

**COMMENTS OF EXELON GENERATION COMPANY, LLC
ON THE ILLINOIS POWER AGENCY’S DRAFT 2015 PROCUREMENT PLAN**

Now comes Exelon Generation Company, LLC (“Exelon” or “ExGen”), pursuant to Section 16-111.5 of the Public Utilities Act (220 ILCS 5/16-111.5) (the “Act”), submits these comments to the Illinois Power Agency (“IPA”) draft procurement plan (“Draft Plan”) for the generation supply to eligible retail customers of Commonwealth Edison Company (“ComEd”) and Ameren Illinois (“Ameren”) for the period of June 2015 through May 2020.

I. Background

Exelon Generation Company, LLC (“Exelon Generation”) owns approximately 35,000 megawatts (“MW”) of generation, including nuclear, fossil, hydroelectric, solar, landfill gas, and wind generation assets. It is the nation’s largest nuclear operator with 17 reactors located in Illinois, Pennsylvania and New Jersey and has a growing renewable energy business. It is the nation’s ninth largest wind energy generator. In addition, Exelon Generation operates the nation’s largest urban solar power plant, Exelon City Solar, a 10 MW solar installation located on a 41-acre brownfield in Chicago, and two of the largest hydroelectric facilities in the Eastern United States, Conowingo Hydroelectric Generating Station and Muddy Run Pumped Storage Facility totaling nearly 1,600 MWs of capacity. Exelon Generation markets wholesale energy and capacity products to municipal, cooperative, and investor-owned utilities, retail suppliers, retail energy aggregators, merchant participants, power marketers, and major commodity trading houses.

Exelon Generation, individually or through its subsidiaries, has participated in the competitive procurement processes under which contracts for the electricity needs of Ameren and ComEd have been awarded since the end of the transition period at the end of 2006. Exelon Generation has been an active participant in all of the Commission and IPA proceedings and workshops related to the adoption and development of procurement plans for ComEd and Ameren and has been a successful participant in many of these procurement events over the past few years.

II. RECOMMENDATIONS

Based on its expertise over the years in procurement events in Illinois and other jurisdictions, as well as its experiences in Illinois as an ARES, Exelon recommends that the IPA utilize fixed-price, full requirements contracts as part of the procurement plan. Exelon supports the Illinois Competitive Energy Association (ICEA) recommendation of a four year pilot program for a small portion of the procurement. Exelon made a similar recommendation in the 2014 proceedings for use of full requirements in a small percentage of the procurement, and believes that a pilot program utilizing fixed-price, full requirements products for approximately 25% of the procurement will provide a reasonable mechanism to assess the value and benefits of fixed-price, full requirements products to Illinois consumers, without committing to an “all or nothing” approach.

Exelon has long advocated that the IPA transition from total reliance upon a wholesale “block-and-spot” procurement approach to one that relies upon the use of fixed-price, full requirements contracts. To that end, it supported ICEA’s filing on the 2014 Plan, which included a comprehensive study and report by the NorthBridge Group

(the “NorthBridge Report”). In the Order in that case, the Illinois Commerce Commission (the “ICC”) remarked that certain findings in the NorthBridge Report were “compelling, including the 2012 analysis of the PECO Energy Company, which notably included a simultaneous implementation of the block and spot and fixed price full resource products as similarly proposed by ICEA in this proceeding.” (Order, ICC Docket No. 13-0546, December 18, 2013, p. 95). The ICC ultimately chose not to adopt a full requirements product as part of last year’s Plan, largely as a result of discomfort with the level of review and feedback provided by other parties, and the limited time frame that the Commission itself had available to review the NorthBridge Report. (Order, ICC Docket No. 13-0546, December 18, 2013, p. 95). However, to move the discussion forward for purposes of the 2015 Plan, the Commission directed the following:

For purposes of next year’s plan, the Commission directs the IPA to include a more thorough and accurate analysis of the impacts of incorporating full requirements products into its procurement strategy, including the balance of benefits-to-premium costs of those products and any significant implementation costs it believes will result from this shift in procurement strategy. The Commission is hopeful that this directive will allow the parties adequate time to consider this issue in the next proceeding.

(Order, ICC Docket No. 13-0546, December 18, 2013, pp. 95-96). The IPA held a single stakeholder meeting, and solicited written responses from stakeholders to a series of questions.

The IPA has once again has chosen not to include full requirement products in its procurement approach. Exelon respectfully suggests that the analysis of full requirements was not as fulsome as was directed by the ICC. In the 2015 Draft Plan, the IPA refers back to its own analysis from the 2014 plan, but does not seek to address the

shortcomings of that analysis identified by both ICEA and Staff. Additionally, while it includes some new analysis regarding potential premiums based on its review of certain New Jersey full requirements auctions, the 2015 Draft Plan makes no attempt to identify or quantify the benefits of full requirements. Instead, it once again looks only at one side of the coin. Similarly, the Draft Plan fails to properly recognize the additional costs, risks, and flaws inherent in its own proposed procurement approach in order to provide a true comparison of the different methodologies.

Exelon supports the recommendation contained in the Comments of ICEA to include a pilot program for fixed-price, full requirements products in the 2015 Plan. Given the comprehensive analysis that was part of ICEA's Objections to the 2014 IPA Plan on the benefits of fixed-price, full requirements products, the fact that no party has presented any compelling evidence that the analysis presented or its conclusions were flawed, and the fact that these benefits are widely recognized in other restructured jurisdictions, Exelon agrees that such products should be included in the IPA Plan as a pilot program.

III. CONCLUSION

ExGen recommends that the IPA's Final Plan be modified in order to incorporate a pilot program for full requirements. ExGen further recommends that the IPA and the Commission continue to explore other, additional refinements that are designed to meet the needs of the changing retail market.

Respectfully Submitted,

Exelon Generation Company, LLC

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