

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Illinois Power Agency)
) ICC Docket No. 15-_____
Petition for Approval of the 2016 IPA)
Procurement Plan Pursuant to Section 16-)
111.5(d)(4) of the Public Utilities Act)

**THE ILLINOIS POWER AGENCY’S VERIFIED PETITION FOR APPROVAL OF
ITS 2016 PROCUREMENT PLAN PURSUANT TO 220 ILCS 5/16-111.5(d)(4)**

Pursuant to the authority granted by the Illinois Power Agency Act, 20 ILCS 3855/1-5, *et seq.*, and the Illinois Public Utilities Act, 220 ILCS 5/1-101, *et seq.*, the Illinois Power Agency (“IPA”) hereby submits to the Illinois Commerce Commission (“Commission”) its proposed 2016 plan for the procurement of electricity for certain customers of Ameren Illinois Company (“Ameren Illinois”), Commonwealth Edison (“ComEd”), and MidAmerican Energy Company (“MidAmerican”) (collectively referred to as the “Utilities”). The IPA hereby submits to the Commission for its consideration and approval the IPA’s proposed Electricity Procurement Plan for the period of June 2016 through May 2021 (the “Procurement Plan,” “2016 Plan,” or “Plan”). The 2016 Plan sets forth recommendations related to the procurement of electricity commodity and associated transmission services, energy efficiency programs, and renewable energy credits to meet the load requirements and supply needs of eligible retail customers served by the Utilities. The Plan is designed to meet the statutory mandate “to ensure adequate, reliable, affordable, efficient, and environmentally sustainable electric service at the lowest total cost over time” (220 ILCS 5/16-111.5(d)(4))

In accordance with Section 16-111.5(d)(3) of the Illinois Public Utilities Act (“PUA”), the Illinois Commerce Commission is required to enter its order confirming or modifying the

Procurement Plan on or before December 28, 2015.¹ The Illinois Power Agency respectfully requests that the Commission confirm and adopt the Procurement Plan submitted contemporaneous with this Petition.

In accordance with Section 16-111.5(d)(2) of the PUA, the IPA posted its draft of the Procurement Plan to its website on August 14, 2015 (hereinafter the “Draft Plan.”) (*See* 220 ILCS 5/16-111.5(d)(2)) Section 16-111.5(d) sets forth the process for commenting on the Draft Plan. Utilities and other interested parties were given thirty days following the date of the posting to provide comments to the IPA on the Draft Plan. Comments were required to be “specific, supported by data or other detailed analyses, and if objecting to all or a portion of the procurement plan, accompanied by specific alternative wording or proposals.” (220 ILCS 5/16-111.5(d)(2)) The IPA had fourteen days following the end of the 30-day review period to revise the Draft Plan as necessary based on the comments and to file the final Plan with the Commission for posting on its website. (*See* 220 ILCS 5/16-111.5(d)(2)) The accompanying Procurement Plan represents that filing. Following the submission of this Plan, within five days, any person objecting to the Plan may file its objection with the Commission. (*See* 220 ILCS 5/16-111.5(d)(3)) Any objections to this Plan are due to be filed by Monday October 5, 2015.²

The IPA also notes that as required by the Illinois Public Utilities Act, the IPA was required to hold at least one public hearing within each utility's service area for the purpose of receiving public comment on the Draft Plan. (*See* 220 ILCS 5/16-111.5(d)(2)) In accordance with that statutory provision, and consistent with MidAmerican’s election to participate in the IPA’s planning and procurement process as a small multi-jurisdictional electric utility seeking

¹ Section 16-111.5(d)(3) requires that the Commission act on the Procurement Plan within 90 days after the filing of the Procurement Plan. Because 90 days later (December 27) is a Sunday, the Commission has until the following business day.

² Because five days later is a Saturday, parties wishing to file an objection are granted until Monday.

procurement for a portion of its eligible retail customer load requirements for the first time, the IPA hosted three meetings for parties wishing to make public comments. These public hearings were held on September 4, 2015 in Moline, September 9, 2015 in Springfield, and September 10, 2015 in Chicago.

No parties provided public comments at the three public hearings held by the IPA. Written comments on the Draft Plan were submitted by Ameren Illinois, Carbon Solutions, ComEd, Citizens Utility Board (“CUB”), the Environmental Law & Policy Center (“ELPC”), EnergyHub, the Staff of the Illinois Commerce Commission (“Staff”), the Illinois Solar Energy Association (“ISEA”), MidAmerican, the Natural Resources Defense Council (“NRDC”), a coalition of renewable generation suppliers (“Renewables Suppliers”), and Sargas.³

The IPA appreciates the parties’ efforts in providing their respective comments. There are three primary areas where the IPA modified its Draft Plan in response to the comments: (1) corrections to typographical errors, numbers, tables; (2) the capacity hedging strategy applicable to MidAmerican’s projected capacity shortfall; and (3) the timing of the proposed distributed generation renewable energy resources procurement.⁴ While all comments were carefully considered by the IPA in developing the 2016 Procurement Plan, not all proposals submitted for consideration were accepted. The IPA welcomes further comment on proposals that were not included in the Plan through the Commission proceeding, accompanied by “specific alternative wording” where appropriate. The inclusion or exclusion of a comment in the discussion below does not indicate IPA agreement or disagreement.

³ Comments received on the Draft Plan can be found on the IPA’s website: <http://www.illinois.gov/ipa/Pages/DraftProcurementPlanComments2016.aspx>

⁴ Other portions of the Plan featured clarifications, corrections, or other minor changes, including additional detail or explanation where appropriate and updated figures and numbers where available, and this pleading does not attempt outline all such changes to the Plan. The IPA will post a document compare of the Plan filed for ICC approval and the Draft Plan to its website (www.illinois.gov/ipa).

I. Corrections to Typographical Errors, Numbers, and Tables

Several parties provided comments regarding the accuracy and presentation of numbers and text throughout the Draft Plan. Corrections and edits were incorporated to those aspects of the Plan, including typographical errors, clarifications, and corrections to certain tables. These changes are reflected in a comparison document to be made available on the IPA's website.

II. MidAmerican Capacity Shortfall Hedging Strategy

Under Section 16-111.5(a) of the PUA, “[a] small multi-jurisdictional electric utility . . . may elect to procure power and energy for all or a portion of its eligible Illinois retail customers” in accordance with the planning and procurement provisions found in the Illinois Power Agency Act (20 ICLS 3855). On April 9, 2015, MidAmerican formally notified the IPA of its intent to procure power and energy for a portion of its eligible retail customer load (specifically, for the “net between MidAmerican’s eligible retail customer load in Illinois and MidAmerican owned generation allocated to Illinois customers”)⁵ through the IPA’s procurement planning process.

In its Draft Plan, the IPA proposed a procurement event to procure the incremental amount of capacity that is not currently served or forecast to be served in Illinois by MidAmerican-owned Illinois jurisdictional generation. This differential (or “shortfall”) amounted to 16%-18% of MidAmerican’s Illinois capacity requirements. In comments on the Draft Plan, Staff highlighted that given a projected shortfall of less than 20%, existing MidAmerican supply “already provides over 80% of the capacity expected to be required over the next five plan years,” while “in the case of Ameren, the IPA proposes to hedge no more than 75% of any future plan period.” (Comments by the Staff of the Illinois Commerce Commission

⁵ MidAmerican Request to Participate in the Illinois Power Agency Procurement Process, letter dated April 9, 2015.

on the Illinois Power Agency's 2016 Draft Power Procurement Plan filed August 14, 2015 ("Staff Comments") at 32-33).

Given the uncertainty of future capacity requirements and the potential that unnecessary hedges "could end up significantly raising rates," Staff recommended that "that the Plan be modified to reduce the percentage of MidAmerican's expected capacity requirements to be hedged prior to each delivery year's MISO planning reserve auction ('PRA')." (Staff Comments at 33). After consideration and analysis of Staff's comments, the IPA agrees, and has modified its filed Plan to propose that MidAmerican's projected capacity shortfall now be addressed not through an IPA procurement event but instead through the MISO PRA.

III. Distributed Generation Procurement Timing

The IPA's 2015 Procurement Plan featured its first proposed procurement to meet the utility distributed generation renewable energy resource procurement requirements found in Section 1-75(c)(1) of the Illinois Power Agency Act. Citing the limited amount of distributed generation currently in Illinois and need for "the Illinois DG market to both self-organize and grow" (2015 Procurement Plan at 104), the IPA proposed that the 2015 distributed generation procurement occur in September 2015 rather than in the spring procurement window traditionally used for renewable energy resource procurements.

In its Draft 2016 Plan, citing a proposed Spring 2016 solar PV renewable energy credit ("SREC") procurement and a scheduled March 2016 procurement for SRECs from new distributed generation photovoltaic systems pursuant to Section 1-56(i) of the IPA Act, the Agency proposed that its distributed generation procurement once again occur in the fall. Multiple commenters pointed out that given the timeline applicable to photovoltaic system development and the scheduled expiration of the federal investment tax credit applicable to new

photovoltaic systems, more competition and lower prices may result from an earlier procurement. After consideration and analysis of these comments, the filed Plan now calls for the proposed distributed generation procurement to occur in early summer 2016.

IV. Proposals Not Accepted for Inclusion in the 2016 Procurement Plan

The IPA considered, but did not include, all suggestions made on the 2016 Procurement Plan. While not all suggestions were included in its final Plan, the IPA does not wish to foreclose development of issues for consideration in this proceeding or in developing future procurement plans. As such, the IPA welcomes additional discussion of issues that were not fully developed in the comments to date through the Commission proceeding.

V. Procedural Steps

Within five days of the filing of this Procurement Plan, any person objecting to the Procurement Plan may file an objection with the Commission.⁶ (*See* 220 ILCS 5/16-111.5(d)(3)) The IPA reserves its right to file responsive comments to the Commission. In addition, the Commission has ten days from the filing of objections to determine if a hearing is necessary.⁷ (*See* 220 ILCS 5/16-111.5(d)(3)) At this time, the IPA does not believe a hearing is required or necessary to consider or approve the Procurement Plan. Parties may file objections based on alternative policy recommendations, or present legal arguments regarding the Plan, and the Commission may take those written objections into consideration in approving or modifying the Plan in accordance with its authority under Section 16-111.5 of the PUA. However, based on the comments that were submitted in response to the Draft Plan, the IPA anticipates that no hearing will be required.

⁶ Objections to the Plan are due by October 5, 2015.

⁷ In the past, the Commission has interpreted Section 16-111.5(d)(3) as requiring a Commission determination 10 days after Objections are due (*See* Docket No. 12-0544, Notice of Administrative Law Judge dated October 10, 2012); if the Commission determines that this is the appropriate deadline, it must rule on a hearing by October 15, 2015.

CONCLUSION

The Illinois Power Agency's 2016 Procurement Plan is consistent with the requirements of the Public Utilities Act and Power Agency Act, meets the needs of the customers it serves, and should be approved by the Commission. The IPA reserves the right to file responsive comments, and any corresponding edits, to its Procurement Plan during the ten-day period where the Commission is determining the need for a hearing.

Dated: September 28, 2015

Respectfully submitted,

Illinois Power Agency

By: Brian P. Granahan

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STATE OF ILLINOIS)
)
COUNTY OF COOK)

VERIFICATION

Anthony M. Star, being first duly sworn, on oath deposes and says that he is the Director for the Illinois Power Agency, that the above Verified Petition has been prepared under his direction, he knows the contents thereof, and that the same is true to the best of his knowledge, information, and belief.





Anthony M. Star

Subscribed and sworn to me
This 28th day of September, 2015



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NOTICE OF FILING

Please take notice that on September 28, 2015, the undersigned, an attorney, caused the Illinois Power Agency's Petition for Approval of the 2016 Procurement Plan Pursuant to 220 ILCS 5/16-111.5(d)(4), the 2016 Procurement Plan itself, and the appendices thereto to be filed via e-docket with the Chief Clerk of the Illinois Commerce Commission in a new proceeding:

September 28, 2015

/s/ Brian P. Granahan
Brian P. Granahan

CERTIFICATE OF SERVICE

I, Brian P. Granahan, an attorney, certify that copies of the foregoing document(s) were served upon the parties on the Illinois Commerce Commission's service list as reflected on e-Docket via electronic delivery from 160 N. LaSalle Street, Suite C-504, Chicago, Illinois 60601 on September 28, 2015.

/s/ Brian P. Granahan
Brian P. Granahan