procurement		3,189,425	MWh	\$30.39	\$96,940,792
2016 Spring Block Energy Procurement		7,573,450	MWh	\$29.61	\$224,241,479
2015 Fall Block Energy Procurement		3,764,000	MWh	\$32.27	\$121,449,025
2015 Spring Block Energy Procurement		1,704,825	MWh	\$33.63	\$57,340,851
<u>2012 Block Energy Procurement, Rate Stability</u>		<u>3,942,000</u>	<u>MWh</u>	<u>\$35.08</u>	<u>\$138,267,709</u>
Total Conventional Energy Resources		20,173,700	MWh	\$31.64	\$638,239,855

<sup>10</sup> In accordance with the procurement RFP rules and previous Illinois Commerce Commission orders, quantity information is only released when the number of successful bidders in a procurement is greater than two. The results of the 2016 Distributed Generation Procurement did not meet that threshold, therefore quantity (and contracted cost) is not provided. The IPA also notes that these RECs were purchased using collected ACP from hourly rate customers; thus, this purchase has no rate effect on ComEd's fixed-price rate customers

<sup>11</sup> In accordance with the procurement RFP rules and previous Illinois Commerce Commission orders, quantity information is only released when the number of successful bidders in a procurement is greater than two. The results of the 2015 Distributed Generation Procurement did not meet that threshold, therefore quantity (and contracted cost) is not provided. The IPA also notes that these RECs were purchased using collected ACP from hourly rate customers; thus, this purchase has no rate effect on ComEd's fixed-price rate customers

<sup>12</sup> This represents the Annual Contract Quantity Commitment of RECs specified in the contract and the imputed REC price.

<sup>13</sup> This represents the energy associated with the Annual Contract Quantity Commitment of RECs specified in the contract and the forward energy price curve developed at the time of the procurement.



## Ameren

Table 2 shows the average quantity, price and contract type of all renewable resources purchased and a comparison of the cost of RECs relative to the cost of electricity under contract for delivery to Ameren during the 2016-17 delivery year.

**Table 2: Relative Cost Comparison of RECs and Electricity under Contract with Ameren for the 2016-17 Delivery Year**

Cost of RECs and Electricity Under Contract for Delivery to Ameren Illinois during the 2016-17 Delivery Year					
Procurements from Renewable Energy Resources		Quantity		Average Unit Price	Contracted Cost
2016 One-Year Solar REC Procurement		33,271	RECs	\$31.20	\$1,038,029
2016 Five-Year Distributed Generation REC Procurement <sup>14</sup>			RECs	\$152.98	
2015 Five-Year Distributed Generation REC Procurement <sup>15</sup>			RECs	\$123.78	
2012 Rate Stability REC Procurement		429,245	RECs	\$6.07	\$2,606,888
<u>2010 Long-Term Purchase Agreements REC Procurement<sup>16</sup></u>		<u>600,000</u>	<u>RECs</u>	<u>\$12.99</u>	\$7,796,000
Total RECs		1,063,784	RECs	\$10.91	\$11,607,039
Long-Term Renewable Energy, 2010 Long-Term Purchase Agreements <sup>17</sup>		600,000	MWh	\$42.40	\$25,440,000
Electricity Procured from Conventional Energy Resources		Quantity		Average Unit Price	Contracted Cost
2016 Fall Block Energy Procurement		987,800	MWh	\$31.99	\$31,597,614
2016 Spring Block Energy Procurement		2,240,000	MWh	\$28.72	\$64,322,942
2015 September Block Energy Procurement		1,099,000	MWh	\$31.61	\$34,744,662
2015 Spring Block Energy Procurement		1,197,200	MWh	\$33.37	\$39,950,140
<u>2014 Spring Block Energy Procurement</u>		<u>780,000</u>	<u>MWh</u>	<u>\$37.66</u>	<u>\$29,376,272</u>
Total Conventional Energy Resources		6,304,000	MWh	\$31.72	\$199,991,630

<sup>14</sup> In accordance with the procurement RFP rules and previous Illinois Commerce Commission orders, quantity information is only released when the number of successful bidders in a procurement is greater than two. The results of the 2016 Distributed Generation Procurement did not meet that threshold, therefore quantity (and contracted cost) is not provided. The IPA also notes that these RECs were purchased using collected ACP from hourly rate customers; thus, this purchase has no rate effect on Ameren's fixed-price rate customers.

<sup>15</sup> In accordance with the procurement RFP rules and previous Illinois Commerce Commission orders, quantity information is only released when the number of successful bidders in a procurement is greater than two. The results of the 2015 Distributed Generation Procurement did not meet that threshold, therefore quantity (and contracted cost) is not provided. The IPA also notes that these RECs were purchased using collected ACP from hourly rate customers; thus, this purchase has no rate effect on Ameren's fixed-price rate customers.

<sup>16</sup> This represents the Annual Contract Quantity Commitment of RECs specified in the contract and the imputed REC price.

<sup>17</sup> This represents the energy associated with the Annual Contract Quantity Commitment of RECs specified in the contract and the forward energy price curve developed at the time of the procurement.

## MidAmerican

Table 3 shows the price and contract type of all renewable resources purchased and a comparison of the cost of RECs relative to the cost of electricity under contract for delivery to MidAmerican during the 2016-17 delivery year.

**Table 3: Relative Cost Comparison of RECs and Electricity under Contract with MidAmerican for the 2016-17 Delivery Year**

<b>Cost of RECs and Electricity Under Contract for Delivery to MidAmerican during the 2016-17 Delivery Year</b>			
<b>Procurements from Renewable Energy Resources<sup>18</sup></b>	<b>Quantity</b>	<b>Average Unit Price</b>	<b>Contracted Cost</b>
2016 One-Year Wind and Solar REC Procurement	RECs	\$4.63	
2016 Five-Year Distributed Generation REC Procurement	RECs	\$189.90	
<b>Electricity Procured from Conventional Energy Resources</b>	<b>Quantity</b>	<b>Average Unit Price</b>	<b>Contracted Cost</b>
2016 Spring Block Energy Procurement	254,000 MWh	\$19.68	\$4,998,012

## Term of REC Contracts for all Utilities

The IPA's procurement of renewable resources in the form of REC procurements vary depending on the specific term provisions of Procurement Plans approved by the ICC. Table 4 shows the term<sup>19</sup> associated with each procurement of renewable resources for delivery to Ameren Illinois, ComEd and MidAmerican during the 2016-17 delivery year.

**Table 4: Term of RECs Contracts for Delivery during the 2016-17 Delivery Year**

<b>Term of REC Contracts for Delivery during the 2016-17 Delivery Year</b>		
<b>Procurements from Renewable Energy Resources</b>	<b>Ameren &amp; ComEd Delivery Term</b>	<b>MidAmerican Delivery Term</b>
2016 One-Year Solar REC Procurement	1 year starting June 2016	1 year starting June 2016
2016 One-Year Wind REC Procurement	–	1 year starting June 2016
2016 Five-Year Distributed Generation REC Procurement	5 years starting June 2016	5 years starting June 2016
2015 Five-Year Distributed Generation REC Procurement	5 years starting June 2015	–
2012 Rate Stability REC Procurement	June 2013 through December 2017	–
2010 Long-Term Purchase Agreements REC Procurement	20 years starting June 2012	–

<sup>18</sup> In accordance with the procurement RFP rules and previous Illinois Commerce Commission orders, quantity information is only released when the number of successful bidders in a procurement is greater than two. The results of the Spring 2016 REC procurement for MidAmerican, and the 2016 Distributed Generation Procurement for all three utilities did not meet that threshold, therefore quantity (and contracted cost) is not provided.

<sup>19</sup> The five-year distributed generation term indicated in this section is the nominal term. Contracts under this procurement carry a nominal term of five-years; however, the actual term may vary slightly depending on the contracted system's specific development schedule.

**(12) A comparison of the costs associated with the Agency's procurement of renewable energy resources to (A) the Agency's costs associated with electricity generated by other types of generation facilities and (B) the benefits associated with the Agency's procurement of renewable energy resources.<sup>20</sup>**

The costs associated with the Agency's procurement of renewable energy resources and the Agency's costs of electricity generated by other types of generation facilities are presented above under (11). Benefits defined here as both quantitative and qualitative economic and societal impacts are outlined below.

**1. Environmental Benefits**

The environmental benefits of renewable energy generation are mainly associated with the benefits of avoiding the use of conventional generation sources that typically burn fossil fuels and emit regulated pollutants. Emissions from conventional power plants that use fossil fuels have been linked to lung diseases such as asthma and chronic obstructive pulmonary disorder.<sup>21</sup> A primary way in which environmental benefits can be measured is in terms of annual emissions reductions, that is, the reduction of pollutants that are emitted by using renewable generation instead of using conventional generation sources such as coal or natural gas-fired power plants to generate the equivalent amount of electricity.

By way of example, a recent retrospective study by Lawrence Berkeley National Laboratory ("LBNL") and the National Renewable Energy Laboratory ("NREL") found that, on a national level, compliance with individual state RPS requirements in 2013 reduced sulfur dioxide emissions by 77,400 metric tons, emissions of nitrogen oxides by 43,900 metric tons, and PM<sub>2.5</sub><sup>22</sup> emissions by 4,800 metric tons.<sup>23</sup> In addition, the study found that nationwide RPS compliance resulted in a 59 million metric ton reduction in greenhouse gas emissions and a 27 billion gallon reduction in water consumption relative to what would have been emitted or consumed by conventional generation sources. A follow-up study by LBNL and NREL focused on the prospective impacts of renewable portfolio standards over the period of 2015 to 2050.

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<sup>20</sup> 20 ILCS 3855/1-125(12).

<sup>21</sup> Breath Taking: Premature Mortality due to Particulate Air Pollution in 239 American Cities, National Resources Defense Council, at 1 (May 1996).

<sup>22</sup> PM<sub>2.5</sub> refers to particles with diameters 2.5 micrometers or less.

<sup>23</sup> Wiser, R., Barbose, G., Heeter, J., Mai, T., Bird, L., Bolinger, M., Carpenter, A., Heath, G., Keyser, D., Macknick, J., Mills, A., Millstein, D., "A Retrospective Analysis of the Benefits and Impacts of U.S. Renewable Portfolio Standards," Lawrence Berkeley National Laboratory, National Renewable Energy Laboratory, January 2016, NREL/TP-6A20-65005.

Assuming that state RPS policies which were in effect as of July 2016 remained the same, the study predicts that compliance with the existing RPS goals through 2050 would reduce cumulative SO<sub>2</sub> emissions by 2.1 million metric tons, cumulative NO<sub>x</sub> emissions by 2.5 million metric tons, and cumulative PM<sub>2.5</sub> emissions by 0.3 million metric tons.<sup>24</sup> If these reductions came to fruition, the report analysis estimates that there would be 12,000 to 28,000 fewer premature deaths due to respiratory issues over this period.<sup>25</sup> Based on the emissions reductions under the existing RPS, the study estimated total health and environmental benefits to be on the order of \$97 billion for the U.S. over the forecast period.<sup>26</sup> In addition to emissions reductions, renewable energy sources can reduce water consumption, thermal pollution, waste, noise, and adverse land-use impacts.<sup>27</sup>

In the retrospective LBNL/NREL report, emissions reductions due to compliance with the Illinois RPS requirements in 2013 were estimated to be more than 3,000 metric tons of sulfur dioxide, 1,000 to 3,000 metric tons of nitrogen oxides and up to 250 metric tons of PM<sub>2.5</sub>.<sup>28</sup> These estimates are based on modeling of the reduction in fossil fuel generation that is displaced by new renewable generation used to serve RPS obligations in 2013 including all new renewable generation in Illinois, not just the generation attributable to the RECs procured by the IPA.

## **2. Economic Benefits**

Various categories of economic benefits are attributed to renewable energy, including electricity price reductions, indirect natural gas price reductions and economic development. Those benefits are detailed in the subsections below. By counterpoint, critics of renewable energy point to factors that may offset some of its purported benefits, including government subsidization of the industry, reduced land values, wear and tear on local roads during the construction of renewable generators (specifically the delivery of wind turbines), future decommissioning costs, stranding of coal-fired and nuclear generation assets, and increasing spinning reserve requirements.

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<sup>24</sup> Mai, T., Wiser, R., Barbose, G., Bird, L., Heeter, J., Keyser, D., Krishnan, V., Macknick, J., and Millstein, D., “A Prospective Analysis of the Costs, Benefits, and Impacts of U.S. Renewable Portfolio Standards,” National Renewable Energy Laboratory, Lawrence Berkeley National Laboratory, December 2016, NREL/TP-6A20-67455.

<sup>25</sup> Id.

<sup>26</sup> Id. at 45.

<sup>27</sup> Air Emissions Fact Sheet, U.S. Environmental Protection Agency <http://www.epa.gov/cleanenergy/energy-and-you/affect/air-emissions.html> (accessed March 2012).

<sup>28</sup> The Prospective LBNL/NREL report did not break out emissions reductions on a state by state basis.

## a) Electricity Price Benefits

### Volatility Suppression and Portfolio Diversity

Wind and solar power offers opportunities for generation supply portfolio diversity and, because these sources do not involve fuel costs, the costs of wind and solar generation are not affected by fuel price volatility. In addition to fuel induced price volatility suppression, wind and solar can provide diversity benefits to a generation portfolio that contains significant fossil fuel and nuclear resources. These renewable resources offer improved reliability by potentially substituting for other resources that may be adversely impacted by fuel supply and transportation issues or by plant production problems. Wind and solar in a diversified portfolio can provide a hedge against the cost impacts associated with potential changes in environmental regulations that could adversely affect the costs of, and ultimately the price of electricity, from fossil fuel and nuclear generation.

The U.S. Department of Energy characterizes renewable energy as a tool for mitigating risks posed by electricity price volatility, particularly through the purchase of long-term, fixed-price supply contracts for renewable energy resources.<sup>29</sup> (As with all risk management tools, the costs and benefits of employing a particular price risk management tool have to be carefully analyzed and understood in the context in which it is being used). Renewable energy can also reduce the risk of disruptions in fuel supplies, like natural gas, resulting from transportation difficulties or international conflict.<sup>30</sup> Likewise, wind, solar, and certain other forms of renewable energy are not subject to the uncertainty surrounding future carbon taxes, unlike fossil fuel-fired power plants.<sup>31</sup>

Wind and solar generation have low marginal costs since these resources do not involve fuel costs and as a result can reduce the wholesale price of electricity by shifting more expensive (on a marginal cost basis) resources out on the supply curve. In evaluating the wholesale price impacts of the renewable resources used to meet RPS compliance requirements in 2013, a recent LBNL/NREL report estimated that the resulting reduction in wholesale electricity prices saved consumers in the states with RPS requirements as much as \$1.2 billion.<sup>32</sup> An earlier NREL study found that adding solar and wind resources to generation portfolios dominated by natural gas or

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<sup>29</sup> *Guide to Purchasing Green Power*, United States Department of Energy Office of Renewable Energy and Energy Efficiency, at 5. (March 2010).

<sup>30</sup> *Id.*

<sup>31</sup> Economic Impact: Wind Energy Development in Illinois at 10.

<sup>32</sup> A Retrospective Analysis of the benefits and Impacts of U.S. Renewable Portfolio Standards at p. 39.

coal would likely reduce electricity cost volatility up to the point where renewables reach a penetration of 35% or more.<sup>33</sup>

### Impacts on Locational Marginal Prices

Wholesale electric energy prices are set for hourly periods based on bidding by available generators into the regional markets. Most analyses of the impact of renewable generation on electricity prices address these real-time Locational Marginal Prices (“LMPs”) and assume generator bids reflect variable costs. LMPs consist of three components – Energy, Congestion, and Marginal Losses. The Energy component prices the energy purchases and sales in the market, the congestion component prices the transmission congestion costs to move energy within the market from one point to another, and the marginal losses component prices the losses on the bulk power system in the market as a result of moving power from one point to another. An impact on any one of these components will have a corresponding impact on the overall LMP. Renewable resources tend to lower the price of electricity in the real-time markets –LMPs- and indirectly lower forward wholesale market prices. Electricity acquired through the Agency’s procurement events is purchased competitively in regional forward wholesale markets.

On June 1st, 2011, MISO successfully launched the Dispatchable Intermittent Resources (“DIRs”) program which allows registered intermittent generation (mostly wind generators) to participate in the Real-Time Energy Market and set the Real-Time price. In the 2015 MISO State of the Market Report, MISO’s IMM noted that the all-in price<sup>34</sup> in 2015 fell 29% from 2014 to average \$28.91/MWh. The decrease was driven by lower natural gas prices, declines in other fuel prices, and increased wind generation.<sup>35</sup> The IMM further reported that although DIRs’ share of both energy and unforced capacity payments were well below 10%, they did set LMPs in local areas at an average price of -\$1/MWh in almost half of all the time intervals because they were frequently ramped down to manage congestion. The reports by the MISO IMM suggest that the implementation of the DIR program has had a positive impact on congestion management in MISO and has, by extension, put downward pressure on the LMPs, since congestion is one of the LMP components. Additionally, negative offer prices from the wind generators put downward pressure on the LMPs.

In the 2014 PJM State of the Market Report, the PJM Market Monitor reported that in 2014, 75.25 % of the marginal wind units had negative offer prices, 22.20 % had zero offer prices and

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<sup>33</sup> Jenkin, T., Diakov, V., Drury, E., Bush, B., Denholm, P., Milford, J., Arent, D., and Margolis R., National Renewable Energy Laboratory and Byrne, R., Sandia National Laboratories, “The Use of Solar and Wind as a Physical Hedge against Price Variability within a Generation Portfolio,” National Renewable Energy Laboratory, August 2013, NREL/TP-6A20-59065.

<sup>34</sup> The all-in price is equal to the load-weighted average real-time energy price plus capacity, ancillary services, and real-time uplift costs per MWh of real-time load.

<sup>35</sup> 2015 State of the Market Report for the MISO Electricity Markets, June 2016

2.55 % had positive offer prices.<sup>36</sup> In the same report, the PJM Market Monitor further noted that there was one hour in 2013 and six hours in 2014 in which the Real Time LMP for the entire system was negative. These negative LMPs in the PJM Real-Time Market were primarily the result of marginal wind units with negative offer prices. In the 2015 PJM State of the Market Report, the PJM Market Monitor reported that in 2015, 75.26 % of the wind marginal units had negative offer prices, 20.93 % had zero offer prices and 3.81 % had positive offer prices.<sup>37</sup> The PJM Market Monitor reports suggest that, similar to MISO, wind units in PJM also put downward pressure on LMPs.

Studies have also been conducted which show the impact of wind generation on LMPs. A Congressional Research Service (“CRS”) study conducted for Members and Committees of Congress concluded that wind generation can potentially reduce wholesale electricity prices, in certain locations and during certain seasons and times of day, since wind typically bids a zero (\$0.00) price into wholesale power markets.<sup>38</sup> The CRS study was conducted to address specific questions regarding wind power impacts on competitive markets, including whether wind power contributed to negative wholesale price events. The study also concluded that the addition of wind power capacity within competitive power markets can, in some markets and locations and under certain conditions, put downward pressure on electricity market clearing prices. In 2009, PJM conducted a study that considered the wholesale power price impacts of adding 15,000 MW of wind power in the PJM market.<sup>39</sup> Results from the study indicated that the addition of the wind power would decrease wholesale market prices by \$4.50-\$6.00 per MWh. In a 2014 study on the impacts of the integration of renewable energy on the PJM system, PJM concluded that wind and solar resources are effectively price-takers and therefore displace more expensive generation resources resulting in lower average LMPs across the PJM grid.<sup>40</sup>

As noted above, LMP reductions at the wholesale level are not necessarily directly or immediately reflected in the prices that the IPA (or an ARES) pays to procure energy which are then translated into the retail rates customers pay. Therefore, while the discussion above is indicative of the impact added renewable generation has on energy markets at the RTO level, it might be of less value in quantifying the direct benefit to eligible retail customers in Illinois.

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<sup>36</sup> 2014 State of the Market Report for PJM, March 12, 2015.

<sup>37</sup> 2015 State of the Market Report for PJM, March 10, 2016.

<sup>38</sup> Congressional Research Service: U.S. Renewable Electricity: How Does Wind Generation Impact Competitive Power Markets? (November 7, 2012)

<sup>39</sup> PJM: Potential Effects of Proposed Climate Change Policies on PJM’s Energy Market, January 27, 2009.

<sup>40</sup> PJM: PJM Renewable Integration Study, March 31, 2014.

## **b) Economic Development Opportunities**

In 2016, the Illinois State University's Center for Renewable Energy updated its 2012 report that modeled the economic impact of wind energy on Illinois' economy by entering wind project-specific information into the NREL's Jobs and Economic Development Impact ("JEDI") model. The model was used to estimate the income, economic activity, and number of job opportunities accruing to the state from the wind projects that have generating capacities of larger than 50 MW.<sup>41</sup> The 2016 report estimated that the development of the 25 largest Illinois wind farms installed at the time of the analysis, accounting for 3,610 MW of nameplate capacity out of a total nameplate capacity for all wind projects in the state of 3,842 MW, was responsible for 20,173 full-time equivalent jobs in Illinois during construction and 869 permanent jobs, and will generate a total economic benefit of \$6.4 billion<sup>42</sup> during the construction and typical 25-year operational lives of the projects. As of September 2016, NREL lists the current installed wind capacity in Illinois to be 3,842 MW which is the same installed wind capacity referenced in the 2016 Illinois State University Center for Renewable Energy report.<sup>43</sup>

The 2016 report found that wind power leads to the creation of temporary and permanent jobs requiring highly skilled workers in the fields of construction, management, and engineering.<sup>44</sup> Construction phase jobs typically last anywhere from 6 months to over a year, while operational jobs, including operations and maintenance positions, last the life of the wind farm, typically 20-30 years.<sup>45</sup>

The jobs and economic benefit estimated in the 2016 report included "turbine and supply chain impacts," which can also be referred to as "indirect impacts."<sup>46</sup> Indirect impacts occurred both in the construction and the operation of wind turbines, and included construction spending on materials and wind farm equipment and other purchases of goods and offsite services. The supply chain of inputs required to produce these goods and services; and project revenues that flow to the local economy in the form of land lease revenue, property tax revenue, and revenue to equity investors are also indirect impacts.<sup>47</sup> The estimated benefit also included local spending

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<sup>41</sup> Loomis, D., Stroup, I., Center for Renewable Energy, Illinois State University, "Economic Impact: Illinois Wind Energy Development," June 2016.

<sup>42</sup> *Id.* at 6.

<sup>43</sup> U.S. Department of Energy, National Renewable Energy Laboratory, WINDEXchange, Installed Wind Capacity, January 17, 2017. The NREL installed capacity data is based on the American Wind Energy Association Q3 2016 Market Report.

<sup>44</sup> Economic Impact: Wind Energy Development in Illinois at 23.

<sup>45</sup> *Id.*

<sup>46</sup> *Id.* at 19.

<sup>47</sup> *Id.* at 20.



by employees working directly or indirectly on the wind farm project who receive their paychecks and then spend money in the community.<sup>48</sup> Additional economic impacts referred to in the study as “induced impacts” were also considered, these impacts result from changes in household spending in the areas surrounding the wind project development due to increased income brought about by the direct and indirect impacts.<sup>49</sup>

The analysis in the 2016 report also concluded that local wind turbines raise the property tax base of a county, which can create “a new revenue source for education, fire departments, and other local government services.”<sup>50</sup> The 25 largest wind projects in Illinois are estimated to generate more than \$30.4 million in annual property taxes.<sup>51</sup> Local governments can also receive significant amounts of revenue from permitting fees.<sup>52</sup> Benefits to landowners identified included revenue from leasing their land, which the report found amounted to almost \$14 million annually.<sup>53</sup> There may be some local concerns such as wear and tear on roads during construction, unfunded decommissioning cost liability, and possibly lowered land values that should be considered when evaluating any specific project’s impacts.

Other entities have published related statistics. According to the American Wind Energy Association, wind power supported 4,001-5,000 direct and indirect jobs in Illinois during 2015.<sup>54</sup> This apparently includes manufacturing jobs, which may be supported by wind generation located outside Illinois. A 2016 survey from The Clean Energy Trust in partnership with Environmental Entrepreneurs reports that there are currently an estimated 4,272 jobs in the solar industry and 3,549 jobs in the wind industry in Illinois.<sup>55</sup> An Illinois Science & Technology Institute report conducted with Strategic Economic Research estimated that increasing Illinois’ RPS target to 35% would result in average annual additional jobs of 8,571 by 2030.<sup>56</sup> The Illinois State University’s Center for Renewable Energy’s latest study of the economic impact of wind energy development in Illinois quotes the U.S. DOE’s Wind Energy Vision Report<sup>57</sup> regarding wind energy development potential in Illinois through 2050 and the employment

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<sup>48</sup> *Id.* at 20.

<sup>49</sup> *Id.* At 20.

<sup>50</sup> *Id.* at 23.

<sup>51</sup> *Id.* at 23.

<sup>52</sup> *Id.* at 18.

<sup>53</sup> The study noted that these payments to landowners usually extend over the 25-year life of the project and can involve adjustments for inflation which would result in higher payments over time.

<sup>54</sup> American Wind Energy Association, State Wind Facts, Illinois Wind Energy, accessed January 2017.

<sup>55</sup> Clean Jobs Midwest. <http://www.cleanjobsmidwest.com/story/illinois> [read more], March 22, 2016.

<sup>56</sup> Illinois Science & Technology Institute, “Illinois Employment Impacts Due to Energy Policy Changes,” Executive Summary, March 2015.

<sup>57</sup> U.S. Department of Energy, “Wind Vision: A New Era for Wind Power in the United States.” 2015.

impacts likely to result from that development. The Wind Vision Report indicates that the wind capacity development potential in Illinois through 2050 is projected to be almost 44 GW, which is second only to the development potential of Texas. The projected large ramp-up of land-based wind (which represents more than 98% of the wind development by 2050) would result in an additional 1,270 construction jobs and 2,160 onsite operations and maintenance jobs over that period.<sup>58</sup>

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<sup>58</sup> Id. at 14.

### **(13) Rate Impacts on Eligible Retail Customers**

*“An analysis of the rate impacts associated with the Illinois Power Agency’s procurement of renewable resources, including, but not limited to, any long term contracts, on the eligible retail customers of electric utilities. The analysis shall include the Agency’s estimate of the total dollar impact that the Agency’s procurement of renewable resources has had on the annual electricity bills of the customer classes that comprise each eligible retail customer class taking service from an electric utility.”<sup>59</sup>*

This section of the report also includes estimates of bill impacts determined by analysis of the load of each eligible customer class, numbers of customers, and bill estimates contained in publicly available utility tariff and rate case filings. For the purposes of determining the total bill impact, this section of the report includes the same costs included in the statutory RPS spending cap: “the total amount paid for electric service [which] includes without limitation amounts paid for supply, transmission, distribution, surcharges, and add-on taxes.” The bill impacts are presented both as a percentage of an average customer bill for that class and as cents per kilowatt-hour.

These breakouts provide the rate impact associated with the Agency’s procurement of renewable resources. When multiplied by the overall billing determinants, the values also provide the total dollar impact on the annual electricity bills of each customer class. Results for each electric utility and corresponding customer class are presented for ComEd in Table 5 and Table 6 and for Ameren in Table 7 and Table 8. The rate impacts on MidAmerican’s eligible retail customers are not reported here because they are largely immaterial, as only one calendar month of the Fiscal Year 2016 (June 2016) is subject to the requirements under this section. The effect on rates for MidAmerican for the entire 2016-17 Delivery Year will be reported in the Agency’s 2017 Annual Report.

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<sup>59</sup> 20 ILCS 3855/1-125(13).

## ComEd

**Table 5: ComEd Rate Impact - Calculated Bill Impacts by RECs<sup>60</sup>**

<b>Customer Class</b>	<b>Description</b>	<b>2015-16 Delivery Year</b>	<b>2016-17 Delivery Year (Through December 2016)</b>
Single Family No Electric Space Heat	Revenue/kWh	\$0.1361	\$0.1298
	REC/kWh	\$0.0015	\$0.0013
	Ratio (REC/Revenue) <sup>61</sup>	1.10%	1.00%
Multi Family No Electric Space Heat	Revenue/kWh	\$0.1556	\$0.1458
	REC/kWh	\$0.0014	\$0.0013
	Ratio (REC/Revenue)	0.90%	0.89%
Single Family With Electric Space Heat	Revenue/kWh	\$0.1059	\$0.1031
	REC/kWh	\$0.0015	\$0.0014
	Ratio (REC/Revenue)	1.42%	1.36%
Multi Family With Electric Space Heat	Revenue/kWh	\$0.1152	\$0.1143
	REC/kWh	\$0.0014	\$0.0014
	Ratio (REC/Revenue)	1.22%	1.22%
Watt-hour	Revenue/kWh	\$0.1635	\$0.1543
	REC/kWh	\$0.0015	\$0.0013
	Ratio (REC/Revenue)	0.92%	0.84%
Small Load (< 100 kW)	Revenue/kWh	\$0.1140	\$0.1079
	REC/kWh	\$0.0014	\$0.0013
	Ratio (REC/Revenue)	1.23%	1.20%

<sup>60</sup> Overall bill (e.g. Revenue/kWh) includes fixed supply charges, RTO services charges, delivery services charges (customer charge, standard metering service charges, distribution facilities charges, and Illinois Electricity Distribution Tax charge), other environmental cost recovery and energy efficiency & demand adjustments, franchise cost additions, and municipal and state taxes.

<sup>61</sup> This value represents the amount that RECs cost each customer of that delivery year class as a percentage of the amount paid for total “annual electricity bills,” including taxes. Thus, a Rate Impact of 1.10% (2015-16 Delivery Year) means that 1.10% of the total electricity bill of a customer of that class in that delivery year was spent on contracts for renewable energy resources.

**Table 6: ComEd Total Dollar Impact<sup>62</sup>**

<b>Customer Class</b>	<b>Description</b>	<b>2015-16 Delivery Year</b>	<b>2016-17 Delivery Year (Through December 2016)</b>
Single Family No Electric Space Heat	Usage (kWh)	9,412,597,715	7,436,775,474
	Dollar Impact	\$14,118,897	\$9,667,808
Multi Family No Electric Space Heat	Usage (kWh)	2,643,289,351	2,176,804,470
	Dollar Impact	\$3,700,605	\$2,829,846
Single Family With Electric Space Heat	Usage (kWh)	335,592,717	172,601,969
	Dollar Impact	\$503,389	\$241,643
Multi Family With Electric Space Heat	Usage (kWh)	824,885,055	443,319,306
	Dollar Impact	\$1,154,839	\$620,647
Watt-hour	Usage (kWh)	138,864,522	87,554,384
	Dollar Impact	\$208,297	\$113,821
Small Load (< 100 kW)	Usage (kWh)	4,149,038,229	2,618,812,401
	Dollar Impact	\$5,808,654	\$3,404,456

<sup>62</sup> Usage values were reported by ComEd. Dollar Impact values were calculated by multiplying the Usage by the REC/kWh reported in Table 5.

## Ameren

**Table 7: Rate Impact for Customers Taking Supply from Ameren Illinois<sup>63</sup>**

Customer Class	Description	2015-16 Delivery Year	2016-17 Delivery (Through December 2016)
Residential Service (DS1)	Revenue/kWh	\$0.119	\$0.125
	REC/kWh	\$0.00148	\$0.00174
	Ratio (REC/Revenue) <sup>64</sup>	1.24%	1.39%
Small General Service (DS2)	Revenue/kWh	\$0.113	\$0.121
	REC/kWh	\$0.00148	\$0.00174
	Ratio (REC/Revenue)	1.30%	1.43%
General Service & Large General Service (DS3 and DS4) <sup>65</sup>	Revenue/kWh	\$0.058	\$0.064
	REC/kWh	\$0.00148	\$0.00174
	Ratio (REC/Revenue)	2.57%	2.73%

<sup>63</sup> Overall bill (e.g. Revenue/kWh) includes fixed supply charges, RTO services charges, delivery services charges (customer charge, standard metering service charges, distribution facilities charges, and Illinois Electricity Distribution Tax charge), other environmental cost recovery and energy efficiency & demand adjustments, franchise cost additions, and municipal and state taxes.

<sup>64</sup> This value represents the amount that RECs cost each customer of that delivery year class as a percentage of the amount paid for total “annual electricity bills,” including taxes. Thus, a Rate Impact of 1.24% (2015-16 Delivery Year) means that 1.24% of the total electricity bill of a customer of that class in that delivery year was spent on contracts for renewable energy resources.

<sup>65</sup> General Service & Large General Service (DS-3 and DS-4) have been declared fully competitive and therefore these classes can no longer take supply from Ameren Illinois at a fixed price (Rider BGS). Therefore, calculations represent only the load of customers taking supply from Ameren Illinois real time price supply applicable to larger customers (Rider HSS). The REC/kWh value is as described in the footnote above except it only applies to customers and load on Rider HSS.

**Table 8: Dollar Impact for Customers Taking Supply from Ameren Illinois**

<b>Customer Class</b>	<b>Description</b>	<b>2015-16 Delivery Year</b>	<b>2016-17 Delivery (Through December 2016)</b>
Residential Service (DS1)	Usage (kWh)	4,508,394,141	2,790,076,600
	Dollar Impact	\$6,659,678	\$4,831,111
Small General Service (DS2)	Usage (kWh)	1,960,974,997	1,174,798,527
	Dollar Impact	\$2,888,627	\$2,029,458
General Service & Large General Service (DS3 & DS4) <sup>66</sup>	Usage (kWh)	1,859,288,176	1,022,266,503
	Dollar Impact	\$2,752,862	\$1,773,735

<sup>66</sup> General Service & Large General Service (DS-3 and DS-4) have been declared fully competitive and therefore these classes can no longer take supply from Ameren Illinois fixed price (Rider BGS). Therefore, calculations represent only the load of customers taking supply from Ameren Illinois real time price supply applicable to larger customers (Rider HSS).

## **(14) Rate Impacts on Customers of Alternative Retail Electric Suppliers**

*“An analysis of how the operation of the alternative compliance payment mechanism, any long-term contracts, or other aspects of the applicable renewable portfolio standards impacts the rates of customers of alternative retail electric suppliers.”<sup>67</sup>*

An Alternative Retail Electric Supplier (“ARES”) may satisfy its RPS requirement entirely through Alternative Compliance Payments (“ACP”), or through a combination of an ACP payment and self-procurement of eligible renewable resources.<sup>68</sup> An ARES must meet at least 50% of its RPS requirement using the ACP mechanism.<sup>69</sup> While the law allows ARES to meet 100% of the RPS through the ACP mechanism, it appears that most ARES currently choose to use the ACP for the minimum 50% of the required RPS and self-procure the remainder of the requirement. This behavior is to be expected as long as market prices for REC products which satisfy the RPS requirement for an ARES produce a lower cost alternative to using ACP.<sup>70</sup> This section of the report has estimated the ACP payment based on the actual published ACP rate and the estimated load of ARES customers.

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<sup>67</sup> 20 ILCS 3855/1-125(14).

<sup>68</sup> The eligibility of renewable resources for ARES RPS compliance differs from that for RPS procurements conducted by the IPA for the utilities. Most notable is the requirement that they come from resources “located in Illinois, within states that adjoin Illinois or within portions of the PJM and MISO footprint in the United States.” 220 ILCS 5/16-115D(a)(4).

<sup>69</sup> 220 ILCS 5/16-115D(d). The obligations of ARES to procure renewable energy resources, make ACP, and file annual reports, and the obligations of the Commission to determine and post ACP rates, shall terminate after May 31, 2019.

<sup>70</sup> ARES are required to procure renewable energy or credits equal to at least 11.5% of total sales. The estimated ACP Rate for ComEd for the June 2016 through May 2017 delivery period is 0.12815 cents/kWh sold, which is equivalent to the cost of buying RECs equal to 11.5% of sales (the 2016-17 RPS requirement) for 1.11 cents/kWh. The estimated ACP rate for Ameren is 0.17351 cents/kWh, which similarly translates to a REC cost of 1.51 cents/kWh. For comparative purposes, the average market prices of RECs, based on the IPA’s own procurement (see Table 1 and Table 2), are 1.60 cents/kWh for ComEd and 1.091 cents/kWh for Ameren (note that 1c/kWh is the same as \$10/MWh).



**Table 9: ACP Rates<sup>71</sup>**

<b>Delivery Year</b>	<b>ComEd Usage Forecast<sup>72</sup> (kWh)</b>	<b>ComEd ACP Rate (¢/kWh)</b>	<b>Ameren Usage Forecast (kWh)</b>	<b>Ameren ACP Rate (¢/kWh)</b>
June 2009 - May 2010	39,469,952,000	0.0764	17,700,274,000	0.0645
June 2010 - May 2011	35,993,039,000	0.0256	16,525,235,000	0.0211
June 2011 - May 2012	35,335,934,000	0.00568	15,065,960,000	0.00584
June 2012 - May 2013	19,695,906,000	0.09724	11,125,884,000	0.06687
June 2013 - May 2014	10,557,106,000	0.15923	5,405,499,000	0.14661
June 2014 - May 2015	12,003,838,000	0.18917	5,453,214,000	0.16811
June 2015 - May 2016	15,216,704,000	0.16641	7,131,087,000	0.14806
June 2016 - May 2017 <sup>73</sup>		0.12815 (estimated)		0.17351 (estimated)

Assuming an ARES uses the ACP to meet half its RPS requirement and passes through the costs of the ACP to all its volume sold, the estimated rate impact on ARES customers would be half the values shown in Table 9 above. That is, for an ARES customer in Ameren territory, the ARES rate impact in delivery year June 2015 to May 2016 would be 0.07403 cents per kilowatt-hour for the ACP portion of that ARES's compliance. The ARES would incur additional costs to self-procure the additional renewable resources to meet the balance of its obligations. ARES are not required to disclose those costs.

Because ACPs are based on the utilities' average cost of REC procurement, if ARES were to pay approximately the same amount for renewable resources they directly procure as the IPA, the bill impact of renewable procurement on ARES and utility customers would be similar in dollar amount. The percentage impact on an ARES is shown in Table 10. However, if ARES procure different or less expensive products (for instance, only purchasing short-term REC supply contracts rather than entering into long-term PPAs), overall ARES costs to comply with the RPS are likely to be lower in the short run than the costs paid by utility default service customers.

<sup>71</sup> The data is sourced from <https://www.icc.illinois.gov/electricity/RPSCompliancePaymentNotices.aspx> - ACP Rate History as of 7-5-2016.pdf

<sup>72</sup> "Usage" in this table is the forecasted usage of utility supply customers only (excludes ARES customers).

<sup>73</sup> Because the 2016-17 delivery year has not yet been completed, an actual ACP rate cannot be provided and instead the estimated ACP rate for delivery year 2016-17 provided in the Illinois Commerce Commission Alternative Compliance Payment Rate History as of 7/5/2016 has been used.

**Table 10: RPS Compliance - Comparative Rate Impact on ARES Customers**

Utility Territory	ACP Rate (c/kWh) (estimated) - From Table 9	Representative ARES Price (c/kWh) <sup>74</sup>	Maximum Rate Impact on ARES Customers Assuming 100% ACP (estimated)
ComEd	0.12815	7.44	1.72%
Ameren	0.17351	6.61	2.62%

The ICC's estimated ACP Rates for the June 2016 through May 2017 period are shown in Table 10 above. These estimates include the impact of the 2010 LTPPAs. The rate impact is a high-end estimate that assumes that an ARES complied with the RPS through 100% ACP payments rather than the minimum 50% payment and purchases of RECs that appears to be typical of most ARES. Because price information on ARES direct purchases of RECs is not publically available, an exact calculation of typical or average rate impacts on ARES customers is not possible. It is also important to note that the comparison here is only looking at the supply component of a customer's bill, not the entire bill, so it is not directly comparable to the Ameren/ComEd rate impacts presented in Tables 5 through 8.

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<sup>74</sup> Representative ARES prices are for the 2016-17 delivery year, based on offers found on the Plug In Illinois website (<https://www.pluginillinois.org/OffersBegin.aspx>) for 12-month fixed prices non-green energy contracts as of 1/6/2017. Any monthly fees included with the offers were converted to c/kWh based on a usage rate of 1,000 kWh/month. Note that some plans may contain early termination fees that are not included in the calculation of the representative prices. Clarification of the specifications, marketing, and disclosure requirements associated with these plans is currently the subject of a rulemaking proceeding currently pending before the ICC (see Docket No. 15-0512). A First Notice Order in the Docket was issued on September 22, 2016.

## **(15) Alternative Compliance Payment Mechanism Fund Report**

*“[T]he Illinois Power Agency shall submit an annual report to the General Assembly, the Commission, and alternative retail electric suppliers that shall include ...”*

- (A) the total amount of alternative compliance payments received in aggregate from alternative retail electric suppliers by planning year for all previous planning years in which the alternative compliance payment was in effect;*
- (B) the total amount of those payments utilized to purchased [sic] renewable energy credits itemized by the date of each procurement in which the payments were utilized; and*
- (C) the unused and remaining balance in the Agency Renewable Energy Resources Fund attributable to those payments.”<sup>75</sup>*

Whether through self-procurement or ACPs, each ARES is responsible for a compliance obligation proportionate to the renewable energy resources obligation of each participating electric utility, measured as a percentage of prior year load and with costs calculated on a per kilowatt hour basis.<sup>76</sup>

Up to, but no more than half of that procurement obligation may be met through self-procurement of renewable energy resources. An ARES must meet at least 50% of its renewable resource requirements by making ACPs, and may meet the entirety of its renewable resource obligation through ACPs.<sup>77</sup> To date, most ARES have chosen to meet only the minimum amount of the RPS requirement (50%) using the ACP mechanism, presumably because the available price for short-term REC contracts for RECs generated within the MISO or PJM footprints<sup>78</sup> should be significantly lower than the imputed price for RECs purchased pursuant to the 2010 LTPPAs, the prices of which are reflected in the ACP rate.

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<sup>75</sup> 220 ILCS 5/16-115D(d)(4).

<sup>76</sup> 220 ILCS 5/16-115D(a). Note that many of these provisions will change effective June 1, 2017 pursuant to the provisions of Public Act 99-0906. This Report reflects provisions currently in effect.

<sup>77</sup> 220 ILCS 5/16-115D(b).

<sup>78</sup> See 220 ILCS 5/16-1115D(a)(4) (this is the geographic requirement for ARES self-procurement).

To the extent an ARES complies by procuring renewable resources, at least 60% of the renewable energy resources procured by that ARES must be from wind generation.<sup>79</sup> Starting with the energy delivery year commencing June 1, 2015, at least 6% of the renewable energy resources procured must be from solar PV.<sup>80</sup> If an ARES does not purchase at least the technology-specific sub-target levels of specified renewable energy resources (wind, photovoltaics), then it is required to make additional ACPs at the same rate in order to meet those obligations.

All ACPs are deposited into the Renewable Energy Resources Fund (“RERF”), a state-held fund administered by the Agency to procure renewable energy resources through the purchase and retirement of RECs.<sup>81</sup>

#### **A. Total Amount of ACPs Received**

This report must provide the total amount of ACPs received in aggregate from ARES for each planning year in which the ACP was in effect.<sup>82</sup> Under the PUA, a planning year begins on June 1st of each calendar year.<sup>83</sup> The ACP mechanism was “in effect” by September 1, 2010 to require payments by ARES for the period of June 1, 2009 to May 1, 2010.<sup>84</sup> Therefore, this report must provide the aggregate total amount of ACPs for the planning years 2009-10 through 2015-16. Table 11 shows the total ACPs for each year. ARES ACP payments are due by September 1<sup>st</sup> following the end of the planning year. For example, for the planning year that ended in May, 2016, payments were due September 1, 2016.<sup>85</sup> Payments are made as part of a Compliance Report submitted to the ICC. The IPA and the ICC work together to ensure that all ACP payments are collected and verified.

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<sup>79</sup> 220 ILCS 5/16-115D(a)(3) (the 60% statutory wind energy minimum for ARES is lower than the 75% wind standard for utilities).

<sup>80</sup> *Id.*

<sup>81</sup> 20 ILCS 3855/1-56.

<sup>82</sup> 220 ILCS 5/16-115D(d)(4)(A).

<sup>83</sup> *See e.g.* 220 ILCS 5/16-111.5(b).

<sup>84</sup> Pub. Act 96-0033 (eff. 7/10/2009); 220 ILCS 5/16-115D(d)(2).

<sup>85</sup> 220 ILCS 5/16-115D(d)(2).

**Table 11: Total ACPs Received<sup>86</sup>**

<b>Planning Year</b>	<b>Total ACPs Received</b>
June 2009 – May 2010	\$7,148,261.61
June 2010 – May 2011	\$5,632,587.18
June 2011 – May 2012	\$2,156,777.61
June 2012 – May 2013	\$38,382,345.57
June 2013 – May 2014	\$77,145,921.09
June 2014 – May 2015	\$86,278,411.02
June 2015 – May 2016	\$71,649,805.76
<b>Aggregate Total</b>	<b>\$288,394,109.84</b>

## **B. Amount of ACPs used to purchase RECs**

### **1. Purchases Made**

Prior to May 2013, the only disbursements made from the RERF were temporary transfers of funds to the State's General Revenue Fund pursuant to 30 ILCS 105/5h(a). Of the \$7,148,261.61 in total ACPs received for the 2009-10 planning year, the State of Illinois transferred \$2,000,000 on September 20, 2010 and \$4,710,000 on October 15, 2010.<sup>87</sup> The remaining \$438,261.61 was not used to purchase RECs and remained in the RERF. The State was required to repay the funds within 18 months of borrowing, and it repaid \$2,000,000 to the RERF in March 2012 and the remaining \$4,710,000 was repaid in April 2012. Because the funds were transferred from a non-interest earning account, no interest was paid.

In 2013, the IPA and ComEd offered to purchase an amount of curtailed RECs which corresponds to the amount by which REC deliveries under the 2010 LTPPAs were curtailed for the participating LTPPA-holders based on the then effective RPS budget cap.<sup>88</sup> In May 2013, the IPA entered into contracts to purchase RECs associated with ComEd's curtailed long-term contracts that were not otherwise purchased by ComEd.<sup>89</sup> These purchase contracts were for the delivery year June 1, 2013 through May 31, 2014, and were for up to 121,620 RECs with no minimum delivery levels with a total value of \$2.24 million. Due to improved market prices for RECs elsewhere, not all contract holders exercised their rights to deliver RECs to the IPA. A total of 74,402 RECs were delivered in the June 1, 2013 through May 31, 2014 delivery year under these contracts at a total cost of \$1,719,141.52. There was no direct rate impact resulting

<sup>86</sup> Total ACPs Received does not account for expenditures (or other diversions) from the RERF and, therefore, the Aggregate Total reported in this figure will differ from the RERF balance reported in Table 13.

<sup>87</sup> 30 ILCS 105/5h(a).

<sup>88</sup> Illinois Power Agency, *2013 Annual Report*, December 1, 2013, at 5. This document, which is available at [http://www2.illinois.gov/ipa/Pages/IPA\\_Reports.aspx#AnnualReports](http://www2.illinois.gov/ipa/Pages/IPA_Reports.aspx#AnnualReports), should not be confused with the *2013 Annual Report on the Costs and Benefits of Renewable Resource Procurement in Illinois*.

<sup>89</sup> Of the eight LTPPA-holders, seven elected to enter into contracts.

from these purchases because they used ACP funds previously collected from ARES. As approved in ICC Docket No. 12-0544, ComEd also used ACP funds to purchase 79,674 RECs curtailed under the operation of LTPPAs in the June 1, 2013 through May 31, 2014 delivery year at a total cost of \$1,647,596.

Effective June 28, 2014, Public Act 98-0672 created new section 1-56(i) of the Illinois Power Agency Act requiring the Agency to develop a one-time supplemental procurement plan for the procurement of renewable energy credits from new or existing photovoltaics using up to \$30,000,000 from the RERF. The Supplemental Plan was developed by the IPA in 2014 and approved by the ICC on January 21, 2015. Three procurement events have occurred pursuant to the Supplemental Plan (June 2015; November 2015; and March 2016), with the results of the third procurement approved by the ICC on April 4, 2016. Table 12 shows the number of RECs contracted for purchase using alternative compliance payments held in the RERF as the result of each procurement event.

**Table 12: Supplemental Photovoltaic Procurement RECs and RERF Funds Committed**

<b>Procurement Event</b>	<b>RECs Contracted For Purchase</b>	<b>RERF Funds Committed</b>
June 2015	37,082	\$4,999,963
November 2015	70,096	\$9,999,961
March 2016	91,770	\$14,999,894
Total	198,948	\$29,999,818

Public Act 99-0002, effective March 26, 2015, authorized the transfer of \$98,000,000 from the RERF to the State's General Revenue Fund. That transfer occurred on April 1, 2015 and does not include a repayment provision, further increasing the differential between ACPs received and the current RERF balance.

## **2. Upcoming Changes in Spending the RERF**

Public Act 99-0906, effective June 1, 2017, substantially revamps Section 1-56 of the Illinois Power Agency Act (which governs how the Agency uses the RERF). Other than spending previously committed via the Supplemental Photovoltaic Procurement process as described above, the use of the RERF will shift to supporting the implementation of the Illinois Solar for All Program, which is designed to create incentives and support to encourage the development of photovoltaic resources for low-income households and communities. The Illinois Solar for All Program will be included in the new Long-Term Renewable Resources Plan to be developed by the Agency in 2017. Illinois Commerce Commission approval of the Plan, and start-up of programs described in the Long-Term Renewables Plan, are anticipated to occur in 2018. Some of the challenges in spending the RERF that have been previously documented by the Agency and others will be resolved by this change in State policy. However, the RERF remains a special State Fund and expenditures from it are only authorized pursuant to the annual appropriations

process, and the RERF could be subject to future reallocations of funds to other State purposes if authorized by the General Assembly and Governor.

### C. Balance in RERF

As of January 27, 2017, the RERF balance equals \$187,867,174.33. Table 13 shows the current IPA RERF balance sheet.

**Table 13: IPA RERF Balance Sheet**

Date	Transaction	Amount	Cumulative Balance
Fall 2010	ACPs received	\$7,148,261.61	\$7,148,261.61
September 2010	Transfer out pursuant to 30 ILCS 105/5h(a)	(\$2,000,000.00)	\$5,148,261.61
October 2010	Transfer out pursuant to 30 ILCS 105/5h(a)	(\$4,710,000.00)	\$438,261.61
Fall 2011	ACPs received	\$5,606,245.18	\$6,044,506.79
March 2012	Transfer in pursuant to 30 ILCS 105/5h(a)	\$2,000,000.00	\$8,044,506.79
April 2012	Transfer in pursuant to 30 ILCS 105/5h(a)	\$4,710,000.00	\$12,754,506.79
Fall 2012	ACPs received	\$2,156,777.61	\$14,911,284.40
Fall 2013	ACPs received	\$38,382,345.57	\$53,293,629.97
Winter/Spring 2014	RECs purchased per May 2013 Contracts	(\$1,719,141.52)	\$51,574,488.45
Fall 2014	ACPs received	\$77,145,921.09	\$128,720,409.54
Fall 2014	Supplemental PV Procurement Expenses	(\$170,068.33)	\$128,550,341.21
Spring 2015	Transfer pursuant to Public Act 99-0002	(\$98,000,000)	\$30,550,341.21
Spring 2015	ACPs Received	\$26,342.00	\$30,576,683.21
Summer 2015	Supplemental PV Procurement Expenses	(\$653,549.18)	\$29,923,134.03
Summer 2015	SPV Deposits	\$427,836.00	\$30,350,970.03
Fall 2015	ACPs Received	\$86,278,411.02	\$116,629,381.05
Fall 2015	SPV Deposits	\$492,785.00	\$117,122,166.05
Spring 2016	SPV Deposits	\$561,734.04	\$117,683,900.09
Summer 2016	REC Payments/SPV Deposit Returns/Supplemental PV Procurement Expenses	(\$738,377.81)	\$116,945,522.28
Fall 2016	ACPs Received	\$71,649,805.76	\$188,595,328.04
Fall 2016	REC Payments/SPV Deposit Returns	(\$728,153.71)	\$187,867,174.33

**Appendix A**  
**Illinois Power Agency**  
**Fiscal Year 2016**  
**Audited Financial Statement and Notes**



STATE OF ILLINOIS  
**ILLINOIS POWER AGENCY**  
FINANCIAL AUDIT  
INDIVIDUAL NONSHARED GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2016

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SPRINGFIELD OFFICE:

ILES PARK PLAZA  
740 EAST ASH • 62703-3154  
PHONE: 217/782-6046  
FAX: 217/785-8222 • TTY: 888/261-2887  
FRAUD HOTLINE: 1-855-217-1895



CHICAGO OFFICE:

MICHAEL A. BILANDIC BLDG. • SUITE S-900  
160 NORTH LASALLE • 60601-3103  
PHONE: 312/814-4000  
FAX: 312/814-4006  
FRAUD HOTLINE: 1-855-217-1895

OFFICE OF THE AUDITOR GENERAL  
FRANK J. MAUTINO

INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund of the State of Illinois, Illinois Power Agency, as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents within Appendix A.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the June 30, 2016, financial statements of the Illinois State Board of Investment - an internal investment pool of the State of Illinois - which statements reflect total assets constituting 100 percent of the total assets on the Balance Sheet and 100 percent of the total revenues on the Statement of Revenues, Expenditures, and Changes in Fund Balances within the Illinois Power Agency Trust Fund for the year ended June 30, 2016. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the investment activities of the Illinois State Board of Investment within the Illinois Power Agency Trust Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund of the State of Illinois, Illinois Power Agency, as of June 30, 2016, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 2, the financial statements present only the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund and do not purport to, and do not, present fairly the financial position of the State of Illinois or the State of Illinois, Illinois Power Agency, as of June 30, 2016, and the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### **Required Supplementary Information**

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

## Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund of the State of Illinois, Illinois Power Agency, as a whole. The *Introduction* and *Report Organization* components and the *Summary of Funds on a Cash Basis* in Appendix B are presented for the purposes of additional analysis and are not a required part of the financial statements of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund of the State of Illinois, Illinois Power Agency. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund of the State of Illinois, Illinois Power Agency and, accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2017, on our consideration of the State of Illinois, Illinois Power Agency's internal control over financial reporting of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Illinois Power Agency's internal control over financial reporting of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund and its compliance.

## **Restricted Use of this Auditor's Report**

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, and the State of Illinois, Illinois Power Agency's management, and is not intended to be and should not be used by anyone other than these specified parties.

**SIGNED ORIGINAL ON FILE**

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BRUCE L. BULLARD, CPA  
Director of Financial and Compliance Audits

Springfield, Illinois  
January 27, 2017

**State of Illinois**  
**Illinois Power Agency**  
**Individual Nonshared Governmental Funds**  
**Balance Sheet**  
**June 30, 2016**  
**(Expressed in Thousands)**

	<b>Special Revenue</b>		<b>Permanent Trust</b>
	<b>Illinois Power Agency Operations 0425</b>	<b>Illinois Power Agency Renewable Energy Resources 0836</b>	<b>Illinois Power Agency Trust 0424</b>
<b>Assets</b>			
Cash equity in State Treasury	\$ 7,540	\$ 117,684	\$ -
Investments	-	-	32,833
Other receivables, net	165	71,606	-
Due from other Agency funds	-	-	-
<b>Total assets</b>	<b>\$ 7,705</b>	<b>\$ 189,290</b>	<b>\$ 32,833</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 1,773	\$ 2,155	\$ -
Due to other Agency funds	-	-	-
Due to other State funds	527	88	-
<b>Total liabilities</b>	<b>2,300</b>	<b>2,243</b>	<b>-</b>
<b>Deferred Inflows of Resources (DIR)</b>			
Unavailable revenue	-	40,794	-
<b>Total DIR</b>	<b>-</b>	<b>40,794</b>	<b>-</b>
<b>Fund Balances</b>			
Nonspendable - endowments and similar funds	-	-	32,833
Committed			
Employment and economic development	5,405	146,253	-
Total fund balances	5,405	146,253	32,833
<b>Total liabilities, DIR, and fund balances</b>	<b>\$ 7,705</b>	<b>\$ 189,290</b>	<b>\$ 32,833</b>

The accompanying notes to the financial statements are an integral part of this statement.

**State of Illinois**  
**Illinois Power Agency**  
**Individual Nonshared Governmental Funds**  
**Statements of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2016**  
**(Expressed in Thousands)**

	<b>Special Revenue</b>		<b>Permanent Trust</b>
	<b>Illinois Power Agency Operations 0425</b>	<b>Illinois Power Agency Renewable Energy Resources 0836</b>	<b>Illinois Power Agency Trust 0424</b>
<b>Revenues</b>			
Licenses and fees	\$ 1,337	\$ -	\$ -
Interest and other investment income	-	-	(281)
Other revenues	-	48,585	-
<b>Total revenues</b>	<b>1,337</b>	<b>48,585</b>	<b>(281)</b>
<b>Expenditures</b>			
Employment and economic development	2,584	801	-
Interest	28	13	-
<b>Total expenditures</b>	<b>2,612</b>	<b>814</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,275)</b>	<b>47,771</b>	<b>(281)</b>
<b>Other sources (uses) of financial resources</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Net other sources (uses) of financial resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(1,275)</b>	<b>47,771</b>	<b>(281)</b>
Fund balances, July 1, 2015	6,680	98,482	33,114
<b>Fund Balances, June 30, 2016</b>	<b>\$ 5,405</b>	<b>\$ 146,253</b>	<b>\$ 32,833</b>

The accompanying notes to the financial statements are an integral part of this statement.

# **STATE OF ILLINOIS ILLINOIS POWER AGENCY**

## **Individual Nonshared Governmental Funds Notes to the Financial Statements**

June 30, 2016

### **(1) Organization**

The Illinois Power Agency (Agency) is a part of the executive branch of government of the State of Illinois (State) and operates under the authority of and review by the Illinois General Assembly. The Agency actively administers four individual nonshared governmental funds - the Illinois Power Agency Operations Fund, the Illinois Power Agency Trust Fund, the Illinois Power Agency Investment Fund, and the Illinois Power Agency Renewable Energy Resources Fund (collectively, "Funds") - described within these Notes to the Financial Statements. A nonshared fund is a fund in which a single agency of the State is responsible for administering substantially all of the financial transactions of the fund. Each of the Funds operate under a budget approved by the Illinois General Assembly in which resources are appropriated for the use of the Agency to meet each one of the Funds' specific mission and functions as described within the Illinois Compiled Statutes and the Illinois Administrative Code. All funds appropriated to the Agency from each one of the Funds and all cash received for each one of the Funds are under the custody and control of the State Treasurer.

The Agency, created in Fiscal Year 2008, is dedicated to capturing the benefits of competitive energy markets and facilitating the development of alternative energy technologies for the benefit of Illinois consumers. The Agency meets these objectives by planning and managing competitive procurements and participating in the development of new power generation assets and approaches in Illinois. The Agency is an independent agency subject to the oversight of the Executive Ethics Commission and its activities are subject to the authority of certain departments of the executive and legislative branches of government (such as the Department of Central Management Services, the Governor's Office of Management and Budget, the State Treasurer's Office, and the State Comptroller's Office) as defined by the Illinois General Assembly.

### **(2) Summary of Significant Accounting Policies**

The financial statements of the Funds have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for governmental funds, as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate user understanding of the Funds' financial statements, significant accounting policies are summarized below.

#### **(a) *Financial Reporting Entity***

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable.

The financial statements only present the Funds administered by the Agency and do not purport to, and do not, present fairly the financial position of the Agency or the State as of June 30, 2016, nor changes in the Agency or State's financial position for the year ended in conformity with GAAP.



**STATE OF ILLINOIS  
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds  
Notes to the Financial Statements

June 30, 2016

**(2) Summary of Significant Accounting Policies – Continued**

**(a) Financial Reporting Entity - Continued**

The Funds are not legally separate from the State; therefore, the financial information of the Funds are included in the financial statements of the State. The State's Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871, or accessing its website at [www.illinoiscomptroller.gov](http://www.illinoiscomptroller.gov).

**(b) Basis of Presentation**

In government, the basic reporting entity is a fund. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, inflows, outflows, and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. A balance sheet and statement of revenues, expenditures, and changes in fund balance have been presented for the Funds administered by the Agency.

The Agency administers the following fund types:

**Governmental Fund Type:**

**Special Revenue:**

These funds account for resources obtained from specific revenue sources that are legally restricted to expenditures for specified purposes. Special revenue funds account for, among other things, federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

**Illinois Power Agency Operations Fund – 425**

This fund was created as a special fund in the State Treasury. The fund is administered by the Agency for Agency operations as specified in the Illinois Power Agency Act. Funding sources include charges for services through fee reimbursements as provided by the Illinois Power Agency Act and transfers of interest and investment income from the Illinois Power Agency Trust Fund.

**Illinois Power Agency Debt Service Fund – 427**

This fund was created as a special fund in the State Treasury. The fund shall be administered by the Agency for retirement of revenue bonds issued for any Agency facility. There was no activity in this fund during Fiscal Year 2016.



**STATE OF ILLINOIS  
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds  
Notes to the Financial Statements

June 30, 2016

**(2) Summary of Significant Accounting Policies – Continued**

***(b) Basis of Presentation - Continued***

**Illinois Power Agency Facilities Fund – 426**

This fund was created as a special fund in the State Treasury. The fund shall be administered by the Agency for costs incurred in connection with the development and construction of a power facility by the Agency as well as costs incurred in connection with the operation and maintenance of an Agency facility. There was no activity in this fund during Fiscal Year 2016.

**Illinois Power Agency Renewable Energy Resources Fund – 836**

This fund was created as a special fund in the State Treasury. This fund is administered by the Agency for the procurement of renewable energy resources. This fund's funding source is Alternative Compliance Payments remitted by Alternative Retail Electric Suppliers to comply with the State's Renewable Portfolio Standard established by the Public Utilities Act.

**Permanent:**

These funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizens.

**Illinois Power Agency Trust Fund – 424**

This fund was created as a special fund in the State Treasury. This fund has two distinct purposes:

- 1) This fund may accept, receive, and administer any grants, loans, or other funds made available to it by any source. Any funds received except for interest and investment income shall not be considered income, but shall be added to the principal of the Illinois Power Agency Trust Fund. These amounts shall be interfund cash transferred to the Illinois Power Agency Investment Fund to be held for investment by the Illinois State Board of Investment for the purpose of obtaining a total return on investments for the long term as described in the State Finance Act (30 ILCS 105/6z-75).
- 2) This fund may accept cash transfers of investment income from the Illinois Power Agency Investment Fund for interfund cash transfer, subject to appropriations from the Illinois General Assembly, to the Illinois Power Agency Operations Fund as described in the State Finance Act (30 ILCS 105/6z-75).

**STATE OF ILLINOIS  
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds  
Notes to the Financial Statements

June 30, 2016

**(2) Summary of Significant Accounting Policies – Continued**

***(b) Basis of Presentation - Continued***

**Illinois Power Agency Investment Fund – 1408**

This fund was created as a locally held fund held by the Illinois State Board of Investment outside of the State Treasury. Any funds received by the Illinois Power Agency Investment Fund from the Illinois Power Agency Trust Fund shall not be considered income, but shall be added to the principal of the Fund. In addition, the Agency may interfund cash transfer, subject to the maximum appropriation for the Illinois Power Agency Trust Fund from the Illinois General Assembly, up to 90% of the annual investment income to the Illinois Power Agency Trust Fund for interfund cash transfer to the Illinois Power Agency Operations Fund. Any investment income not interfund cash transferred to the Illinois Power Agency Trust Fund for interfund cash transfer to the Illinois Power Agency Operations Fund shall not be considered income, but shall be added to the principal of the Illinois Power Agency Investment Fund.

The Illinois Power Agency Investment Fund has been collapsed into the Illinois Power Agency Trust Fund for financial reporting purposes.

Funding sources for both permanent funds include interest accumulations deposited by the State Treasurer, investment income received through the Illinois State Board of Investment, and any grants, loans, or other funds made available to it by any source.

***(c) Measurement Focus and Basis of Accounting***

The Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on formal debt issues, claims and judgments, and compensated absences are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of formal debt issues and acquisitions under capital leases and installment purchases are reported as other financing sources. Significant revenue sources which are susceptible to accrual include charges for services and interest and investment income. All other revenue sources including fines, licenses, and other miscellaneous revenues are considered to be measurable and available only when cash is received.

**STATE OF ILLINOIS  
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds  
Notes to the Financial Statements

June 30, 2016

**(2) Summary of Significant Accounting Policies – Continued**

**(d) Cash Equity in State Treasury**

Cash equity in the State Treasury includes deposits held in the State Treasury. It also includes cash received and deposited in the Agency's clearing account and in process to the State Treasurer.

**(e) Investments**

Investments are reported at fair value. The Illinois State Board of Investment holds investments for the Illinois Power Agency Trust Fund within the Illinois Power Agency Investment Fund pursuant to the State Finance Act (30 ILCS 105/6z-75).

**(f) Interfund Transactions**

The following types of interfund transactions between the Funds and funds of other State agencies may occur:

**Interfund Loans** are amounts provided with a requirement for repayment made in accordance with State law, which are reported as interfund receivables in lender funds and interfund payables in borrower funds. When interfund loan repayments are not expected within a reasonable time, the interfund balances are reduced and the amount that is not expected to be repaid is reported as a transfer from the fund that made the loan to the fund that received the loan.

**Services provided and used** are sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the governmental fund's balance sheet.

**Reimbursements** are repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

**Transfers** are flows of assets (such as cash or goods) between funds without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the governmental funds making transfers and as other financing sources in the governmental funds receiving transfers.

**STATE OF ILLINOIS  
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds  
Notes to the Financial Statements

June 30, 2016

**(2) Summary of Significant Accounting Policies – Continued**

**(g) Fund Balances**

Fund balances are classified in the following categories:

***Nonspendable*** – This consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The Illinois Power Agency Trust Fund had a nonspendable fund balance as of June 30, 2016.

***Restricted*** – This consists of amounts that are restricted to specific purposes, which is when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. There were no restricted fund balances as of June 30, 2016.

***Committed*** – This consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Agency's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Agency removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Agency's highest level of decision-making authority rests with the Illinois General Assembly and the Governor. The State passes "Public Acts" to commit its fund balances. The Illinois Power Agency Operations Fund and the Illinois Power Agency Renewable Energy Resources Fund had committed fund balances as of June 30, 2016.

***Assigned*** – This consists of net amounts that are constrained by the Agency's intent to be used for specific purposes, but that are neither restricted nor committed. Fund balance assignments can only be removed or changed by action of the General Assembly. There were no assigned fund balances as of June 30, 2016.

***Unassigned*** – This consists of residual fund balance (deficit) that has not been designated for specific purposes within the Funds. There were no unassigned fund balances as of June 30, 2016.

The Agency has a general policy to first use restricted resources for expenditures incurred for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available. When expenditures are incurred for which only unrestricted resources are available, the policy is to use committed resources first, then assigned. Unassigned amounts are only used after the other resources have been used.

**STATE OF ILLINOIS  
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds  
Notes to the Financial Statements

June 30, 2016

**(2) Summary of Significant Accounting Policies – Continued**

**(h) Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**(i) Future Adoption of GASB Statements**

Effective for the year ending June 30, 2017, the Agency will adopt GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Agency has not yet determined the impact on the Funds' financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2018, the Agency will adopt GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Agency does not expect a material impact on the Funds' financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2017, the Agency will adopt GASB Statement No. 77, *Tax Abatement Disclosures*, which is to assist users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The Agency has not yet determined the impact on the Funds' financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2017, the Agency will adopt GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Agency has not yet determined the impact on the Funds' financial statements as a result of adopting this statement.

**STATE OF ILLINOIS  
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds  
Notes to the Financial Statements

June 30, 2016

**(2) Summary of Significant Accounting Policies – Continued**

**(i) Future Adoption of GASB Statements - Continued**

Effective for the year ending June 30, 2017, the Agency will adopt GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Agency has not yet determined the impact on the Funds' financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2017, the Agency will adopt GASB Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*, which is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The Agency has not yet determined the impact on the Funds' financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2018, the Agency will adopt GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, which is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Agency has not yet determined the impact on the Funds' financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2017, the Agency will adopt GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*, which is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The Agency has not yet determined the impact on the Funds' financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2019, the Agency will adopt GASB Statement No. 83, *Certain Asset Retirement Obligations*, which is to address accounting and financial reporting for legally enforceable liability associated with the retirement of a tangible capital asset. The Agency has not yet determined the impact on the Funds' financial statements as a result of adopting this statement.

**STATE OF ILLINOIS  
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds  
Notes to the Financial Statements

June 30, 2016

**(3) Deposits and Investments**

**(a) Deposits**

The State Treasurer is the custodian of the Fund's deposits and investments for funds maintained in the State Treasury. Deposits in the custody of the State Treasurer at June 30, 2016, including cash on hand and cash in transit, totaled \$7.540 million for the Illinois Power Agency Operations Fund and \$117.684 million for the Illinois Power Agency Renewable Energy Resources Fund. These deposits are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Funds held by the State Treasurer have not been categorized as to credit risk because the Funds do not own individual securities. Details on the nature of these deposits are available within the State's Comprehensive Annual Financial Report.

**(b) Investments**

The Illinois State Board of Investment, an internal investment pool of the State, holds the investments within the Illinois Power Agency Investment Fund pursuant to the State Finance Act (30 ILCS 105/6z-75). At June 30, 2016, total investments were \$32.833 million.

The Illinois State Board of Investment manages all assets held by it within a single commingled fund. Disclosures pertaining to these investments are included in the financial statements of the Illinois State Board of Investment. A copy of the financial statements of the Illinois State Board of Investment may be obtained by writing to the Illinois State Board of Investment, 180 North LaSalle Street, Suite 2015; Chicago, Illinois, 60601.

**(4) Other Receivables**

The balance of Other Receivables for the Illinois Power Agency Renewable Energy Resources Fund includes amounts owed to the Agency for Alternative Compliance Payments (ACPs), totaling \$71.606 million. In addition, the balance of Other Receivables for the Illinois Power Agency Operations Fund includes reimbursements owed to the Agency, totaling \$165 thousand.

**STATE OF ILLINOIS  
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds  
Notes to the Financial Statements

June 30, 2016

**(5) Interfund Balances and Activity**

The following presents the Funds' interfund balances and activities at June 30, 2016:

The following balances (in thousands) represents amounts due to other funds:

Due From	Due to Other State Funds	Description/Purpose
Illinois Power Agency Operations Fund	527	Repayments and Payment for Services
Illinois Power Agency Renewable Energy Resources Fund	88	Payment for Services
Total:	<u>\$ 615</u>	

**(6) Pension Plan**

Substantially all of the Agency's full-time employees participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois' reporting entity. The SERS is a single-employer defined benefit public employee retirement system (PERS) in which State employees participate, except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. The financial position and results of operations of the SERS for Fiscal Year 2016 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2016. The SERS issues a separate CAFR that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255.

A summary of SERS benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the SERS' CAFR. Also included is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

The Agency pays employer retirement contributions based upon an actuarially determined percentage of its payrolls. For Fiscal Year 2016, the employer contribution rate was 45.598%.



**STATE OF ILLINOIS  
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds  
Notes to the Financial Statements

June 30, 2016

**(7) Post-employment Benefits**

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employees' Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the State's Comprehensive Annual Financial Report.

The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established is included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services may be obtained by writing to the Department of Central Management Services, 715 Stratton Building, 401 South Spring Street, Springfield, Illinois, 62706.

**(8) Risk Management**

The Funds are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation; and, natural disasters. The State retains the risk of loss (i.e., self insured) for these risks.

The Funds' risk management activities for self-insurance, unemployment insurance, and workers' compensation are financed through appropriations to the Department of Central Management Services and are accounted for in the General Fund of the State. The claims are not considered to be a liability of the Funds; and accordingly, have not been reported in the Funds' financial statements for the year ended June 30, 2016.

**STATE OF ILLINOIS  
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds  
Notes to the Financial Statements

June 30, 2016

**(9) Commitments and Contingencies**

**(a) Operating Leases**

The Illinois Power Agency Operations Fund leases various real property and equipment under terms of noncancellable operating lease agreements that require the Illinois Power Agency Operations Fund to make minimum lease payments plus pay a pro rata share of certain operating costs. Rent expense under operating leases was \$18 thousand for the year ended June 30, 2016.

**(b) Renewable Energy Credits**

During Fiscal Year 2016, under the Supplemental Photovoltaic Procurement Plan developed pursuant to Public Act 98-0672, the Agency held procurements to purchase up to \$25 million in Renewable Energy Credits (RECs) from new photovoltaic distributed energy generation devices. This was in addition to the procurement held late in Fiscal Year 2015 to purchase up to \$5 million in RECs from new photovoltaic distributed energy generation devices.

A total of 18 companies have contracts to sell RECs to the Agency with contracts that started on or after, July 1, 2016, and with terms that allow for up to nine months to identify individual projects, one year to develop projects, and then five years for delivery of RECs as they are created.

**(10) Subsequent Events**

Effective June 1, 2017, Public Act 099-0906 will have a significant impact on the Agency's financial condition and results of operations. The Agency's operations will be impacted by a new requirement related to the procurement of Zero Emissions Credits and significant changes to the planning and administration of procurements and programs related to renewable energy resources. Additionally, Public Act 099-0906's impact on the Agency's administration of the Illinois Power Agency Operations Fund and Illinois Power Agency Renewable Energy Resources Fund, while not fully analyzed by the Agency at this time, is expected to be significant.

For example, two major changes are the elimination of the requirement for Alternative Retail Electric Suppliers (ARES) to pay annual Alternative Compliance Payments (ACPs) into the Illinois Power Agency Renewable Energy Resources Fund and the adoption of a plan to use the Illinois Power Agency Renewable Energy Resources Fund's remaining fund balance. Another issue the Agency and the Illinois Commerce Commission are currently reviewing is whether ACPs related to the current Energy Year (June 1, 2016 through May 31, 2017) will be paid into the Illinois Power Agency Renewable Energy Resources Fund.

The Agency is not aware of any additional facts, decisions, or conditions that might be expected to have a significant effect on the financial position or results of operations during this and future fiscal years.

SPRINGFIELD OFFICE:

ILES PARK PLAZA  
740 EAST ASH • 62703-3154  
PHONE: 217/782-6046

FAX: 217/785-8222 • TTY: 888/261-2887  
FRAUD HOTLINE: 1-855-217-1895



CHICAGO OFFICE:

MICHAEL A. BILANDIC BLDG. • SUITE S-900  
160 NORTH LASALLE • 60601-3103  
PHONE: 312/814-4000  
FAX: 312/814-4006  
FRAUD HOTLINE: 1-855-217-1895

OFFICE OF THE AUDITOR GENERAL  
FRANK J. MAUTINO

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund of the State of Illinois, Illinois Power Agency, as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents, and have issued our report thereon dated January 27, 2017, which contained an emphasis of matter paragraph stating the financial statements present only the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund and do not purport to, and do not, present fairly the financial position of the State of Illinois or the State of Illinois, Illinois Power Agency, as of June 30, 2016, and the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our report includes a reference to other auditors who audited the financial statements of the Illinois State Board of Investment - an internal investment pool of the State of Illinois - as described in our report on the Illinois Power Agency Trust Fund of the State of Illinois, Illinois Power Agency's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the State of Illinois, Illinois Power Agency's internal control over financial reporting (internal control) of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Illinois Power Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Power Agency's internal control.



A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund of the State of Illinois, Illinois Power Agency that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund of the State of Illinois, Illinois Power Agency are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Illinois, Illinois Power Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Illinois Power Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

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BRUCE L. BULLARD, CPA  
Director of Financial and Compliance Audits

Springfield, Illinois  
January 27, 2017

**Appendix B**  
**Illinois Power Agency**  
**Fiscal Year 2016**  
**Summary of Funds on a Cash Basis**

State of Illinois  
 Illinois Power Agency  
 Summary of Funds on an Cash Basis  
 June 30, 2016  
 (Expressed in Thousands)

**Appendix B**

	<u>Special Revenue</u>		<u>Permanent Trust</u>
	<u>Illinois Power Agency Operations 0425</u>	<u>Illinois Power Agency Renewable Energy Resources 0836</u>	<u>Illinois Power Agency Trust 0424</u>
<b>Assets</b>			
Cash equity in State Treasury	\$ 7,540	\$ 117,684	\$ -
Investments	-	-	32,833
<b>Total assets</b>	<u>\$ 7,540</u>	<u>\$ 117,684</u>	<u>\$ 32,833</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 1,093	\$ -
<b>Total liabilities</b>	<u>-</u>	<u>1,093</u>	<u>-</u>
<b>Fund Balances</b>			
Nonspendable - endowments and similar funds	-	-	32,833
Committed			
Employment and economic development	7,540	116,591	-
Total fund balances	<u>7,540</u>	<u>116,591</u>	<u>32,833</u>
<b>Total liabilities, DIR, and fund balances</b>	<u>\$ 7,540</u>	<u>\$ 117,684</u>	<u>\$ 32,833</u>