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To: Illinois Power Agency

From: Tyler Diers, Executive Director – Midwest, TechNet

Re: Response to Self-Direct Program Comment Request

TechNet respectfully submits these responses to the Illinois Power Agency's (IPA) request for comments on the Renewable Self-Direct program. TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over four million employees and countless customers in the fields of information technology, e-commerce, the sharing and gig economies, advanced energy, cybersecurity, venture capital, and finance. TechNet's members are medium and large energy customers and renewable buyers with a significant interest in clean, cost-effective and reliable electricity and expertise in self-supply programs in other states that enable them to meet their clean energy goals and support the advancement of renewable energy across the U.S grid.

Today, member companies with Illinois operations have already contracted for hundreds of megawatts of renewable energy capacity in the state, which as supported positive economic and fiscal impacts in the state and has accelerated decarbonization of the electricity supply in Illinois. In total, more than 1.6 GW of renewable energy projects have been announced in Illinois with large customer off takers, making Illinois a leading state for large customer procurement. In fact, voluntary purchases have contributed significantly to the state's overall renewable energy buildout, accounting for roughly one third of all wind and solar in the state.

Our comments are designed to assist the Agency in designing a sustainable renewable self-direct program that maximizes clean energy procurement and private sector economic development. **It is imperative that the self-direct program captures the growth of large customer energy procurement to enable the state to meet its clean energy goals and ensure that large renewable buyers and other customers aren't paying more than necessary to meet those goals.**

Stakeholder Feedback Questions (*Questions in italics*, responses in regular font)

Question:

I. 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?*
    b. *For multiple aggregated accounts, should the 10,000-kW threshold based on coincident or non-coincident "total highest . . . demand" peak demands?*

TechNet Response:
The inclusion of the 10,000-kW demand threshold for participation in the legislation was to ensure that the customer was large enough to pursue renewable energy contracts on their own, NOT to determine how the customer compares to the system peak and their contribution to the peak. The renewable self-direct program should stay within the scope of this legislative intent and maintain the peak customer demand metric. It should also be noted that coincident peak demand unnecessarily complicates and does not add value to the program administration.

Question:

II. 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?*

TechNet Response:

We agree with this approach and the IPA's interpretation is consistent with our understanding of how the "New" definition was interpreted during legislative discussions.

3) *For geographic qualification, would facilities qualifying under Section 1-75(c)(1)(I)'s new provisions for electricity transmitted to Illinois-based HVDC converter stations also qualify (once such converter stations are built and qualified)?*

TechNet Response:
Yes, these facilities should quality.

Question:
III. 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-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?*

TechNet Response:
In setting the program's eligibility to projects energized after June 1, 2017, the legislature made it clear that existing renewable energy projects contracted by eligible self-direct customers should be included in the program (which are estimated to be one-third of Illinois's installed renewable energy capacity by Advanced Energy Economy) and that the IPA should consider these existing commitments and future growth projections of voluntary renewable energy purchases by qualifying energy users in developing and administering the program. If these purchases are not considered, the program will penalize early movers that have driven a significant part of the Illinois renewable energy market to date – which is inconsistent with the intent of the legislation and Illinois' broader clean energy goals.

A Columbia 2021 study found that under current policy conditions, the corporate renewables PPA market could drive between 218 and 296 terawatt hours of new renewable energy, equating to 55–85 GW of incremental solar and wind capacity additions in the United States through 2030 across three scenarios. U.S. Energy Information Administration (EIA) data shows that Illinois electricity sales made up approximately 3.6% of all electricity sales in the U.S. in 2019.[1] Extrapolating the estimated growth of new large energy user renewable energy purchases to Illinois using share of electricity sales data shows a growth potential of an additional 2 to 3 GWs of voluntary renewable projects that would be *in addition to* the existing project capacity listed in Appendix A of our comments. This estimate is likely low since Illinois has abundant solar and wind resources, and recent federal legislation is designed to further grow the rate of clean energy deployment.

Publicly available studies and resources include:

- National Renewable Energy Laboratory: Status and Trends in the Voluntary Market (2020 data) *Available at: https://www.nrel.gov/analysis/green-power.html.*
- Clean Energy Buyers Alliance Letter to the Midwest Governor's Association about Corporate Renewable Energy Demand.
  Available at: https://cebuyers.org/blog/rebas-letter-to-the-midwestern-governors-association-about-corporate-renewable-energy-demand/.
- Columbia University: The Role of Corporate Renewable Power Purchase Agreements in Supporting US Wind and Solar Deployment
  Available at: https://www.energypolicy.columbia.edu/research/report/role-corporate-renewable-power-purchase-agreements-supporting-us-wind-and-solar-deployment

Question:

b. *By when each year should the Agency make this determination, and using what process?*

TechNet Response:
The Agency should make its proposed determination no later than January 1 of each year and a final program size determination should be published by March 1st or earlier each year. There should be a stakeholder 30-day comment process on the proposed size determination.

To assist the Agency in determining a program size determination, application window, and credit determination schedule, we've included a table in Appendix B with a proposed annual schedule for the self-direct program.

Question:

[1] https://www.eia.gov/electricity/data/state/.

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

TechNet Response:
Yes, the Agency should publish the initial, proposed self-direct program size in its upcoming Long-Term Plan and solicit stakeholder feedback on the program size and related components, and seek stakeholder feedback on the proposed program size prior to issuing a final program size determination.

Like the IPA, large energy customers making long-term commitments need clear program rules so that they can contract projects in time for the 2023 Delivery Year. Illinois is very familiar with the "solar coaster" effect of changing renewable energy policies. If the renewables self-direct program size is not known until shortly before the Delivery Year, self-direct qualifying customers will not have the regulatory certainty needed to enter into long-term renewable energy contracts.

As a result, the program may have artificially low participation, which will impact customer's ability to meet their clean energy commitments, limit the economic impact potential of renewable energy development in the state, and hinder progress towards the state's clean energy goals – all of which this program is intended to avoid.

Question:

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?*

TechNet Response:
The legislation directs IPA to determine the potential market size of large energy buyer renewable energy procurement. It does not direct IPA to assess the size of customers that may qualify for the program:

> *"In making this determination, the Agency shall evaluate publicly available analyses and studies of the potential market size for utility-scale renewable energy long-term purchase agreements by commercial and industrial energy customers and make that report publicly available."*

To accomplish this legislative directive, we recommend the IPA evaluate market studies on the aggregate size of the voluntary renewable energy market in the region. It is not necessary to evaluate how to measure the potential pool of customers eligible for the program.

In determining the program size, the IPA should harness the renewable energy purchasing power of large energy customers. If the program is undersized, it limits the potential of the voluntary renewable market, which in turn impacts qualifying customers to meet their clean energy goals and impedes the speed and cost-effectiveness in which Illinois can decarbonize the electric systems. Illinois needs both the IPA's procurement and large energy user renewable energy procurement powers to meet the state's clean energy goals.

Question:
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?*
    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?*

TechNet Response:
Should an application exceed program capacity within a customer category, the IPA could award the program capacity to:

- the applicant with renewable energy purchases that comprise a higher percentage of overall customer electricity usage,
- the applicant with more overall renewable energy purchases (MWh/year), or
- a combination of these two factors.

Question:
    b. *Should the Agency maintain a program waitlist for qualified applicants, with preference for waitlisted applicants when the program next reopens for applications?*

TechNet Response:
Yes, the Agency should maintain a waitlist.

Question:
IV. 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., 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? What other interpretations could be offered to this language?*

TechNet Response:
We generally agree the IPA's statutory interpretation. Transparency in the credit calculation process is critical.

Question:
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?*
    a. *What process should the Agency propose for the Commission's review and approval of self-direct rates?*

TechNet Response:
The IPA should file the credit calculations no later than April 1 of each year. This allows a 60-day compliance review of the self-direct credit amounts by the

Commission and interested parties. In the first year, the IPA should consider filing the credit calculations by March 1, 2023, to allow additional review time for the first filing process of the program.

Question:

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?

TechNet Response:
The forecasts should use the best-available information from the IPA's Long-Term Renewable Resources Procurement plan. 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. For example, in the Delivery Year 2025 self-direct credit filing, the filing would include:
    a. The forecasted self-direct credit value for delivery years 2025 – 2030 for self-direct customers that enrolled prior to the 2023 Delivery Year.
    b. The forecasted self-direct credit value for delivery years 2025 – 2030 for self-direct customers that enrolled prior to the 2024 Delivery Year.
    c. The forecasted self-direct credit value for delivery years 2025 – 2030 for self-direct customers that enrolled prior to the 2025 Delivery Year.

Question:

V. Application Process

Section 1-75 (R)(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?*
    a. *Should these steps be completed contemporaneously?*

TechNet Response:
Yes, these steps should be completed at the same time.

Question:

b. *By when should applications open?*

TechNet Response:
The application process should open in February but no later than March 1st of each year, coinciding with the IPA's final program size determination for the upcoming Delivery Year. The application window should be sufficiently noticed on IPA's website.

Question:

c. *For how long should the application window stay open for a given delivery year?*

TechNet Response:
The application window can be open for a minimum of 2 weeks so long as the application requirements are known well in advance of the application opening the application. If the application window is open for longer there may be too little time for IPA to review the applications.

Question:

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?*

TechNet Response:
The application should include a standard IPA-created form that requires the applicant to include:

1. A certification that the customer has entered into qualifying renewable energy contracts. If there are questions on the certainty of these contracts, the IPA could request a redacted copy of the renewable energy contracts

from the applicant, with a guarantee to the customer that the contract details will be kept confidential and not disclosed.
2. The volume of renewable energy production expected during each Delivery Year over the term of the renewable energy contract.
3. Utility bill(s) in last 12 months showing an aggregated 10 MW peak.
4. Electricity usage total over the last 12-month period.
5. A customer affidavit swearing to the accuracy of the information.

Questions:

b. For the prevailing wage and equity standards requirements in 1-75(c)(1)(R)(2)(vii), how might the applicant prove compliance?

TechNet Response:
The IPA could create a compliance form as part of the application materials and require a signed affidavit from applicant and utility-scale project developer.

Question:

c. *What confidentiality considerations apply to the receipt of this information?*

TechNet Response:
IPA should treat all customer application materials as confidential, since they include sensitive and potentially trade-secret information related to renewable energy contracts and individual customer electricity usage, cost, and other information found on utility bills.

Appendix A: Publicly-Announced Large Energy User Renewable Energy Purchases in Illinois

VOLUNTARY RENEWABLE ENERGY PURCHASES IN ILLINOIS

VOLUNTARY BUYER	PROJECT MW	COMMITMENT
Akamai Technologies	10 MW	50% renewable energy globally by 2020
Amazon	100 MW	80% by 2024; 100% by 2030; (stretch goal of 100% by 2025)
Apple	110 MW	100% renewable energy for all Apple facilities today; 5.3 GW of clean energy commitments from suppliers as of 2019
Bloomberg	17 MW	35% renewable energy by 2020 (achieved 45% by 2019)
Cargill	200 MW	18% renewable energy by 2020
Comcast Spectator	9 MW	100% renewable energy goal (no date)
Digital Realty	76 MW	100% renewable energy goal (30% renewable energy achieved)
Facebook	170 MW	100% renewable for global operations in 2020 (achieved 86%. In 2019); net zero emissions for value chain in 2030
General Motors	100 MW	100% renewable energy globally by 2040
U.S. GSA	140 MW	-
IKEA	98 MW	100% renewable energy by 2020 ($2.8 billion spent over 10 years, on track to exceed target)
Microsoft	175 MW	100% renewable energy by 2025; carbon negative by 2030
Salesforce	80 MW	100% renewable energy globally by 2022
Swiss Re	14 MW	100% renewable energy by 2020
T-Mobile	158 MW	100% renewable energy by 2021
University of Illinois	8.6 MW, 12.1 MW	Carbon neutral by 2050
Walmart	173 MW	50% renewable energy by 2025, 100% renewable long-term; 1 gigaton CO2e emissions from supply chain
TOTAL	**1,650 MW**	-

Source: Advanced Energy Economy, Adding it All Up for Voluntary Buyers of Renewable Energy

Appendix B: Proposed Annual Program Size, Application Process, and Credit Determination Schedule

Proposed annual schedule starts January 2023.

Month	Activity
January	• IPA proposes self-direct program size for new applicants for upcoming Energy Delivery year. • Parties submit comments on proposed program size.
February	• IPA publishes final program size. • Application window opens (2 weeks).
March	• IPA reviews applications.
April	• IPA notifies large energy users who have qualified for the self-direct program for the upcoming delivery year. • IPA files proposed self-direct credit(s) and supporting information for upcoming Energy Delivery year to the Commerce Commission. • Stakeholders review and file any reply comments to the Commerce Commission.
May	• Commerce Commission reviews self-direct credit(s) proposal and comments.
June	• Commerce Commission finalizes self-direct credit(s) for different program entry years (by June 1). • Energy Delivery year begins.