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TO: Illinois Power Agency

FROM: Rob Karr, President

DATE: December 3, 2021

RE: *Response to Self-Direct Program Comment Request*

Thank you for the opportunity to comment. Please find below IRMA's comments, in bold, as it relates to this request. As always, we are available for follow-up at IPA's convenience as this is an important issue to get right if Illinois is to have a realistic opportunity of reaching its goals.

- CUSTOMER ELIGIBILITY Section 1-75(c)(1)(R)(1) allows for "multiple retail customer accounts under the same corporate parent" to be aggregated to meet the law's 10,000 kilowatt peak demand participation threshold.
 - 1) How should the IPA determine whether multiple retail customer accounts indeed connect back to the same corporate parent?
 - a. What documents would constitute appropriate proof of such affiliation, and allow that affiliation to be understood as connecting back to that customer's utility account? **Affiliation can be established based on both Federal Tax ID and DUNS numbers. Further documentation can include SEC filing such as 10Q and 10K to reveal affiliates and subsidiaries of corporations. Utility Customer data bases can also verify corporate affiliation.**
 - b. For multiple aggregated accounts, should the 10,000 kW threshold based on coincident or non-coincident "total highest . . . demand" peak demands? **The clearest and easiest information available is non-coincident demand as metered and billed by the public utility.**
- PROJECT ELIGIBILITY Section 1-75(c)(1)(R)(2) requires that RECs "be sourced from new utility-scale wind projects or new utility-scale solar projects," but "new" is not defined within Section 1-75(c)(1)(R). The Agency is proposing to utilize the "new" project definition found in Section 1-75(c)(1)(C)(iii) (energized after June 1, 2017) in applying subparagraph (R), with geographic eligibility determined by the application of Section 1-75(c)(1)(I) of the IPA Act as interpreted through the Agency's Commission-approved Long-Term Renewable Resources Procurement Plan in place at the time of contract execution (with the IPA's Initial Long-Term Plan's determinations applicable to contracts executed before that Plan's formal approval).

2) Is this approach to determine whether a project is “new” the correct approach? a. Should the Agency instead consider “new” as a facility that had not yet been energized as of the effective date of P.A. 102-0662? **The Agency’s approach is fine.**

3) For geographic qualification, would facilities qualifying under Section 1-75(c)(1)(l)’s new provisions for electricity transmitted to Illinois-based HVDC converter stations also qualify (once such converter stations are built and qualified)? **No opinion.**

- PROGRAM SIZE Section 1-75(c)(1)(R)(3) requires that the Agency “annually determine the amount of utility-scale renewable energy credits it will include each year” from the program, with that determination made through evaluating “publicly available analyses and studies of the potential market size for utility- Request for Stakeholder Feedback: Large Customer Self-Direct Program November 12, 2021 5 scale renewable energy long-term purchase agreements by commercial and industrial energy customers.” Program size should also take into consideration the overall market size or share of eligible self-direct customers—but that market size has proven difficult to determine, as many smaller retail customer accounts may qualify once aggregated through corporate affiliation.

4) How should the IPA handle this requirement for establishing program size? a. What such publicly available analyses and studies are available to the Agency in determining self-direct program size? **DOE-EIA data should be included, as well as any utility studies as well as studies proffered by any interested party (ex. Licensed suppliers).**

b. By when each year should the Agency make this determination, and using what process? **Decision should be made before the year begins and should be open to public review and comment. Would be best to work ahead (ex. In 2022 they should be looking at 2024).**

c. Should the Agency publish the initial delivery year self-direct program size as part of its upcoming Long-Term Plan? **Yes.**

d. Given that customer account size does not account for permitted account aggregation by corporate affiliates, how can the IPA best assess the size of the retail customer market eligible for self-direct RPS compliance? **Ask potentially eligible customers to identify themselves and their size and plan accordingly.**

- Section 1-75(c)(1)(R)(3) also provides provisions for ensuring that “participation is evenly split between commercial and industrial users” in the case of more applicants than the program size could accommodate.

5) If the IPA receives applications for the program which exceed the amount of RECs it will include each year, how should the Agency choose between competing applicants? **First-come, first served in the beginning, then establish a queue so when any load drops out the next in line can step in.** a. While the law indicates that the Agency “shall ensure participation is evenly split between commercial and industrial users,” how should the Agency choose between individual commercial or industrial users within that category should applications exceed

program capacity? **Split the number then apply FC-FS.** b. Should the Agency maintain a program waitlist for qualified applicants, with preference for waitlisted applicants when the program next reopens for applications? **Yes.**

- **BILL CREDITING** The amount of avoided RPS costs credited back to the customer shall be “equivalent to the anticipated cost of renewable energy credit deliveries under contracts for new utility-scale wind and new utility-scale solar entered for each delivery year after the large energy customer begins retiring eligible new utility scale renewable energy credits for self-compliance.” The Agency understands this to mean that it would be providing credit levels each year for the upcoming delivery year, which vary by the delivery year in which the customer begins self-compliance REC retirements. Thus, for a customer which begins retiring RECs for self-compliance in 2023, an individual rate would apply and would change year-over-year as anticipated new utility-scale wind and solar costs grow (as additional contracts are entered into and additional retirements occur). Alternatively, for a customer which begins retiring RECs for self-compliance in 2024, a different rate would apply, as only contracts entered into after the “delivery year after the large energy customer” began retiring RECs for self-compliance would count toward the anticipated cost rate. Thus that 2024 customer’s annual self-direct credit rate would be almost certainly be different than the 2023 customer’s annual self-direct credit rate. The phrasing “entered for each delivery year” found in Section 1-75(c)(1)(R)(4) contains some ambiguity, and the IPA believes that the most appropriate approach is to interpret this passage as a) meaning “entered into for” and b) not counting costs from those contracts until such costs occur (i.e., Request for Stakeholder Feedback: Large Customer Self-Direct Program November 12, 2021 6 not until the delivery year in which deliveries from those contracts are expected to commence). This reading is further supported by statutory language on what costs are excluded as well.

6) What is the correct approach to determining bill credit levels? Do commenters agree with the IPA’s statutory interpretation? **No opinion one way or another.** What other interpretations could be offered to this language?

The law further provides that while the Agency shall ultimately determine the self-direct credit amount(s), it should be filed with the Commission as a compliance filing—but must be approved by the Commission by June 1 of each year beginning in 2023.

7) Given that the Commission does not normally approve compliance filings, how should the Agency comply with this provision? **Accept filing and deem them approved unless another party objects.** a. What process should the Agency propose for the Commission’s review and approval of self-direct rates? b. What information should the Agency include in such a filing to a) assist the Commission in making that determination and b) provide interested parties with visibility into how self-direct crediting rates are being set? **Supporting information should include:**

- 1) **The expected Delivery Year costs of utility-scale wind and solar REC contracts entered into before the upcoming Delivery Year by enrollment year.**
 - a. **For example, the spring 2025 filing should include the 2025 Delivery Year contracts costs for:**
 - i. **Contracts entered into between 2023 – 2025.**
 - ii. **Contracts entered into between 2024 – 2025.**

- iii. Contracts entered into in 2025.
 - 2) The expected Delivery Year energy production (MWh) of utility-scale wind and solar REC contracts entered into before the upcoming Delivery Year
 - a. For example, the spring 2025 filing should include the 2025 Delivery Year expected production amounts (MWh) for:
 - i. Contracts entered into between 2023 – 2025.
 - ii. Contracts entered into between 2024 – 2025.
 - iii. Contracts entered into in 2025.
 - 3) 5 year forecasts of expected self-direct credit value (\$/kWh) for self-direct customers of different enrollment years.
 - a. For example, in the Delivery Year 2025 self-direct credit filing, the filing would include:
 - i. The forecasted self-direct credit value for delivery years 2025 – 2030 for self-direct customers that enrolled prior to the 2023 Delivery Year.
 - ii. The forecasted self-direct credit value for delivery years 2025 – 2030 for self-direct customers that enrolled prior to the 2024 Delivery Year.
 - iii. The forecasted self-direct credit value for delivery years 2025 – 2030 for self-direct customers that enrolled prior to the 2025 Delivery Year.
 - b. The forecasts should use the best-available information from the IPA’s Long-Term Renewable Resources Procurement plan.
 - APPLICATION PROCESS Section 1-75(c)(1)(R)(5) could be understood as envisioning a two-step application process. First, the customer must demonstrate that it qualifies as a self-direct customer, generally by a demonstration of usage above 10,000 kilowatts by that customer or its affiliates. Next, the customer must demonstrate that its contract with a new utility-scale renewable energy facility qualifies for self-direct bill crediting (e.g., from contracts of at least 10 years and in volumes that are at least 40% of the customer’s annual consumption).
- 8) How should the application process operate? **Gov’t entity should develop a form for consistent receipt of information.** a. Should these steps be completed contemporaneously? **Yes, and establishing the threshold aggregation level need only be done once and allowed to stand until the Customer’s circumstances change.** b. By when should applications open? **No opinion.** c. For how long should the application window stay open for a given delivery year? **No opinion.**
- Section 1-75(c)(1)(R)(5)(ii)-(v) references “proof” or “supporting documentation” required for compliance demonstration.
- 9) How should the Agency determine whether an applicant is indeed compliant? a. What types of documentation should the Agency seek? **Same as mentioned above.** b. For the prevailing wage and equity standards requirements in 1-75(c)(1)(R)(2)(vii), how might the applicant prove compliance? **One assumes there are documents the customer must already file to prove compliance so I would say those.** c. What confidentiality considerations apply to the receipt of

this information? **If a public document the same as is afforded the document when first filed, otherwise all data should be treated in a confidential manner, and if a party believes it needs to review the data it should sign an NDA in advance.**

Finally, in terms of how timing might work, as implied in questions 4, 5, and 8, IRMA would offer the following:

- Early January: IPA proposes self-direct program size for new applicants for upcoming energy deliver year.
- Mid-to-late January: Parties submit comments on proposed program size.
- February: IPA publishes final program size and opens an application window that is at least two-weeks in length.
- March: IPA reviews applications
- April: IPA notifies applicants who have qualified for the self-direct program for the upcoming year; IPA files the proposed self-direct credits for the upcoming Energy Year with the Illinois Commerce Commission (ICC). IPA must also provide the information supporting how IPA determined the credit(s); Applicants/stakeholders review the IPA's filing and submit comments to the ICC.
- May: ICC reviews the IPA's proposed self-direct credit(s) and applicant/stakeholder comments.
- June: ICC finalizes self-direct credit(s) by June 1st/Energy Delivery year begins.