

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Illinois Power Agency)
) ICC Docket No. 14-_____
Petition for Approval of the 2015 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
THE 2015 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 plan for the procurement of electricity for certain customers of Ameren Illinois Company (“Ameren Illinois”), and Commonwealth Edison (“ComEd”) (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 June 2015 through May 2020 (“Procurement Plan” or “Plan”). The Procurement Plan sets forth recommendations related to procured electricity commodity and associated transmission services, energy efficiency programs, and renewable energy credits to meet the supply needs of eligible retail customers served by Ameren Illinois and ComEd. The Procurement 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))

Pursuant to Section 16-111.5(d)(3) of the Illinois Public Utilities Act (“PUA”), 220 5/16-111.5(d)(4), the Illinois Commerce Commission shall enter its order confirming or modifying the Procurement Plan on or before December 29, 2014.¹ The Illinois Power Agency respectfully

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 is a Sunday, the Commission has until the following business day.

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 15, 2014 (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. Affected 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 on October 6, 2014.²

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, the IPA hosted two meetings for parties wishing to make public comments. The meetings were held on September 3, 2014 in Chicago and on September 10, 2014 in Springfield.

Written comments to the August 15, 2014 Draft Plan were submitted by the Staff of the Illinois Commerce Commission (“Staff”), Ameren Illinois, ComEd, the Office of the Illinois

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

Attorney General, the Citizens Utility Board and the Environmental Defense Fund (“CUB/EDF”), Comverge, the Environmental Law & Policy Center (“ELPC”), an collection of renewable generation suppliers (“Renewables Suppliers”), the Natural Resources Defense Council (“NRDC”), the Illinois Competitive Energy Association (“ICEA”), the Illinois Solar Energy Association (“ISEA”), Sargas, SoCore Energy and EDF Renewable Energy, the Alliance for Solar Choice, Wanxiang New Energy, the Sierra Club, the Retail Energy Supply Association (“RESA”), and Exelon Generation Company (“Exelon”). Additionally, ICEA provided public comments on the topic of full requirements procurement at the second of the IPA’s two public meetings (September 10, 2014 in Springfield).

The IPA appreciates the parties’ efforts in providing their respective comments. There are six primary areas where the IPA modified its Draft Plan in response to the comments: (1) corrections to numbers, charts and graphs; (2) balancing spring/fall procurement hedge quantities; (3) procuring a capacity hedge for Ameren Illinois; (4) the IPA’s analysis of the costs and benefits of procuring a full requirements product; (5) the IPA’s Energy Efficiency as a Supply Resource proposal; and (6) the IPA’s proposed distributed generation REC procurement using hourly ACP funds.³ While all comments were carefully considered by the IPA in developing the 2015 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.

I. Corrections to Typographical Errors, Numbers, Charts, Tables, and Graphs

³ Many other portions of the plan featured clarifications or other minor changes, and this pleading does not attempt outline all changes to the Plan. The IPA will post a document compare of the Final and Draft Plans to its website.

Several parties provided comments regarding the accuracy of the numbers and text throughout the Draft Plan. Many corrections were incorporated to those aspects of the Plan, including typographical errors and corrections to certain charts and tables. These changes are reflected in a document comparison which will be available from the IPA's website.

II. Balancing Spring/Fall Procurement Hedge Quantities

Consistent with the approach taken in its 2014 Plan, the IPA's Draft 2015 Plan again proposed a second energy procurement event scheduled for September 2015. The Draft Plan called for the IPA's April 2015 procurement to hedge the June 2015-October 2015 delivery period at 106% percent, while hedging the November 2015-May 2016 delivery period at 75%. The September 2015 procurement event would solicit the remaining quantities necessary to achieve 100% hedging for the period between November 2015-May 2016.

After consideration and analysis of comments, the IPA now recommends hedging the July and August 2015 peak period at 106% and the balance of the June through October 2015 period at 100% through its April 2015 procurement. The Agency also recommends additional adjustments intended to procure a greater volume of hedge quantities for future delivery years through its September 2015 procurement and correspondingly reducing the amount procured through its April 2015 procurement.

III. Ameren Illinois Capacity Hedge

In its Draft Plan, the IPA stated that because Ameren Illinois had successfully purchased all its capacity requirements in 2014 via MISO's annual capacity auction, and because it expected that auction to demonstrate sufficient liquidity in 2015-2016, the IPA would not be proposing a capacity procurement for Ameren Illinois outside the MISO auction.

After consideration and analysis of comments provided by Ameren Illinois, the IPA now recommends that a capacity hedge procurement for Ameren Illinois be held simultaneously with the IPA's September 2015 energy procurement event. Specifically, the IPA proposes to procure 50% of Ameren Illinois's 2016-2017 capacity obligation, and potentially procure 25% of the 2017-2018 obligation (subject to consensus among the IPA, Staff, and the Procurement Monitor).

IV. Full Requirements

In its Draft Plan, the IPA evaluated the costs and benefits of procuring a full requirements product for eligible retail customer load. Responsive to the Commission's directive to produce a more "thorough and accurate analysis of the impacts of incorporating full requirements products" (Docket No. 13-0546, Final Order dated December 18, 2013 at 96), the IPA included comprehensive new analyses relying on empirical data—including ex post market data analysis—to demonstrate and further quantify the price premium associated with full requirements. The Draft Plan also included an analysis of whether and to what degree customers value the additional price stability provided by full requirements. Consistent with its 2014 Procurement Plan, the IPA concluded that using a full requirements approach in lieu of standard blocks would not best serve the interests of eligible retail customers.

ICEA, RESA, and Exelon Generating Company provided comments critical of the IPA's analysis and continued to call for the procurement of a full requirements product, with ICEA outlining a full requirements pilot procurement proposal. In developing its filed Plan, the IPA reviewed these and other parties' analyses and ICEA's pilot program proposal. After careful review and consideration, the IPA still recommends against procuring a full requirements product and does not adopt ICEA's four-year full requirements pilot program proposal. While

the IPA did make a substantial number of responsive changes to the full requirements analysis in its filed Plan,⁴ its position remains unchanged.

V. Energy Efficiency as a Supply Resource (“EEAASR”)

In its Draft 2014 Procurement Plan, the Agency requested comment on the feasibility of procuring energy efficiency as a supply resource. The Agency declined to include that proposal in its filed 2014 Plan, and stated that it would “work with stakeholders on coming up with a feasible plan for future procurement cycles.” (Docket No. 13-0546, IPA Petition for Approval dated September 30, 2013 at 5)

After holding a workshop on the topic and receiving extensive follow-up comments, the IPA developed a proposal for the procurement of energy efficiency as a supply resource for its Draft 2015 Plan. In comments, this proposal received extensive feedback, with parties both supportive and critical of the approach. The IPA has given careful review and consideration to these comments. While the IPA did make responsive edits to its proposal, it offers largely the same proposal for the Commission’s consideration. For its filed Plan, the IPA includes an alternative proposal as well, outlining the potential use of energy efficiency programs under Section 16-111.5B of the Public Utilities Act as a different means to achieve similar goals.

VI. Distributed Generation Procurement Using Hourly ACP Funds

Recognizing that statutory distributed generation (“DG”) targets in the renewable portfolio standard remain unmet (*See* 20 ILCS 3855/1-75(c)(1)), the IPA’s Draft Plan proposed using ACP funds already collected from hourly-rate customers for the procurement of RECs specifically from DG systems. While a DG solar procurement was proposed as part of the IPA’s

⁴ As noted above, the IPA will post a document compare of the Final and Draft Plans to its website; this should capture and illustrate these and other changes.

filed 2013 Plan, that proposal was not approved by the Commission⁵ and the Agency has not yet conducted a procurement targeting DG resources. As certain statutory requirements apply only to the procurement of RECs from distributed generation,⁶ this left the IPA with a number of open questions and scant precedent.

Through its Draft Plan, the IPA actively sought feedback on these open questions by presenting three potential procurement structures. The IPA received feedback and analysis from parties in comments, and has given those comments careful consideration. For its filed Plan, the IPA proposes a procurement structure similar to its past REC procurements (specifically calling for competitive sealed bids of at least 1 MW evaluated on the basis of price – Option #1 in its 2015 Draft Plan), with procurement design accommodations made to better support the sub-25 kW system market.⁷

VII. Proposals Not Accepted for Inclusion in the 2015 Procurement Plan

The IPA considered, but did not include, all suggestions made in the 2015 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.

VIII. Procedural Steps

⁵ Instead, the Commission stated that “proposals and recommendations relating to the inclusion of distributed generation resources in future procurement plans will be considered by the Commission in those proceedings.” Docket No. 12-0544, Final Order dated December 19, 2012 at 122.

⁶ Among them include: contracts of at least 5 years in length; a requirement that “to the extent available,” half of RECs procured are from systems below 25 kW in size; provisions for the use of third-party aggregators as counterparties. *See* 20 ILCS 3855/1-75(c)(1).

⁷ The IPA also proposes to procure solar RECs using the renewable resources budget to meet currently unmet statutory photovoltaics targets. (*See* 20 ILCS 3855/1-75(c)(1)). This proposal is largely unchanged from its draft Plan.

Within five days of the filing of this Procurement Plan, any person objecting to the Procurement Plan may file an objection with the Commission. (*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 decide if a hearing is necessary. (*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. However, based on the comments that were submitted in response to the Draft Plan, the IPA anticipates that no hearing will be required.

CONCLUSION

The Illinois Power Agency's Procurement Plan is consistent with the requirements of the Public Utilities Act and Power Agency Act, meets the needs of customers, 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 29, 2014

Respectfully submitted,

Illinois Power Agency

By: Brian P. Granahan

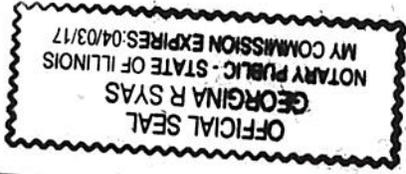
One of its Attorneys

Brian P. Granahan
Chief Legal Counsel
Illinois Power Agency
160 N. LaSalle St., Suite C-504
Chicago, Illinois 60601
312-814-4635
Brian.Granahan@Illinois.gov

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

Anthony M. Star

Subscribed and sworn to me
This 29th day of September, 2014

Georgia R. Syas

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NOTICE OF FILING

Please take notice that on September 29, 2014, the undersigned, an attorney, caused the Illinois Power Agency's Petition for Approval of the 2015 Procurement Plan Pursuant to 220 ILCS 5/16-111.5(d)(4), the 2015 Procurement Plan, and the appendices thereto to be filed via e-docket with the Chief Clerk of the Illinois Commerce Commission in a new proceeding:

September 29, 2014

/s/ Brian P. Granahan
Brian P. Granahan