



Eligible Retail Customer Electricity and Capacity Procurement Workshop

July 13, 2022

Housekeeping

- To reduce any background noise, all participants are muted upon entry.
- This workshop is intended to provide stakeholders an additional opportunity to provide comments. If you wish to provide a comment, please utilize the raise your hand feature on the bottom of the Zoom menu. We will take comments from stakeholders towards the end of the session.
- This workshop is being recorded. A recorded version of this session will be available on the IPA website under Plans Under Development page.

[Link: https://ipa.illinois.gov/energy-procurement/plans-under-development.html](https://ipa.illinois.gov/energy-procurement/plans-under-development.html)

- We have also enabled “Live Transcript” for the meeting today. If you wish to hide the “Live Transcript,” you may click on the “Live Transcript” button, then “Hide Subtitle.”

- **Welcome and Introductions**
- **Recent Market Conditions Impacting Spring Procurement Events**
- **Spring Procurement Events**
- **Energy Procurement and Hedging Strategy**
- **Capacity Procurement and Hedging Strategy**
- **Policy Issues and Considerations**

- **Price volatility for both electricity and capacity this spring has prompted the IPA to seek additional stakeholder feedback in preparing the draft 2023 Electricity Procurement Plan**
- **Request for Comments issued on June 27**
 - 13 responses received
Available at : <https://ipa.illinois.gov/energy-procurement/plans-under-development/comments.html>
 - Input received through comments and at today's workshop is for discussion purposes only.
 - Any changes to procurement approaches will be reflected in the Plan released by the Agency

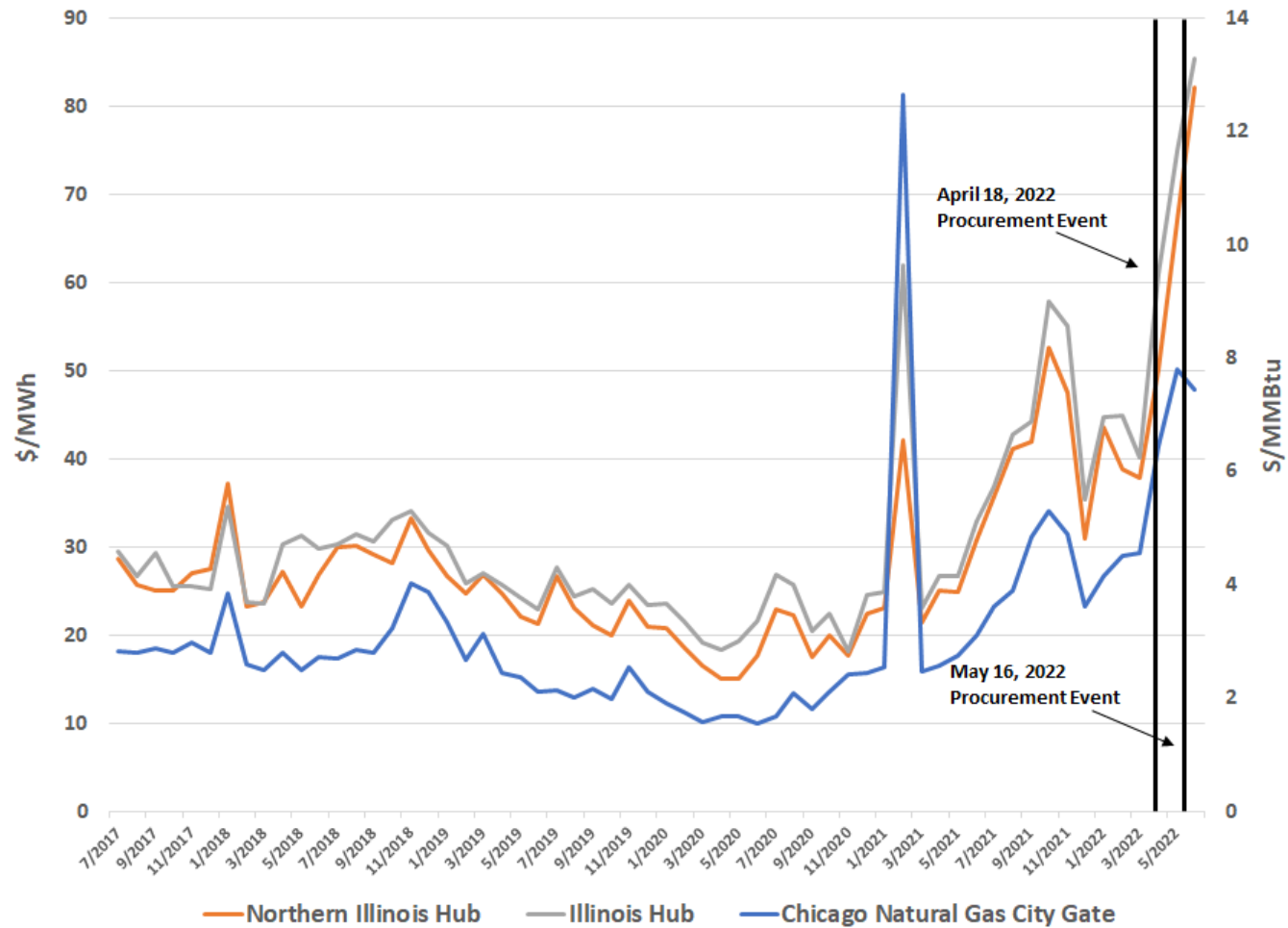
- **Annual Procurement Planning Process**
 - Draft Plan released August 15
 - 30 day comment period
 - Plan filed for ICC approval late September
 - ICC approval within 90 days
 - Will cover procurements conducted in calendar year 2023
- **Plan covers procurements to serve only “eligible retail customers”**
- **Utilities provide load forecasts on July 15 that serve as basis for the plan**

Current Procurement Approach

- **Electricity**
 - Three-year laddered hedging
 - 25% two-years out / 50% one-year out / 100% prompt year (106% for on-peak July and August)
 - 25 MW blocks of on-peak or off-peak power
- **Capacity**
 - Ameren only
 - 25% two-years out / 50% one-year out / balance from MISO PRA
 - Note for 2016 and 2017 delivery years strategy was to hedge to 75%
- **Two procurement events per year**

Recent Market Conditions Impacting Spring Procurement Events

Illinois & Northern Illinois Spot Electricity Prices vs. Chicago City Gas Natural Gas Prices



- **Spring 2022 (April 18)**
 - **Standard Energy Blocks**

AIC

	On-Peak Target (MW)	On-Peak Procured (MW)	On-Peak Avg. Price (\$/MWh)	Off-peak Target (MW)	Off-Peak Procured (MW)	Off-peak Avg. Price (\$/MWh)
June	550	550	101.52	500	500	74.24
July	900	250	103.12	675	225	77.22
August	850	250	103.12	675	225	77.22
September	575	575	103.28	475	475	74.48

COMED

	On-Peak Target (MW)	On-Peak Procured (MW)	On-Peak Avg. Price (\$/MWh)	Off-peak Target (MW)	Off-Peak Procured (MW)	Off-peak Avg. Price (\$/MWh)
June	2,000	175	98.56	1,625	175	68.5
July	2,725	0	na	2,000	0	na
August	2,550	0	na	1,850	0	na
September	1,650	275	103.25	1,475	75	69.74

- **Supplemental Spring 2022 (May 16)**
 - **Standard Energy Blocks**

AIC

	On-Peak Target (MW)	On-Peak Procured (MW)	On-Peak Avg. Price (\$/MWh)	Off-peak Target (MW)	Off-Peak Procured (MW)	Off-peak Avg. Price (\$/MWh)
July	650	650	173.04	450	450	94.96
August	600	600	159.91	450	450	90

COMED

	On-Peak Target (MW)	On-Peak Procured (MW)	On-Peak Avg. Price (\$/MWh)	Off-peak Target (MW)	Off-Peak Procured (MW)	Off-peak Avg. Price (\$/MWh)
June	1,825	1,475	116.34	1,450	1,450	75.07
July	2,725	1,550	163.34	2,000	1,725	87.85
August	2,550	1,725	158.77	1,850	1,725	85.54
September	1,375	1,375	115.42	1,400	1,400	67.7

- Ameren Capacity**

IPA Procured Capacity Prices (\$/MW-D)

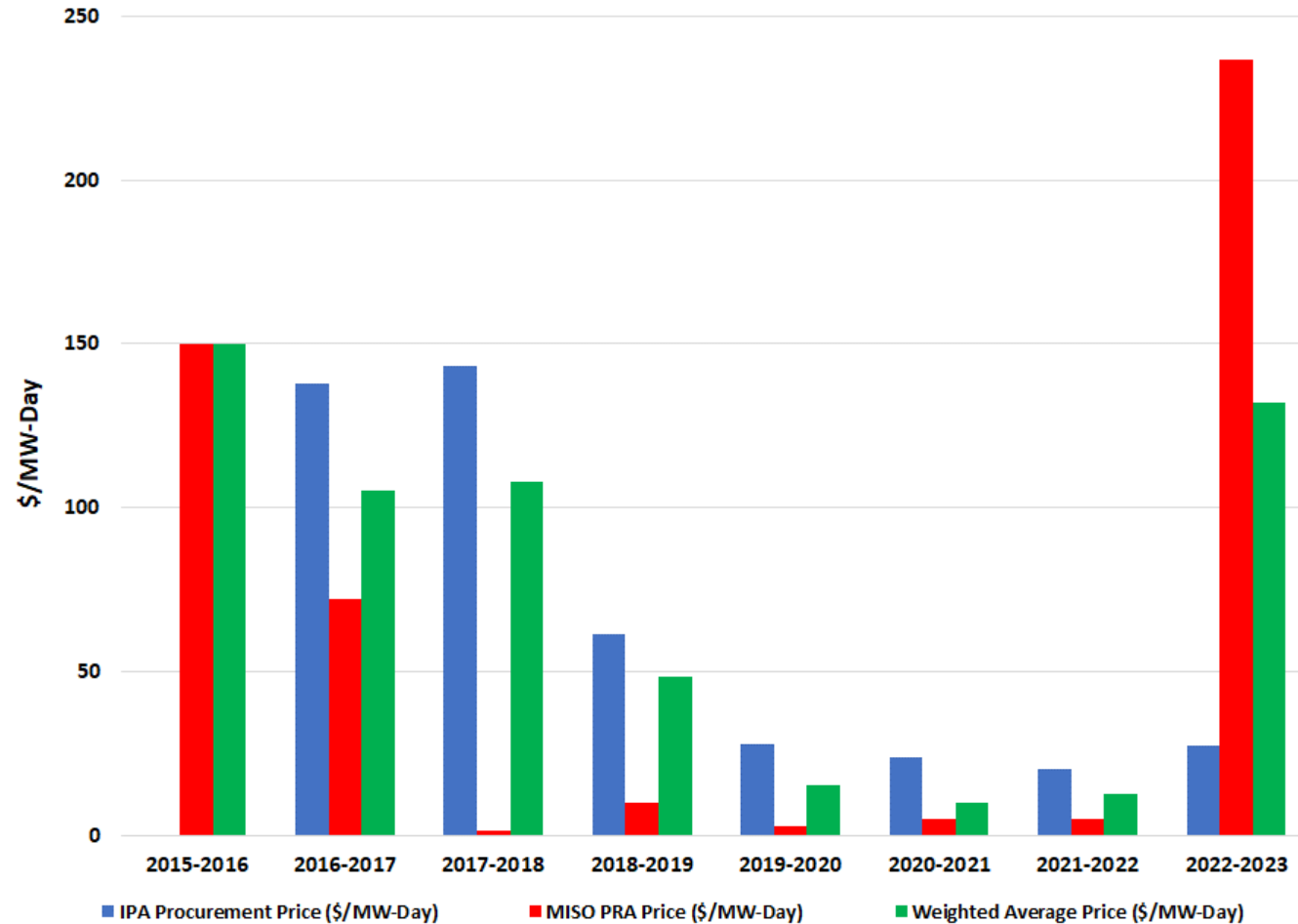
Procurement	Delivery Period	Price (\$/MW-D)
Spring 2022	2023-2024	\$180.40
Spring 2022	2024-2025	\$150.72

- **Hedging Strategy Changes the IPA could Consider**
 - Summer Percentage Targets and Volumes
 - Impact of Carbon Mitigation Credits on ComEd hedging level
 - Consideration of Other Products
 - Full Requirements
 - HVDC
 - Others?
- **Procurement Process**
 - Frequency and Timing of Procurement Events
 - Block Size
 - Other Process Adjustments

- MISO PRA vs IPA Bilateral Procurement Results**

Product Description	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
IPA Procurement Price (\$/MW-Day)	N/A	\$138.12	\$143.20	\$61.26	\$27.66	\$23.94	\$20.34	\$27.50
MISO PRA Price (\$/MW-Day)	\$150.00	\$72.00	\$1.50	\$10.00	\$2.99	\$5.00	\$5.00	\$236.66
Weighted Average Price (\$/MW-Day)	\$150.00	\$105.06	\$107.78	\$48.44	\$15.33	\$10.16	\$12.67	\$132.08

- ## MISO PRA vs IPA Bilateral Procurement Results



- **Proposed Changes to MISO Resource Adequacy Construct**
 - Seasonal Resource Adequacy Construct
 - Minimum Capacity Obligation
- **Changes to Capacity Procurements the IPA could consider**
 - Mix of IPA procured bilateral capacity contracts and PRA capacity
 - Current mix is 50%/50%
 - Timing and Structure of Procurements
 - Implications of Proposed PRA Changes on IPA Capacity Procurement Strategy

- **Additional IPA market analyses outside of annual procurement planning process**
- **Capacity market changes such as moving MISO Zone 4 into PJM**
 - Would likely require legislative changes and actions at FERC that cannot be controlled by the IPA
- **Siloing of IPA electricity and REC procurements**
 - Note that REC procurements for the RPS are for all retail customers, not just eligible retail customers

Thank You!
For more information, visit the IPA website
ipa.illinois.gov