



MidAmerican Energy Company
666 Grand Avenue Suite 500
Des Moines, IA 50306
Telephone 515-242-4279
Fax 515-242-4398
Amanda.Hosch@midamerican.com
Amanda Hosch, Sr. Director, Regulatory Policy &
Rates

July 8, 2022

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

Re: Electricity and Capacity Procurement for Eligible Retail Customers Request for Stakeholder Comments

Dear Ladies and Gentlemen:

MidAmerican Energy Company (MidAmerican or the Company) provides these comments in response to the Illinois Power Agency's (IPA) request for stakeholder comments on electricity and capacity procurement practices. Unlike other IPA procurement participants, MidAmerican still allocates some owned generation resources to Illinois customers. MidAmerican's owned generation mitigates the impact that energy and capacity market prices have on customers who take supply service from the Company. Because the IPA's procurement practices have a smaller impact on MidAmerican than they do on other participants, responses to the IPA's request for stakeholder feedback are limited.

The following background is provided as context to these comments. MidAmerican began participating in IPA procurements in 2016, as some owned generation retired, creating a capacity and energy shortfall for Illinois customers. MidAmerican has procured approximately 15% of its annual capacity obligation through the IPA. In the 2022-2023 planning year, a small amount of energy was also procured through the IPA. Illinois customers have some exposure to market prices in hours when allocated generation resource and purchased volumes are not sufficient to meet customer demand; however, Illinois customers also receive the benefit of favorable market conditions in hours when resource volumes exceed customer demand. Additionally, MidAmerican has experienced little retail customer switching. As of May 2022, 245 of 85,611 Illinois electric customers switched to a third-party energy supplier.

Comments on Question 4: Question 4 asks, "[g]iven the mix of competitive wholesale markets and traditional regulated markets in MISO that creates disconnects with the Illinois market structure, would having Ameren Illinois and the Illinois portions of MidAmerican either join PJM, or join ComEd in the establishment of a single state RTO for Illinois be beneficial to serving eligible retail customers, provide benefits to the competitive market, and/or provide better options for resource adequacy? While the IPA cannot make such a change through its procurement plans, consideration of these options could help inform future policy decisions for the State."

MidAmerican recommends against taking such actions. Segregating MidAmerican's Illinois load from the rest of the Company's load would increase costs to Illinois customers. MidAmerican manages a single load zone and transmission pricing zone in the MISO market representing all three jurisdictions in which it provides electric service (Iowa, Illinois and South Dakota). Managing as a combined load zone increases the size of the load zone, resulting in the most

cost-effective way to participate in organized energy markets. Managing Illinois' share of load and generation in a separate or new RTO will increase market price risk and operational risk. Exit fees and ongoing regional transmission charges would be assessed by MISO. Additionally, the Illinois portion of MidAmerican's transmission system would need to be segregated and established in PJM or a new RTO, resulting in inefficiencies from managing transmission pricing zones in two different RTOs. The relatively small size of a new, single-state RTO would likely increase the share of administrative expenses MidAmerican's Illinois load would be required to pay for participation. A new, single-state RTO would also cause seams issues between the various RTOs.

Comments on IPA Hedging Strategy: The request for comment describes the IPA's current hedging strategy, including procuring 50% of the Ameren Illinois' capacity needs through spot markets. The IPA states, "[a]n objective of the procurement strategy is to maximize stability of the resulting rates for service to eligible retail customers, while minimizing cost." MidAmerican is concerned that some utilities in the MISO Central subregion have fallen below their planning reserve margin requirement, which increases operational risks to load participants. MidAmerican is a part of MISO's generation reserve sharing pool and shares responsibility for serving all of MISO's load. Accordingly, MidAmerican encourages the IPA to adopt procurement practices and advocate for policies that not only minimize near-term cost, but also minimize the operational risk of supply shortages.

Comments on Capacity Procurement Issues: The request for comment asks about proposed changes to MISO's capacity accreditation and impact to the capacity auction. MidAmerican has been and will continue to be actively involved in policy change discussions surrounding resource adequacy and reliability issues through MISO's established working groups. MidAmerican encourages every stakeholder wishing to engage in ongoing dialogue to follow the relevant working groups.

Thank you for the opportunity to provide these comments. If you need further information, please don't hesitate to contact me.

Sincerely,

/s/ Amanda Hosch

Amanda Hosch
Sr. Director, Regulatory Policy & Rates