

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Power Agency :
: **20-0717**
Verified Petition for Approval of the 2021 :
Electricity Procurement Plan pursuant to :
220 ILCS 5/16-111.5(d)(4) of the :
Public Utilities Act. :

ORDER

By the Commission:

I. INTRODUCTION

Section 16-111.5(d)(2) of the Public Utilities Act (“PUA”) requires the Illinois Power Agency (“IPA”) to prepare a power procurement plan (“Draft Plan”). The IPA’s Draft Plan was posted on the IPA and Illinois Commerce Commission (“Commission”) websites, pursuant to Section 16-111.5(d)(2) of the PUA. 220 ILCS 5/16-111.5(d)(2). Comments on the Draft Plan were submitted to the IPA for its review. The PUA requires the IPA to make revisions to the Draft Plan based on the submitted comments and then formally file a revised plan with the Commission.

On September 28, 2020, the IPA filed with the Commission its 2021 Power Procurement Plan (“2021 Plan”), initiating this proceeding. Among other things, the purpose of the 2021 Plan is to secure electricity commodity and associated transmission services to meet the needs of eligible retail customers in the service areas of Commonwealth Edison Company (“ComEd”), Ameren Illinois Company d/b/a Ameren Illinois (“Ameren”), and MidAmerican Energy Company (“MidAmerican”).

Section 16-111.5(d)(3) of the PUA provides that, within five days of the filing of a procurement plan, any objections to it must be filed with the Commission. The same subsection also provides that the Commission shall enter an order approving or modifying the procurement plan within 90 days after the filing of the plan. 220 ILCS 5/16-111.5(d)(3). The 2021 Plan was filed on September 28, 2020; thus, the deadline is December 27, 2020. Pursuant to Section 16-111.5(d)(4) of the PUA, the Commission shall approve the procurement plan, including the load forecasts used in the plan, “if the Commission determines that it will ensure adequate, reliable, affordable, efficient, and environmentally sustainable electric service at the lowest total cost over time, taking into account any benefits of price stability.” 220 ILCS 5/16-111.5(d)(4).

Ameren’s Petition to Intervene was granted by the Administrative Law Judge, and Staff of the Commission (“Staff”) also participated in this proceeding. No objections to the 2021 Plan were filed.

II. THE 2021 PLAN

This is the thirteenth electricity procurement plan prepared by the IPA under the authority granted to it under the Illinois Power Agency Act (“IPA Act”) and the PUA. Chapter 2 of this Plan describes the specific legislative authority and requirements to be included in the plan, including those set forth in previous orders of the Commission.

The 2021 Plan addresses the provision of electricity for the “eligible retail customers” of Ameren, ComEd, and MidAmerican. Following MidAmerican’s participation for its fifth time in the 2020 IPA Procurement Plan, MidAmerican has again elected to have the IPA procure power and energy for a portion of its eligible Illinois customers through the 2021 Plan.

As defined in Section 16-111.5(a) of the PUA, “eligible retail customers” are, for Ameren and ComEd, generally residential and small commercial fixed price customers who have not chosen service from an alternate supplier. For MidAmerican, eligible retail customers include residential, commercial, industrial, street lighting, and public authority customers that purchase power and energy from MidAmerican under fixed-price bundled service tariffs. The 2021 Plan considers a 5-year planning horizon that begins with the 2021-2022 Delivery Year and lasts through the 2025-2026 Delivery Year.

The 2020 Plan, as approved by the Commission in Docket No. 19-0951, called for the energy requirements for Ameren, ComEd, and MidAmerican to be procured by the IPA through two block energy procurements (spring 2020 and fall 2020). In addition, the 2020 Plan included two capacity procurements for Ameren (spring 2020 and fall 2020). The 2020 Plan also recommended a continuation of the energy procurement strategies proposed in the 2019 Plan. This 2021 Plan recommends a further continuation of those strategies.

Renewable energy resources are now procured through procurements and programs subject to a separate planning process. Those include procurements and programs described in the Long-Term Renewable Resources Procurement Plan (“Long-Term Plan”) developed by the IPA and approved by the Commission on April 3, 2018 in Docket No. 17-0838.

Section 16-111.5(b)(5)(ii)(B) of the PUA calls for the Long-Term Plan to be updated, and possibly revised, every two years “in conjunction with the [IPA]’s other planning and approval processes” to the extent practicable. The initial Long-Term Plan was developed by the IPA in 2017 and approved by the Commission on April 3, 2018 in Docket No. 17-0838. A revised Long-Term Plan was approved by the Commission on February 18, 2020 in Docket No. 19-0995, and a final revised Long-Term Plan edited to conform with the Commission’s Order was published on April 20, 2020. See *Illinois Power Agency*, Docket No. 17-0838, Order (Apr. 3, 2018).

The 2021 Plan proposes to continue using the risk management and procurement strategy that the IPA has historically utilized: hedging load by procuring on and off-peak blocks of forward energy in a three-year ladder approach. The IPA believes the continuation of its tested and proven risk management strategy is the most prudent and reasonable approach, and the approach most likely to meet its statutorily mandated objective to “[d]evelop electricity procurement plans to ensure adequate, reliable,

affordable, efficient, and environmentally sustainable electric service at the lowest total cost over time, taking into account any benefits of price stability.” 20 ILCS 3855/1-20(a)(1).

The IPA’s energy hedging strategy for the 2021 Procurement Plan is consistent with the strategy used for the 2020 Plan. That strategy involves the procurement of hedges in 2021 to meet a portion of anticipated eligible procurement events, one in the spring and the second in the fall. Details of this procurement strategy can be found in Section 7.1.

Additionally, for Ameren, for the 2022-2023 Delivery Year, the IPA recommends continuing the strategy of procuring up to 50% of its forecasted capacity requirements in bilateral transactions and the remaining balance through the MISO Planning Resource Auction (“PRA”). For the 2023-2024 Delivery Year, the IPA recommends procuring up to 25% of its forecasted capacity requirements in bilateral transactions in 2021, with the balance of forecast capacity requirement to be determined in the 2022 Electricity Procurement Plan. For ComEd, consistent with the strategy adopted in prior plans, the IPA proposes that forecasted capacity requirements be secured by ComEd through the PJM Reliability Pricing Model process. Consistent with the approach taken in the 2020 Plan, the IPA recommends that MidAmerican’s forecasted capacity deficit be secured by MidAmerican through the annual MISO PRA.

In addition to the various proposals above, the IPA recommends that ancillary services, load balancing services, and transmission services be purchased by Ameren and MidAmerican from the MISO marketplace and by ComEd from the PJM markets.

III. COMMISSION ANALYSIS AND CONCLUSION

Having reviewed the 2021 Plan and recognizing that no objections were filed, the Commission approves the 2021 Plan as submitted by the IPA. Specifically, the Commission approves the base case load forecasts of ComEd, Ameren, and MidAmerican as submitted in July 2020.

Moreover, as proposed by the IPA, the Commission approves two energy procurement events scheduled for spring 2021 and fall 2021. The energy amounts to be procured in the spring will be based on the updated March 15, 2021 base case load forecasts developed by Ameren, MidAmerican, and ComEd, in accordance with the hedging levels stated in the 2021 Plan. The energy amounts to be procured in the fall will be based on the July 15, 2021 base case load forecasts developed by Ameren, MidAmerican, and ComEd, in accordance with the hedging levels stated in the 2021 Plan.

The Commission further approves two capacity procurement events for Ameren scheduled for spring 2021 and fall 2021. The capacity amount to be procured in the spring will be based on the updated March 15, 2021 base case load forecast developed by Ameren in accordance with the hedging levels stated in the 2021 Plan. The capacity amount to be procured in the fall will be based on the July 15, 2021 base case load forecast developed by Ameren, in accordance with the hedging levels stated in the 2021 Plan. In the event that legislative changes and/or regulatory decisions render the proposed 2022-2023 and/or 2023-2024 capacity procurements for Ameren unnecessary and there is consensus to cancel either procurement among the IPA, Staff, Procurement

Monitor, and Ameren, the Commission agrees that the affected procurements can be cancelled.

In addition, the March 15, 2021 and the July 15, 2021 forecast updates to be provided by the utilities to be used to implement the 2021 Plan are pre-approved by the Commission as part of the approval of the 2021 Plan, subject to the review and consensus of the IPA, Staff, the Procurement Monitor, and the applicable utility. In the event that the parties do not reach consensus on an updated load forecast, then the most recent consensus load forecast will be used for the applicable procurement event. If the parties are unable to reach consensus on either of the updated load forecasts required in Items 2 and 3 of Section 1.4 of the 2021 Plan, then the July 2020 load forecast will be used for the applicable procurement event.

The Commission further finds that it is appropriate to approve procurement by ComEd, Ameren, and MidAmerican of capacity, network transmission service and ancillary services from each utility's respective Regional Transmission Organization.

Thus, pursuant to Section 16-111.5(d)(4) of the PUA, the Commission approves the 2021 Procurement Plan, including the load forecasts used in the plan, and finds that it will ensure adequate, reliable, affordable, efficient, and environmentally sustainable electric service at the lowest total cost over time, taking into account any benefits of price stability. 220 ILCS 5/16-111.5(d)(4).

IV. FINDINGS AND ORDERING PARAGRAPHS

The Commission, having reviewed the entire record, is of the opinion and finds that:

- (1) Commonwealth Edison Company, Ameren Illinois Company d/b/a Ameren Illinois and MidAmerican Energy Company are corporations engaged in the retail sale and delivery of electricity to the public in Illinois, and each is a "public utility" as defined in Section 3-105 of the Public Utilities Act and an "electric utility" as defined in Section 16-102 of the Public Utilities Act;
- (2) the Commission has jurisdiction over the parties hereto and the subject matter hereof;
- (3) the recital of fact and conclusions of law in the prefatory portion of this Order are supported by the record and are hereby adopted as findings of fact and conclusions of law;
- (4) the load forecast for Ameren Illinois Company d/b/a Ameren Illinois attached to the Illinois Power Agency's September 28, 2020 petition should be approved; the load forecast for Commonwealth Edison Company attached to the Illinois Power Agency's September 28, 2020 petition should be approved; the load forecast for MidAmerican Energy Company attached to the Illinois Power Agency's September 28, 2020 petition should be approved;
- (5) the 2021 Plan filed by the Illinois Power Agency pursuant to Section 16-111.5 of the Public Utilities Act should be approved; the 2021 Plan, and load forecasts found appropriate above, will ensure adequate, reliable,

affordable, efficient, and environmentally sustainable electric service at the lowest total cost over time, taking into account any benefits of price stability; in making this finding, the Commission is not expressing its concurrence in every statement or opinion contained in the 2021 Plan and no presumptions are created with respect thereto; and

- (6) all motions, petitions, objections, and other matters in this proceeding which remain unresolved should be disposed of consistent with the conclusions herein.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that the 2021 Plan and load forecasts filed by the Illinois Power Agency pursuant to Section 16-111.5 of the Public Utilities Act are hereby approved.

IT IS FURTHER ORDERED that all motions, petitions, objections, and other matters in this proceeding which remain unresolved are disposed of consistent with the conclusions herein.

IT IS FURTHER ORDERED that pursuant to Section 10-113(a) of the Public Utilities Act and 83 Ill. Adm. Code 200.880, any application for rehearing shall be filed within 30 days after service of the Order on the party.

IT IS FURTHER ORDERED that, subject to Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this 5th day of November, 2020.

(SIGNED) CARRIE ZALEWSKI

Chairman