Illinois Power Agency
105 West Madison Street
Suite 1401
Chicago, Illinois 60602

May 10, 2023

Re: Report on Municipal Load Aggregation and Renewable Resource Development

Dear Director Granahan,

CleanChoice Energy ("CleanChoice") is a mission-driven, renewable energy company that empowers people and businesses to easily access climate solutions. Based out of Washington, D.C., CleanChoice is one of the largest independent retail energy providers that exclusively offers its customers 100% renewable energy products. CleanChoice has been doing business as an Alternative Retail Energy Supplier ("ARES") in Illinois since 2013.

CleanChoice appreciates this opportunity to submit the following comments in response to the Illinois Power Agency ("IPA")'s request for comments on the Report on Municipal Load Aggregation and Renewable Resource Development ("Report") assessing the role that municipal electrical load aggregation can play in meeting Illinois' renewable energy goals and how municipal aggregation programs can provide support for the development of new renewable resources.

Aggregations Can Solicit Renewable PPAs Today

The Report states that Illinois has faced challenges when it comes to incentivizing the development of new renewable energy projects due in part because the state's municipal aggregation programs generally do not execute long-term Power Purchase Agreements ("PPAs") directly with renewable projects.[1]

CleanChoice is unaware of any existing policy or regulation that prohibits a municipal aggregation in Illinois from soliciting supply contracts that include off-take of both RECs and energy from a new renewable resource sited in Illinois. This could easily become part of the RFP issued by the aggregation. **We believe that with sufficient notice suppliers would respond with offers that address this demand just as they do today for corporate buyers looking for renewable energy.** However, it is unclear how many municipal aggregation programs would have interest in these contracts which may come at a price premium for their customers in Illinois which has, on average, less expensive wholesale costs for energy than the states surveyed in the Report. Another

[1] Illinois Power Agency. *Report on Municipal Load Aggregation and Renewable Resource Development,* 2023. Page 3.

potentially relevant factor is contract length. A majority of cities with municipal aggregation programs have used 1-3 year contracts, potentially based on a concern that longer-term contracts create risk that the price becomes uncompetitive or fails to provide savings. In fact, the City of Chicago, the largest municipal aggregation in Illinois history, decided to end its program after two years because it was not expected to provide sufficient savings to justify the time and expense of continuing to administer the program.[2]

It is true that many developers prefer solar and wind farms to obtain the longest possible offtake agreement, but that preference is a driver of their profitability rather than project viability. Many projects can be financed off of intermediate-term off-take agreements in the 7-year range. Indeed some developers prefer shorter contracts because they want long-term exposure to rising energy prices for their power plant. This is attractive inflation-protection for many financiers. Other developers plan to sell the project and only want the longest possible tenure of power purchase agreement. The renewable energy marketplace has evolved well beyond the long-dated PPA and can create different products to meet demand.

Additional Relevant Factors the Report Should Consider

CleanChoice notes that the Report includes a number of accurate observations about other states, but there are other relevant factors - not captured in the Report - that should also be considered. First, the Report does not include any survey or other data from existing Illinois municipal aggregations on why they haven't issued RFPs that include renewable energy PPAs. It is unclear whether existing aggregation programs have considered contracts that would include off-take of both RECs and energy from a new renewable resource sited in Illinois and decided (or not) to pursue this structure or whether communities simply have not yet considered the issue. Survey data or other direct feedback from existing municipal aggregations would be helpful information for the IPA and other stakeholders to consider.

Further, CleanChoice is concerned that the Report does not give sufficient consideration or weight to underlying local dynamics. Some of those factors include barriers to the development of renewable energy for supply in several of the states covered in the Report. Other local dynamics have redirected the focus of renewable energy development into other types of renewable power plants—principally community solar.

For example, land development of any kind is very difficult in Massachusetts, New York and New Jersey. CleanChoice operates as a solar developer in four of the states surveyed in the Report. Viable solar projects are sometimes scarce due to a variety of factors from transmission constraints to land use restrictions. Further, all three of these states have community solar programs which are

[2] https://www.chicagotribune.com/news/breaking/ct-chicago-comed-met-20150424-story.html

multiples more lucrative per megawatt ("MW") for developers than building a solar farm and selling the energy as supply to a customer through the applicable Regional Transmission Organization ("RTO"). These smaller community solar projects can also be easier to develop because they can interconnect through distribution lines instead of through the regional transmission system, as compared to larger projects that can take 5-7 years to advance. Relatedly, California has not had a historical community solar program so aggregation programs were the available form of market access for renewable energy projects. Facilitating the combination of aggregation agreements and community solar off-take could be an area for Illinois to explore.

PJM's Interconnection Backlog is a Major Barrier

As has been widely discussed in other venues, PJM, the RTO serving ComEd, has a backlog of projects that are halted by a moratorium on new interconnections. This moratorium began in January 2022 and means minimum delays of two years and in some cases much longer. This moratorium on interconnections is likely the single largest and most significant barrier to new renewable energy development in America's largest transmission organization.

Solving this crisis would unlock hundreds of MWs of solar and wind in Illinois that are economically viable with or without a municipal aggregation agreement. Indeed, if the IPA or any Illinois agency made unlocking the PJM interconnection queue a major initiative it would have a significant impact on America's progress to deploy clean energy and address climate change.

Municipal Aggregation Program Rules Should Remain Flexible

In Illinois, municipal aggregation programs seeking to find the right balance between procuring higher amounts of renewable energy and maintaining greater cost savings relative to the incumbent utility's cost of service should have the ability to partner with developers. Because of this need for balance, the IPA should not recommend policies that mandate partnerships between developers and municipal aggregation programs.

Voluntary Green Power Procurement

While it is premature to determine whether long-term PPAs are the most viable solution for municipal aggregation programs to incentivize local renewable energy deployment in Illinois, voluntary renewable energy demand has been spurring investment in the renewables industry for decades, and it would be helpful for the Report to note that the competitive market as a whole (including both municipal aggregation and direct choice) have been responsible for this growth. This demand, often called Voluntary Green Power Procurement, is separate from renewables used to meet state renewable portfolio standards ("RPS"). The National Renewable Energy Laboratory ("NREL") has been tracking this data since the 1990s, and their data shows that in 2020, competitive

suppliers were responsible for 21.6 million megawatt hours ("MWh") while community choice aggregation programs were only responsible for 13 million MWh.[3] In total that year, 192 million MWh of renewable energy was procured through voluntary green power markets, equating to 5% of U.S. retail electricity sales.[4] This number continues to trend upwards, even as RPS obligations increase each year and thus, reduce the voluntary green power portion of sales. This can only be explained by growing consumer demand for renewables.

We also note that in restructured markets, suppliers of renewable energy play an important balancing role for power plants—buying shorter term blocks of RECs or energy when long-term buyers have surplus. CleanChoice has often purchased RECs from Illinois-sited wind farms that generated beyond their PPA contract and need a buyer for their RECs. The same would be true for PPAs where the supplier with the PPA would sell excess energy and RECs to other customers.

Consumers Want Access to Renewable Energy

A recent survey shows that a majority of Americans want the option to choose clean, renewable energy.[5] This overwhelming support for renewable energy is represented across age, race, income level, education, and party affiliation:

- 90% of residents would like to be able to choose who provides the electricity for their homes.
- 86% of residents would like to be able to choose clean, renewable energy for their home.
- 96% of residents who prefer cleaner, renewable sources of energy also want to be able to choose their own energy provider.

As shown above, this survey also showed that a majority of U.S. residents are overwhelmingly in favor of choosing their home energy provider. Americans are clear in their desire for a robust retail market where customers can choose their preferred electricity products for their homes, and importantly, consumers need to be empowered to make decisions regarding their electricity consumption based upon their usage, values, income level and other interests/needs (i.e. integrating technology like solar + storage).

Parity in REC Disclosures

Lastly, the Report recommends that "increased REC location and vintage transparency and awareness across any green or renewable municipal aggregation contracts could potentially spur

[3] See US Voluntary Green Power Market 2020 https://openei.org/wiki/US_Voluntary_Green_Power_Market_2020
[4] NREL. *Status and Trends in the Voluntary Market (2020 data),* Pg 3. https://www.nrel.gov/docs/fy22osti/81141.pdf
[5] https://www.surveyusa.com/client/PollReport.aspx?g=7933a73a-fcd0-485c-ae99-0904cb7223ea

efforts at change."[6] CleanChoice strongly agrees with this conclusion and is supportive of additional REC disclosure requirements. Customer understanding is paramount to a well-functioning marketplace for energy products and services, and customers deserve to know the fuel mix and location of the RECS that are included in their retail energy product. The Illinois Administrative Code already requires ARES offering "green" or renewable products to provide additional disclosures for renewable energy products. Specifically, ARES must state the percentage of electricity paired with RECs; the renewable energy resource type mix (i.e. corresponding percentage of each resource such as X% wind, X% solar, etc); and the percentage of RECs generated in the State of Illinois.[7] If an ARES cannot comply with those specifications because it has not yet committed to particular renewable energy resources and/or it has not committed to a particular location or locations of renewable energy resources at the time it markets the offer, an alternative disclosure is required (i.e. the ARES shall disclose this fact and if the electricity product has been offered for 12 months or more, the ARES shall disclose this information based upon the previous year.[8] Accordingly, ARES, including ARES that supply municipal aggregation programs should already be disclosing some information about REC location, specifically the percentage of RECs generated in Illinois. With respect to "vintage transparency" CleanChoice recommends the IPA reference the definition of "new renewable resource" that has been adopted by the Center for Resource Solutions, defined as a renewable electricity generating facility beginning operation or repowered within 15 calendar years of its RECs being sold.[9]

Recommendations

CleanChoice notes that community education and technical support are potential additional areas for recommendations. For example, the IPA could develop model RFPs and model agreements that could be used by municipal aggregation programs to solicit renewable energy off-take supply. The IPA could host educational forums for community leaders to learn how to use community aggregations for renewable energy procurement. We believe there would be a receptive audience for these types of practical and educational resources.

Conclusion

CleanChoice commends the IPA for evaluating opportunities for municipal aggregation programs to utilize and further incentivize renewable energy development within the state of Illinois. Among all the states that CleanChoice operates in, Illinois has shown tremendous progress in the energy transition and is a clean energy leader in the United States. CleanChoice appreciates

[6] Illinois Power Agency. *Report on Municipal Load Aggregation and Renewable Resource Development,* 2023. Page 24.
[7] Illinois Administrative Code Title 83 Part 412.190 "Renewable Energy Product Descriptions"
[8] Id. at Part 412.190
[9] https://www.green-e.org/glossary

the opportunity to provide comments regarding the IPA's Report and looks forward to working with the IPA in the future to ensure all Illinois residents have the ability to choose clean, renewable energy.

Respectfully submitted,

/s/ Jennifer Spinosi
General Counsel and EVP - Corporate Affairs
CleanChoice Energy
jennifer.spinosi@cleanchoice.com

/s/ Rachel Smucker
Regulatory and Policy Associate
CleanChoice Energy
rachel.smucker@cleanchoice.com