Ameren
ILLINOIS

September 30, 2019
Illinois Power Agency ("IPA")
Via Email: ipacontactus@illinois.gov

Ameren Illinois Power Supply Comments
Draft Revised Long Term Renewable Resources Procurement Plan (Plan)

Ameren Illinois Company d/b/a Ameren Illinois (Ameren Illinois) respectfully submits comments and recommendations regarding the Plan, which the Illinois Power Agency (IPA) released for public review and comment on August 15, 2019. To the extent that a docketed proceeding follows filing of the Plan with the Illinois Commerce Commission (Commission), Ameren Illinois will provide additional comments and recommendations.

On page 3 of the Plan, the proposed actions are listed as follows:

1. Approve the RPS targets, and budget estimates for Ameren Illinois, ComEd, and MidAmerican for the delivery years 2020-2021 through 2021-2022 contained in Chapter 3, and additionally that Ameren Illinois, ComEd, and MidAmerican will provide updated load forecasts and budget data to the Agency on a biannual basis (each spring and fall) to allow the Agency to update those numbers.

2. Approve the Agency's approach to prioritizing the use of any future available budget funds contained in Chapter 3.

3. Approve the continuation of the Agency's approach for considering and weighting the public interest criteria related to facilities located in adjacent states that is contained in Chapter 4.

4. Approve the potential proposed procurements contained in Chapter 5.

5. Approve the continuation of the basic design of the Adjustable Block Program contained in Chapter 6, including the block design, schedule of Renewable Energy Credit (REC) prices (and adders), and program terms and conditions as well as the updates proposed in this draft Revised Plan.

6. Approve the continuation of the basic design and terms and conditions of the Community Renewable Generation Program contained in Chapter 7 as well as the updates proposed in this draft Revised Plan.

7. Approve the continuation of the basic design and terms and conditions of the Illinois Solar for All Program contained in Chapter 8 as well as the updates proposed in this draft Revised Plan.

Ameren Illinois provides comments or recommendations on proposed actions 1, 2, 4 and 5.

Proposed action 1:

Ameren Illinois is unable to reconcile the data presented on page 62 in "Table 3-5: Ameren Illinois Existing REC Portfolio" and the data presented on page 72 in "Table 3-15: Ameren Illinois RPS Budget ($)".

Ameren Illinois recommendations for IPA's proposed action 1:

Prior to filing the Plan with the Commission, we recommend further discussion between the IPA and Ameren Illinois regarding Tables 3-5 and 3-15. This would help ensure the data is as accurate as possible prior to filing.

Proposed IPA actions 2 and 4:

The Plan describes that projected budgets will barely be sufficient to cover forward looking expenses associated with the 2017 Long Term Renewable Resources Procurement Plan (Initial Plan). The Plan acknowledges that multiple factors could ultimately result in additional funding, including higher than forecasted retail sales of electricity, lower than expected small subscribers for community solar projects, less than complete subscription levels for community solar projects, failure of projects currently under contract to be developed and the potential for legislative changes which could increase future renewable budgets. Finally, the Plan indicates that the expense projections are intentionally on higher side of expectations and this is appropriate given the uncertainty.

The Plan recommends no further procurements or awards. However, should budget funds become available, the Plan proposes a contingency approach which would prioritize budgets in the following order:

- Awards of up to 500,000 RECs per year under the adjustable block program.
- Target of 50,000 RECs per year from a competitive brownfield solar procurement.
- A competitive procurement of utility scale solar.
- A competitive procurement of utility scale wind.

The Plan also recommends the alternative compliance funds be allocated towards the adjustable block program. These funds were previously collected from utility real time pricing customers and retail electricity suppliers and are currently held by the utilities in liability accounts.

Ameren Illinois recommendations for Action Items 2 & 4:

Modify the Plan's contingency approach as follows (highest priority to lowest):

- **A 50/50 split among competitive REC procurements for utility scale solar and wind, with alternative compliance funds being used for these procurements.**
- **Target of 50,000 RECs per year from a competitive brownfield solar procurement.**
- **Incremental awards under the adjustable block program.**

Our rationale for these recommendations is as follows:

- Utility scale REC procurements are likely to yield the highest quantity of RECs under contract at the lowest cost to customers. Data from existing contracts stemming from the Initial Plan indicates that utility scale RECs have averaged about $4 per REC, whereas adjustable block RECs have averaged about $60 per REC. Also, adjustable block RECs account for only about 12% of total RECs under contract from the Initial Plan, but they account for about 64% of total costs.

- Although the Plan states that utility scale REC targets have already been achieved, the Plan does not emphasize that the utility scale REC targets are identified as *minimums* under the statute. In other words, the Plan has the authority to seek additional utility scale RECs beyond the minimum targets.

- Given the cost efficiencies of utility scale REC procurements, the installed MW capacity of newly developed renewable generation within Illinois should be substantially higher when compared to the MWs associated with adjustable block REC awards. This takes on a higher level of importance when considering that about 2,000 MW of Illinois fossil fuel generation retirements are proposed by the end of 2019.

- Implementing our recommendations would improve the IPA's progress towards the REC annual percentage goals. According to Tables 3-10 and 3-11 in the Plan, after full implementation of the Initial Plan, the statewide RECs will equal approximately 8% of retail customer load (~10 million RECs per year divided by ~120 million MWh per year). This falls well short of the desired goal of 25% by 2025. The Plan's contingency proposal to prioritize substantially more expensive adjustable block RECs would have little positive impact beyond the current 8% expectation. However, our contingency proposal to prioritize utility scale RECs would more positively impact the REC percentage goals.

- Under the Initial Plan, Illinois has already achieved (or will achieve in the near future) the 2020 target associated with the adjustable block program.

- Illinois has between *six and seven years* to award the remaining RECs needed to satisfy the 2025 the adjustable block program target of 1.5 million RECs (note the end of 2025 delivery year target means May 31, 2026). It is logical to assume the remaining quantity (about 350,000 RECs based on prior IPA presentations) can be pursued in the 2021 and 2023 Long Term Renewable Resource Procurement Plans.

- Distributed Generation (DG) solar costs may decline as the market matures. Since Illinois has time on its side to reach the remainder of the adjustable block program target, delaying incremental awards may result in lower DG REC prices, thus providing benefit to customers and resulting in the development of additional renewable generation in the state.

- Delaying the award of additional adjustable block RECs will also allow time to formulate appropriate changes to the current program design.

- The administration of the utility scale REC contracts is substantially simpler when compared to the adjustable block REC contracts and this translates into additional cost savings for Illinois customers.

- Using the alternative compliance funds for utility scale RECs would make the most efficient use of these funds and is consistent with the Commission's order in the Initial Plan.

Proposed IPA action item 5:
The Plan proposes to keep existing REC prices unchanged for open DG blocks and any DG blocks that may open under the Plan's contingency proposal. For community solar, the Plan seeks feedback from stakeholders regarding whether to keep REC prices unchanged or decrease them to ensure selected projects are the most efficient from a cost perspective. During implementation of the Initial Plan, the community solar and large DG allocations under the adjustable block program encountered significant over subscription. The IPA subsequently implemented a lottery process as a means to select and award contracts. Ameren Illinois believes this over subscription is a clear indicator that REC prices are higher than needed to entice participation. Further, these high prices have been the largest driver behind the Plan's projected budget constraints.

Ameren Illinois recommendations for proposed IPA action item 5:

Although we recommend that utility scale RECs take priority over adjustable block RECs in the contingency proposal, we recommend changes to the adjustable block REC pricing.

- **The Plan should lower REC prices for community solar and large DG. Ameren Illinois believes this would help to eliminate the over subscription issue in the future and help ensure that budgets are less constrained.**

- **In the event over subscription were to occur again, Ameren Illinois recommends the lottery process be eliminated and replaced with a process where the price is lowered until the quantity of vendor MWs interested in executing contracts equals the MWs available in the block offering. This design is favorable because it is market based, it eliminates the random lottery and it makes efficient use of customer paid funds.**

Thank you for this opportunity to provide these comments and recommendations.
Sincerely,

Richard McCartney

Richard McCartney
Director, Power Supply Acquisition

cc: Jim Blessing, Lenny Jones, Brice Sheriff, Justin Range, Brian Cuffle, Peter Millburg – AIC
Torsten Clausen - ICC Staff

Ameren ILLINOIS

September 30, 2019

Illinois Power Agency

Via Email: ipacontactus@illinois.gov

Ameren Illinois ("AIC" or "the Company") appreciates the opportunity to offer comments on the proposed revision of the Long Term Renewables Procurement Plan (LTRRP). The comments in this document focus on generator interconnection and related issues proposed for revision in the LTRRP.

1. The Agency proposes to use the occasion of the LTRRP's revision to seek the Commission's affirmation that the forms developed since the approval of Docket 17-0838 are consistent with that order. (Proposed section 6.13; page 187) AIC cannot support this proposal for the following reasons:
    a. In the order for 17-0838, Ameren Illinois requested and received Commission approval to eliminate Purchased Power Agreements or PPAs from the listing of acceptable contracts for 3rd party DG owners to offer to consumers. The IPA agreed, the ELPC proposed language to implement the request, AIC accepted the revised language, and the Commission ordered that PPA's not be included as a sample consumer document (page 109 of the order in 17-0838.)
    b. Despite the clear wording of the Commission's order, the IPA has included a sample PPA from the library of the Solar Energy Industries Association on its "Illinois Solar for All" web pages as an acceptable sample financing instrument.
    c. In a recent conversation with IPA staff, the IPA declined AIC's request to remove the inaccurate material, and indicated that AIC should instead seek a declaratory judgement from the Commission to address our concern.
    d. Admittedly, AIC did not comment when the IPA offered a review of sample consumer dockets subsequent to the order in 17-0838 because it understood the language of the Commission's order to be clear and unambiguous.
    e. Regardless, in light of AIC's concerns about the non-compliance of the IPA with the Commission's order regarding PPA's, and the refusal of the IPA to remove the PPA document from the Illinois Solar for All web page, AIC cannot agree to the IPA's proposed language requesting blanket approval of all the consumer protection material currently on the IPA's website.
    f. AIC's concerns would be addressed either by the removal of the offending material in compliance of the order in 17-0838, or the removal of the request for blanket Commission approval of the existent sample consumer protection documents.

2. AIC disagrees with the representation made to the Agency regarding the lack of depth in the market for the off-take of electricity produced by renewably-fueled generators in Illinois, and seeks to either have the observation removed or re-characterized. (Proposed section 2.3.3; pages 32-33)
    a. As required by PURPA; long-standing language in the Public Utilities Act; Part 430 of the Illinois Administrative Code; and tariffs approved by the Commission, utilities are required to purchase any of the off-take from the behind the meter renewably-fueled generators covered under this Plan.
    b. Accordingly, all behind the meter renewably fueled generators (which includes any generator <20MW in nameplate capacity in AIC's territory) have a market for their output.
    c. Generators not eligible for QF have the ability to register and qualify as MISO Market Participants.
    d. The MISO market, in which generators in AIC's territory operate, is robust by any measure.
    e. AIC is concerned that the comments provided to the Agency merely reflect a desirability for higher prices for energy offtake instead of any market or program design deficiencies, and as such, are not appropriate for inclusion in the revised LTRRP.

3. AIC supports the Agency's interpretation that the legislation that enables governmental entities to aggregate mass market customers for purposes of sourcing electric supply from a third party does not convey similar rights to aggregate mass market customers to subscribe to a community solar facility. (Proposed section 2.5.2.2.; page 46)
    a. The Company has received similar inquiries, and the results of our research are consistent with that of the Agency's.

4. The suggested definition of "contiguous" with regard to land parcels differs from that contained within AIC's tariffs with regard to what constitutes a "contiguous" parcel for the purposes of electric service. (Proposed section 7.3.1.; page 208)
    a. AIC understands that the Agency's purpose in defining contiguity differs than the Company's, but wants the Agency to be aware of the discrepancy as it considers its proposed revisions.
    b. For reference, the Agency proposes adding the following language to the definition of "Contiguous": "Additionally, parcels that are separated by a public road, a railroad or other right of way accessible at all times to the general public are not contiguous."
    c. The Company's definition of "Premises" in its electric Customer Terms and Conditions: "Premises means a contiguous tract of land separated by nothing more than a highway, street, alley or railroad right of way where all buildings and/or electric consuming devices thereon are owned or occupied by a single Customer or applicant for electric service ..."

5. AIC disagrees with both the accuracy of the edits proposed regarding the calculation of the value of distributed generation, and the propriety of their inclusion in the draft revision of the LTRRP. (Proposed section 6.8.2; page 170)
    a. The proposed language is inconsistent with the PUA and out of scope for this proceeding, with existing law being very explicit about the factors that go into this calculation.

6. AIC questions the need for the proposed language concerning the portability and transferability of subscriptions, and the propriety of using the occasion of the LTRRP revision to attempt to condition these features. (Proposed section 2.5.2.1.; page 45)
    a. These provisions are addressed in AIC's Rider NM – Net Metering tariff and the PUA, and neither allows for conditions to be placed upon portability or transferability. Accordingly, AIC believes that these topics are out of scope for this proceeding.
    b. While the Company appreciates the value of preventative action, it notes that the more pressing concern is for developers to secure and retain subscribers, and that developers have every motive to ensure the portability and transferability of subscriptions since securing new subscribers creates expenses, and a lack of subscribers threatens their REC revenues.

7. The Agency requested comments about concerning the provision of net metering benefits for customers in multi-tenant buildings. (Section 8.6.1.2., page 238)
    a. AIC offers no comments on master metered buildings.
    b. AIC observes that net metering service is an optional tariff service selection, requiring customers to proactively request service under that tariff.
    c. For buildings with individual tenants, AIC observes that each of those tenants is an individual AIC customer who's eligible for net metering services. Under the Company's tariffs, the decision of these customers to receive net metering service is subject to neither mandate nor approval by an external entity such as a landlord.
    d. AIC further observes that its approach to eligibility of generators to support multiple subscribers (as stated in its Rider NM – Net Metering tariff) is the requirement that the generator be interconnected directly to the utility's distribution system, which lowers costs the building owner would otherwise incur for redundant meters, disconnect switches for feed from the generator to each unit in their building, and the associated internal rewiring.
    e. Under AIC's approach, the generator owner retains the ability to identify specific customers who would be eligible to receive the output from their generator.
    f. Finally, AIC suggests that the Agency need not address this concept in the LTRRP revision.

Again, AIC appreciates the opportunity to offer comments on the proposed revision of the Long Term Renewables Procurement Plan (LTRRP), and looks forward to working with the Agency and other stakeholders on its refinements.

Sincerely,

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