

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Illinois Power Agency)	
)	
Petition for Approval of the)	Docket No. 11-0660
220 ILCS 5/16-111.5(d) Procurement Plan)	
)	

VERIFIED REPLY COMMENTS
OF THE ILLINOIS COMPETITIVE ENERGY ASSOCIATION
TO THE RESPONSES ON OBJECTIONS TO THE PROCUREMENT PLAN

The Illinois Competitive Energy Association (“ICEA”), pursuant to Section 16-111.5(d) (3) of the Illinois Public Utilities Act (“PUA”),¹ submits these Verified Reply Comments (“Reply”), to the Responses on Objections to the Procurement Plan (“Plan”) filed with the Illinois Commerce Commission (“Commission”) by the Illinois Power Agency (“IPA”).

In this Reply, ICEA states its support of the IPA’s revisions to the Plan, specifically as these relate to the removal of the long-term renewable energy credit (“REC”) procurement, clean coal mandate, and distributed solar provisions. Additionally, ICEA responds to Commonwealth Edison’s (“ComEd”) assertion that full requirements contracts are not standard wholesale products, as well as to the IPA’s rejection of Commission Staff’s (“Staff”) recommendation to release certain confidential.

¹ 220 ILCS 5/116-111.5(d)(3).

I. ICEA Supports IPA's Revisions to the Plan

After considering comments filed by the parties, the IPA removed certain provisions of the Plan, which ICEA supports. First, the IPA acknowledged that customer migration could play a significant role in the variability and uncertainty of forecasted load, and that the current low cost of short-term REC prices made it difficult to support entering into long-term REC contracts.² In light of these factors, the IPA decided to revise the 2012 Plan to remove the long-term REC procurement proposal.³ ICEA agrees with and supports this revision.

Second, in response to numerous parties arguing that procurement of clean coal would increase costs to consumers, the IPA stated that it was “persuaded by the comments and objections that it is not necessary to include” the clean coal procurement mandate in the 2012 Plan.⁴ ICEA similarly agrees with the IPA and supports the decision to remove the clean coal mandate from the Plan.

Third, again in response to commenters, the IPA acknowledged that detailed workshops discussing the distributed solar procurement provision would “be beneficial to the development of the issue.”⁵ The IPA proposes to hold workshops during January 2012 through May 2012 to allow interested parties to develop the relevant issues further.⁶ Accordingly, the IPA recommends that the Commission remove the distributed solar proposal from the current Plan until the ideas

² *Verified Response of the Illinois Power Agency*, Docket No. 11-0660, at 4 (filed Oct. 18, 2011) (“IPA Response”).

³ *Id.*

⁴ *Id.* at 8.

⁵ *Id.* at 11.

⁶ *Id.*

are explored more fully through the workshops.⁷ ICEA agrees that workshops to flesh out these issues would be beneficial and supports the IPA's recommendation to remove the distributed solar proposal from the current Plan.

II. ICEA Continues to Support Staff's Recommendations to Modify the Plan to Release Certain Information Previously Held Confidential

As noted in its response,⁸ ICEA supports Staff's position that the IPA should release certain confidential information, including the product-specific (wind versus solar PV) price, quantity results, and IPA's forward price curve, all related to the December 2010 long-term bundled contract procurement.⁹ This information is pertinent to each of the next 20 annual IPA procurement plan proceedings, and interveners in procurement plan cases have a legitimate need for this information.¹⁰ Further, there is no statutory requirement to maintain confidentiality over the forward energy price curve developed for the 2010 long-term renewable RFP.

Without the release of such information, ARES have no ability to determine how much of the REC spending limit has been reached and accordingly, how much will be spent in future procurements. This is critical information in order to properly price the ACP risk into contracts.

Accordingly, ICEA reiterates its support for Staff's recommendation to amend the Plan to include: (1) the expected aggregate imputed cost of RECs acquired through the December 2010 procurement event, for each utility; (2) the expected aggregate quantity of RECs acquired

⁷ *Id.*

⁸ *Illinois Competitive Energy Association's Verified Response to Certain Objections to the Illinois Power Agency's 2012 Procurement Plan*, Docket No. 11-0660, at 2-3 (filed Oct. 18, 2011).

⁹ *Response and Objections to the Illinois Power Agency's Procurement Plan Filed September 28, 2011 by the Staff of the Ill. Commerce Comm'n*, Docket No. 11-0660, at 27 (filed Oct. 3, 2011).

¹⁰ *Id.*

through that procurement event, for each utility and for each resource type (wind and solar PV); and (3) the IPA's energy market price forecast for the 20 years beginning June 2012.

III. ICEA Opposes ComEd's Mischaracterization of "Full Requirements Contracts" as Not Constituting "Standard Wholesale Products"

In its Response, ComEd opposed a recommendation made by Constellation that the IPA incorporate full requirements products within its Plan. While ICEA itself has not made any recommendation as to the types of products that could and should be used by the IPA in its Plan, ICEA feels compelled to address ComEd's mischaracterization of full requirements contracts as not being "standard wholesale products."

Specifically, ComEd states that full requirements products are inconsistent with "the definition of Standard Wholesale Product contained in the PUA."¹¹ Ironically, the PUA does not even contain a definition of "standard wholesale product." The PUA merely requires the IPA Plan to include a proposed mix and selection of standard wholesale products, and provides block products *as an example* of the types of products that could be included. In fact, the relevant section of the PUA, cited by ComEd, says the types of block products listed should be used "separately **or in combination . . . including but not limited to**" other standard wholesale products.¹² Clearly, by the statute's own wording, the list of products was meant to be illustrative, not exhaustive. By combining various products identified in the statute, one can achieve a full requirements product. The IPA has the discretion to procure those products in combination.

¹¹ *Commonwealth Edison Company's Verified Response to Certain Objections to the Procurement Plan of the Illinois Power Agency*, Docket No. 11-0660, at 23 (filed Oct. 18, 2011).

¹² 220 ILCS 5/16-111.5(b)(3)(iv) (emphasis added).

ComEd's claim that full requirements are inconsistent with the PUA, based in part on its reading that the legislature intended to replace the former auction process with that of an RFP process, similarly falls flat. Whether the competitive procurement is conducted via an auction or an RFP in and of itself does not preclude a full requirements solicitation.

Finally, ComEd's suggestion that full requirements contracts should not be explored because "the RFP process has worked well" does not address the varied and substantial potential benefits that full requirements contracts can provide. Regardless of whether some feature of the IPA Plan has worked well in the past does not mean that the parties should be content with the status quo and ignore different elements that carry the possibility of even greater success in the future. The goal of the statutorily mandated IPA review process each year, and the requirement for filing a new plan every year, is so that the process can be continually improved.

Accordingly, ICEA rejects ComEd's notion that the IPA could not and should not consider using full requirements products in future procurement plans.

IV. Conclusion

ICEA supports the IPA's decision to eliminate the long-term REC procurement requirement, clean coal mandate, and distributed solar carve-out from the Plan. Additionally, ICEA supports Staff's recommendation that the IPA release certain confidential information. Finally, ICEA disagrees with ComEd's argument that the IPA should not consider using full requirements products in future procurement plans.

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Respectfully submitted,

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