

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Illinois Power Agency)	
)	
Petition for Approval of the IPA’s)	Docket No. 14-_____
Supplemental Procurement Plan Pursuant to)	
Section 1-56(i) of the)	
Illinois Power Agency Act)	

**THE ILLINOIS POWER AGENCY’S VERIFIED PETITION FOR APPROVAL OF ITS
SUPPLEMENTAL PROCUREMENT PLAN PURSUANT TO 20 ILCS 3855/1-56(i)(1)**

Pursuant to the authority granted by the Illinois Power Agency Act (“IPA Act”), 20 ILCS 3855/1-5, et seq., and the Illinois Public Utilities Act, 220 ILCS 5/1-101, et seq. (“PUA”), and pursuant to the direction set forth in newly enacted Section 1-56(i) of the IPA Act, the Illinois Power Agency (“IPA”) hereby submits to the Illinois Commerce Commission (“Commission”) its proposed supplemental procurement plan (“Supplemental Plan”) for the procurement of renewable energy credits (“RECs”) “from new or existing photovoltaics, including, but not limited to, distributed photovoltaic generation” using up to \$30 million from the Renewable Energy Resources Fund (“RERF”). (20 ILCS 3855/1-56(i)(1)). The Supplemental Plan is designed to “ensure adequate, reliable, affordable, efficient, and environmentally sustainable renewable energy resources (including credits) at the lowest total cost over time, taking into account any benefits of price stability.” (*Id.*).

Pursuant to Section 1-56(i)(2) of the IPA Act, the Commission shall enter its order “confirming or modifying” the Supplemental Plan on or before January 26, 2015. (20 ILCS 3855/1-56(i)(2)). The Commission shall approve the Supplemental Plan if it finds that the Supplemental Plan “will ensure adequate, reliable, affordable, efficient, and environmentally sustainable electric service in the form of renewable energy credits at the lowest total cost over time, taking into account any benefits of price stability.” (20 ILCS 3855/1-56(i)(3)). The Illinois

Power Agency respectfully requests that the Commission confirm and adopt the Supplemental Plan submitted contemporaneous with this Petition.

In accordance with Section 1-56(i)(1) of the IPA Act, the IPA posted its draft of the Supplemental Plan to its website on September 29, 2014 (hereinafter, the “Draft Supplemental Plan”). (*See* 20 ILCS 3855/1-56(i)(1)). Under law, interested parties were given fourteen days following the posting date to provide comments to the IPA on the Draft Supplemental Plan. (*See Id.*). 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.” (20 ILCS 3855/1-56(i)(1)). The IPA had fourteen days following the comment deadline to revise the Draft Supplemental Plan as necessary based on the comments and to file the Supplemental Plan with the Commission. (*See Id.*). The accompanying Supplemental Plan represents that filing. Following the submission of the Supplemental Plan, within five days, any person objecting to the Plan may file an objection with the Commission. (*See* 20 ILCS 3855/1-56(i)(2)). Because 5 business days after the filing of the Plan falls on a state holiday (November 4, 2014 – Election Day), objections to the Supplemental Plan are required to be filed by November 5, 2014.

The IPA was required to hold at least “one workshop open to the public” to assist in developing the Draft Supplemental Plan. (20 ILCS 3855/1-56(i)(1)). In accordance with this provision, the IPA hosted a public workshop on August 7, 2014. A synthesis of comments and questions raised at the workshop is included in the Supplemental Plan as part of Appendix 6.1.

Written comments on the Draft Supplemental Plan were submitted by Commonwealth Edison, Elevate Energy, the Environmental Law & Policy Center (“ELPC”)/the City of Chicago, Exelon Generation, the Staff of the Illinois Commerce Commission, the Illinois Solar Energy

Association (“ISEA”), the Sierra Club, SRECTrade, Inc., and Wanxiang New Energy. A summary of comments received can also be found in Appendix 6.1.

The IPA appreciates parties’ efforts in providing their respective comments. There are four primary areas where the IPA modified its Draft Supplemental Plan in response to comments: (1) the credit requirement deposit; (2) the capacity factor used for calculating the expected number of RECs generated based on system size; (3) the definition of a “new” system; (4) the definition and pre-qualification of “aggregators.”¹ While all comments were carefully considered by the IPA, not all proposals submitted for consideration were accepted. The IPA welcomes further comment on proposals that were not included in the Supplemental 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.

I. Credit Requirement Deposit Amount

The Agency’s proposed credit requirement for procurements under Section 1-56(i) of the IPA Act is a refundable deposit set at a fixed dollar amount per REC bid. In the Draft Supplemental Plan, the Agency set this refundable deposit amount at \$20/REC for “speculative” photovoltaic systems² and \$10/REC for “identified” photovoltaic systems.

After receiving feedback in comments that this requirement may constitute a barrier to participation, the IPA made three adjustments: in part to reflect a change in capacity factor (see below), a downward revision of the deposit amount to \$16/REC for “speculative” systems and

¹ Other portions of the filed Supplemental Plan feature clarifications or minor changes, and this pleading does not attempt outline all changes. The IPA will post a document compare of the Filed and Draft Plans to its website.

² To allow sufficient participation by developers of smaller systems and recognizing the need for growth in the market, the IPA has proposed to accommodate bids that include a forecast of REC volume to be provided by systems not yet developed at sites or hosts not yet identified. This is described in the Supplemental Plan as “speculative bidding,” or “speculative RECs.” Information on specific installations will not be required at the time of bidding, thus allowing the “speculative” bidder time to convert the winning bid quantities into concrete systems.

\$8/REC for identified systems; a change in the form of the deposit to allow for either cash or a letter of credit to be used; and, a change in the deposit delivery schedule to allow for half of the deposit to be paid at the time of the bid, and the balance to be paid within 14 days after bid acceptance. The IPA believes these revisions will help promote broader participation, specifically from smaller or less-capitalized market participants, thus contributing to a more competitive and well-subscribed procurement process.

II. Capacity Factor

While Section 1-56(i) of the IPA Act distinguishes between photovoltaic systems based on system capacity or “size,” the law requires the procurement of RECs. This necessitates the use of a standard “capacity factor” for calculating the number of RECs that are expected to be produced over the life of a five-year contract from a photovoltaic system.

In its Draft Supplemental Plan, the IPA proposed a capacity factor of 11.416%. Based on comments received, the IPA has revised this capacity factor to 14.38%, which reflects ISEA’s suggested capacity factor based the industry-standard PV Watts calculator to determine typical photovoltaic system outputs at various locations in Illinois.

III. Definition of a “New” Photovoltaic System

For reasons outlined in the Supplemental Plan, the IPA is proposing to procure RECs exclusively from “new” distributed generation photovoltaic systems. However, while the terms “new” and “existing” are used in Section 1-56(i) of the IPA Act, neither term is defined.

In its Draft Supplemental Plan, the IPA proposed defining a “new” system as one which had not been energized as of the date of the first procurement event for that event, and as of the date of the preceding procurement event for subsequent events.³ After receiving comments that

³ The IPA is proposing to hold three procurement events under the Supplemental Plan, with a fourth contingency procurement event. The budget for each event will increase so as to track anticipated growing demand by developers

this standard may create a chilling effect on systems currently under development (including systems whose development may have been spurred by the passage of Public Act 98-0672, which created new Section 1-56(i) of the IPA Act), the IPA has chosen to relax this definition in its Supplemental Plan by defining a “new” system as one which had not been energized as of the date of the Commission’s Order approving the Supplemental Plan.

IV. “Aggregators”

The use of “aggregators” – third-party (i.e., non-system owner) entities who may contract with system owners and participate as bidders in the procurement events – is expressly contemplated in Section 1-56(i)(1) of the IPA Act. While the Draft Supplemental Plan outlined criteria necessary to serve as an “aggregator,” the Supplemental Plan adds in a pre-qualification process for participation in procurement as an “aggregator.”

V. Proposals Not Accepted for Inclusion in the Supplemental Plan

The IPA considered, but did not include, all suggestions made on the Supplemental Plan. While not all suggestions were included, the IPA does not wish to foreclose development of issues for consideration in this proceeding. As such, the IPA welcomes additional discussion of issues that were not fully developed in comments through the Commission proceeding.

VI. Procedural Steps

Within five days of the filing of this Supplemental Plan, any person objecting to the Supplemental Plan may file an objection with the Commission. (*See* 20 ILCS 3855/1-56(i)(2)). As mentioned above, this creates a November 5, 2014 deadline for objections. The IPA reserves its right to file responsive comments to the Commission. In addition, the Commission has ten

to supply RECs into the procurements and to accommodate market growth without bottlenecking the availability of REC contracts.

days from the filing of the Supplemental Plan to decide if a hearing is necessary. (*See Id.*). At this time, the IPA does not believe a hearing is required or necessary to consider or approve the Supplemental Plan. Parties may file objections based on alternative policy recommendations, or present legal arguments regarding the Supplemental Plan, and the Commission may take those written objections into consideration in approving or modifying the Plan. However, based on comments submitted in response to the Draft Supplemental Plan, the IPA anticipates that no hearing will be required.

CONCLUSION

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

Dated: October 28, 2014

Respectfully submitted,

Illinois Power Agency

By: /s/ Brian P. Granahan

One of its Attorneys

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STATE OF ILLINOIS)
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COUNTY OF COOK)

VERIFICATION

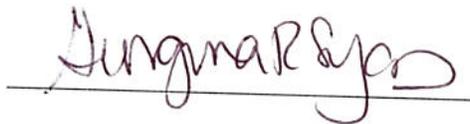
Anthony M. Star, being first duly sworn, on oath deposes and says that he is the Director for the Illinois Power Agency, that the above Verified Petition has been prepared under his direction, he knows the contents thereof, and that the same is true to the best of his knowledge, information, and belief.





Anthony M. Star

Subscribed and sworn to me
This 28th day of October, 2014



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NOTICE OF FILING

Please take notice that on October 28, 2014, the undersigned, an attorney, caused the Illinois Power Agency's Petition for Approval of the IPA's Supplemental Procurement Plan Pursuant to 20 ILCS 3855/1-56(i), the Supplemental Procurement Plan, and any appendices thereto to be filed via e-docket with the Chief Clerk of the Illinois Commerce Commission in a new proceeding:

October 28, 2014

/s/ Brian P. Granahan
Brian P. Granahan