

# Illinois Energy Policy

Facilitated Dialogue: Market Restructuring & Renewable Energy  
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# Outlook

- Fossil fuel prices are highly volatile and unpredictable
- Since the beginning of 2005 U.S. energy prices have been progressively increasing
- Higher energy costs have significantly curbed economic growth as energy costs were at least \$1/2 trillion higher than expected
- The global economic recession has depressed energy prices in the near term
- Carbon Constraints are more likely than ever before
- All predictions of forward energy curves show that long term new highs are inevitable



# Illinois Energy Context



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Illinois has an abundant supply of electric capacity (45,000 megawatts) and produces 190 billion kilowatts per year at over 60 facilities

- Nuclear

- Illinois is the nation's leader in the production of nuclear power, generating approximately 90.9 billion kilowatt hours with 11 nuclear units
- In recent years, approximately half (49 percent) of the electricity sold by utilities and alternative retail electric power suppliers in Illinois have been generated by nuclear facilities

- Coal

- Coal underlies 37,000 square miles of Illinois – about 65% of the state's surface
- Recoverable coal reserves account for almost 1/8 of total US reserves and account for more BTUs than the oil reserves of Saudi Arabia and Kuwait
- 47 percent of Illinois' electricity is generated by coal-fired facilities located throughout the state

- Alternative Energy

- 4<sup>th</sup> Largest wind capacity in the US: 3,500 MW installed
- Substantial distributed generation: solar, combined heat and power, biomass, etc.

Source: [http://business.illinois.gov/io\\_energy.cfm](http://business.illinois.gov/io_energy.cfm)



# National Energy Context:

## Expectations

- Increasing energy demand with continued dependence on imported energy sources
- Rising fossil fuel prices that will significantly impact electricity and natural gas rates
- Electricity deregulation
- Transmission constraints, increasing cost of new transmission and aging distribution systems
- Increased environmental regulations reducing legacy generation capacity



# Illinois Energy History



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- 1921 – Illinois Public Utilities Act
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- 1997 – Electric Restructuring
  - Generation – Sold Off and Made Competitive
  - Distribution – Fully Regulated
  - Transmission – Independent operation
- 2007 – Electric Rate Relief Law
  - Refunds
  - Illinois Power Agency
  - Renewable Portfolio Standard
  - Electric Efficiency Portfolio Standard



# Illinois Energy Policy 2009 to Present

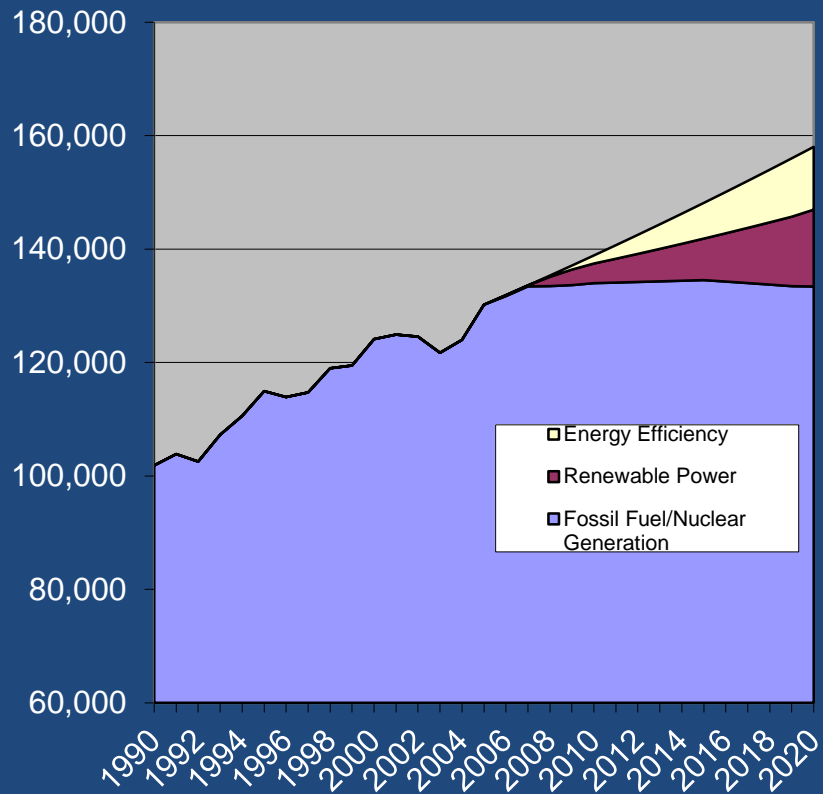
- Natural Gas Efficiency Portfolio
- RPS extended to ARES
- Wind Farm High Impact Business designation
- Wind Farm standardized property tax valuation
- Long Term Renewable Contracts
- Expedited Transmission Review
- Accelerated Smart Grid Deployment



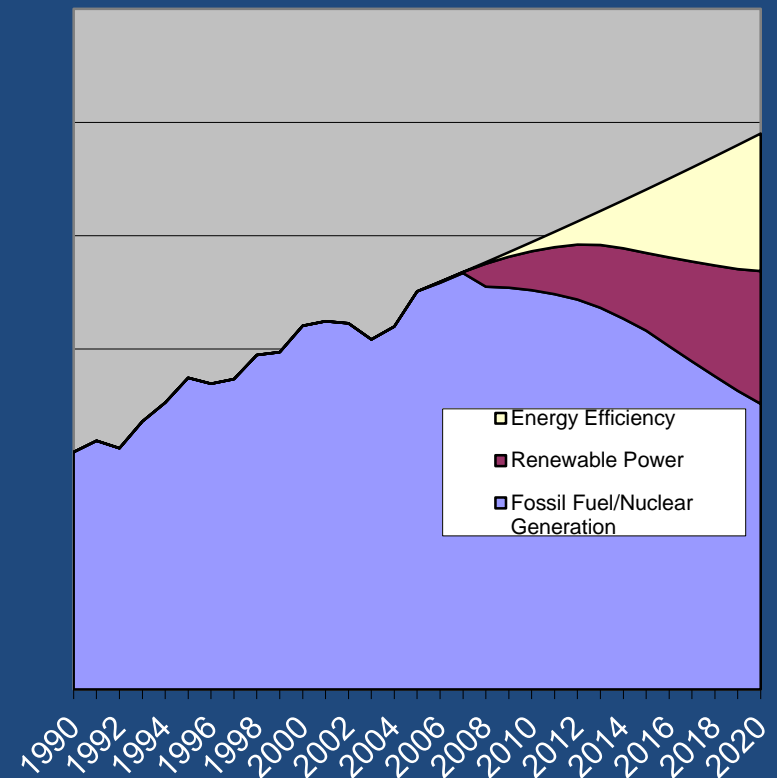


# Electricity Savings

2007

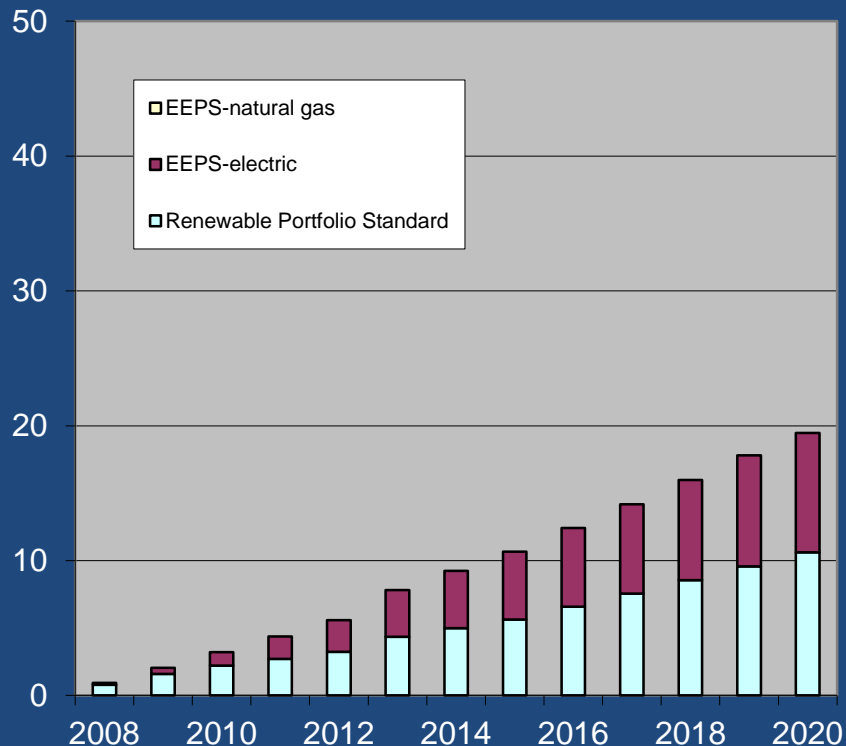


2009

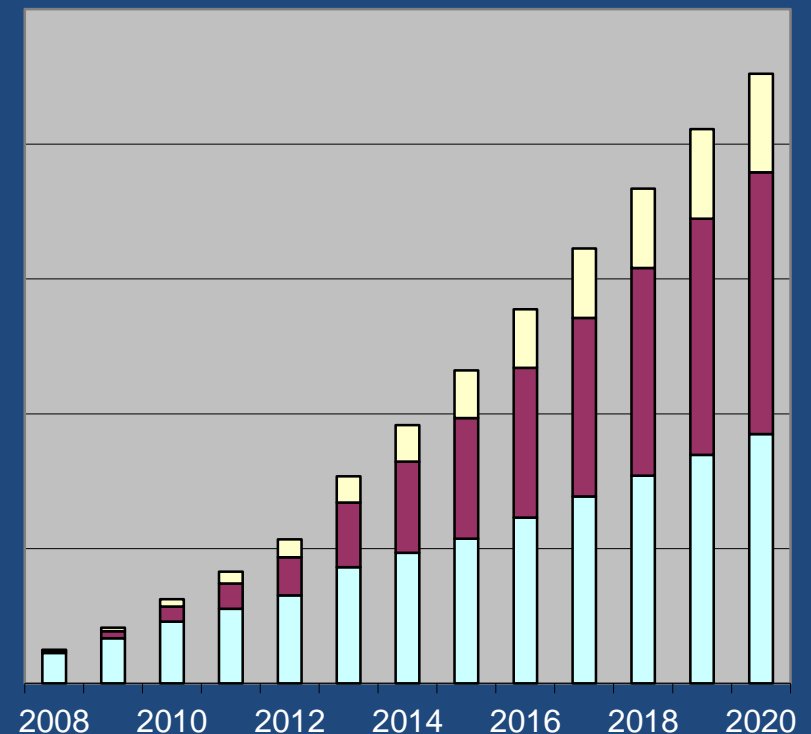


# Carbon Dioxide Emission Reductions (million metric tons)

2007



2009



# Economic Benefits

- Renewable Energy
  - Direct Benefits
    - \$ Invested in Renewable Industry facilities in IL
    - 1 MW of installed wind capacity = \$1.7 M investment
    - Significant contribution to the local tax base
  - Indirect Benefits
    - Hedge against fossil fuel price volatility
    - Increased fuel diversity
    - Downward pressure on energy prices
    - Further savings linked to environmental externalities
- Energy Efficiency
  - Direct Benefits
    - Each \$1 spent on EE saves \$2-4
    - EE Contractors market
  - Indirect Benefits
    - Downward pressure on energy prices
    - Consumers have more \$ to spend in the economy
    - Increased jobs to meet economic stimulation
    - Further savings linked to environmental externalities



# the Future



# Illinois Today

- Illinois is a leader in new alternative energy development and production
- Illinois has reached an alternative energy and energy efficiency tipping point –the rate of development and utilization is and continue to increase dramatically
- Illinois is committed to Global environmental sustainability and stewardship



# Illinois Goals

- Diversify Illinois generation to reduce dependence on fossil fuels
- Hedge a portion of energy consumption against likely future fossil fuel price volatility
- Provide Illinois consumers with tools to use energy smarter and more efficiently
- View renewables and efficiency as valuable resources to mitigate higher energy costs and deliver both economic and environmental benefits



# Illinois Tomorrow

- Diversify Illinois generation to reduce dependence on fossil fuels
- Hedge a portion of energy consumption against likely future fossil fuel price volatility
- Provide Illinois consumers with tools to use energy smarter and more efficiently
- View renewables and efficiency as valuable resources to mitigate higher energy costs and deliver both economic and environmental benefits



# Illinois Challenges

- Aging Coal Fleet
- Renewables
  - Natural Gas Prices Today
  - Divided RPS
  - Distributed Generation and Net Metering Rules
- Transmission Constraints
- Comparatively Low Energy Prices
  - Incent Exports
  - Dis-Incent New Build





“You cannot escape the responsibility of tomorrow by evading it today.”

- Abraham Lincoln

