

# Illinois and Renewable Energy

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8.19.13

**Dar es Salaam, Tanzania**

# Illinois and Renewable Energy

- On balance, I believe Illinois is a friendly renewable state
- The Illinois General Assembly has enacted a fairly aggressive Renewable Portfolio Standard (RPS) plan
- There is a requirement that certain amounts of renewable energy be included in the Illinois electricity procurement plan that is approved by the ICC.

# History of Illinois' Renewable Portfolio Standard

- In 2001, the state passed the Illinois Resource Development and Energy Security Act, which included:
  - a voluntary renewable-energy goal of 5% by 2010, and 15% by 2020.
  - The 2001 act did not include an implementation schedule, compliance rules, credit-trading provisions, or an energy-efficiency portfolio goal.
  - In July 2005, the ICC adopted a resolution encouraging utilities to commit to a voluntary renewable portfolio goal of 8% by 2013, and an energy efficiency portfolio goal that utilities should reduce load growth by 25% during 2015-2017.
  - The passing of PA 95-0481 established a mandatory renewable portfolio standard.

# Eligible Renewable/Other Technologies:

- Renewable energy sources that can be used to meet the portfolio are: Solar Thermal Electric, Photovoltaics, Landfill Gas, Wind, Biomass, Hydroelectric, Anaerobic Digestion, Biodiesel
- The requirements apply to Investor-Owned Utilities with 100,000 customers or more and Retail Supplier
- Standard: 25% by compliance year 2025 - 2026

# Technology Minimum

- Wind (IOUs): 75% of annual requirement (18.75% of sales in compliance year 2025-2026)
- Wind (ARES): 60% of annual requirement (15% of sales in compliance year 2025-2026)
- PV (All): 6% of annual requirement in compliance year 2015-2016 and thereafter (1.5% of total sales in compliance year 2025-2026)
- Distributed Generation (IOUs): 1% of annual requirement in compliance year 2015-2016 and thereafter (0.25% of sales in compliance year 2025-2026)

**(Public Act 095-0481) created  
the Illinois Power Agency (IPA)**

- The agency's purpose is to develop electricity procurement plans for investor-owned electric utilities (EUs) supplying over 100,000 Illinois customers to ensure "adequate, reliable, affordable, efficient, and environmentally sustainable electric service at the lowest total cost."
- The only IOUs that meet these criteria and are therefore subject to the IPA procurement process are Commonwealth Edison (ComEd) and the Ameren Illinois.

# Renewables and the IPA

- The IPA plans and administers the competitive procurement processes that result in bilateral agreements between the utilities and wholesale electric suppliers.
- The procurement plans must include procurement of cost-effective renewable energy resources—per the RPS schedule outlined in the Act.
- Originally, the RPS applied only to electricity sold retail under the bundled, fixed-price tariff for the above mentioned utilities.\* However, amendments later replaced the scope of the RPS by requiring alternative retail electric suppliers (ARES) to comply with the RPS starting June 1, 2009.

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# Renewables and the IPA

- Municipal and cooperative utilities are exempt from the RPS. But since August 2011, multi-jurisdictional utilities with less than 100,000 Illinois customers can request a procurement plan from the IPA.
- If they do apply they become subject to the renewable portfolio standard (RPS) requirements.



# Other requirements

- For IOUs, the solar requirement begins EY 2013 and ramps up to 6% of the standard by EY 2016.
- There is also a distributed generation requirement for IOUs beginning in EY 2014. The requirement increases to 1% by EY 2016 and thereafter.
- To the extent possible, at least half of the resources procured from renewable energy generation must come from systems less than 25 kW in capacity.
- Renewable energy may be procured either through energy bundled with RECs, or through the purchase of RECs on their own.
- Utilities must retire credits that they use for compliance.

# Cost Effectiveness

- There are two tests to determine cost-effectiveness.
  - First, the increase in cost to retail customers from the RPS in 2008 cannot exceed 0.5% of the amount paid per kilowatt-hour (kWh) during the year ending May 31, 2007.
  - The cost cap changes each year through 2011, when it is the greater of an additional 0.5% of the amount paid per kWh during the year ending in 2010, or 2% of the amount paid per kWh during the year ending May, 2007.
  - Thereafter, the cost is limited to the greater of 2.015% of the amount per kWh paid in 2007, or the incremental amount paid in 2011.
  - The Illinois Commerce Commission (ICC) is to review the cap in 2011 and report to the General Assembly if it “unduly constrains the procurement of cost-effective renewable energy resources.”
  - The second test of cost-effectiveness (established in the Public Act 095-1027) is that cost of procuring renewable resources must not exceed benchmarks based on market prices for renewable energy resources in the region, where the IPA procurement administrator will determine the benchmarks.

# In-State and Regional Purchase Requirements

- For IOUs, through 2011, eligible resources must be located in-state.
- If there are insufficient cost-effective in-state resources, resources can be procured from adjoining states.
- If these also fail the cost-effectiveness tests, resources can be procured from other regions of the country.
- After 2011, equal preference is given to resources within IL and adjoining states.
- If neither is cost-effective, resources from other regions can be considered eligible.

# Energy Efficiency

- The Illinois Power Agency Act also requires utilities to establish annual energy-savings goals
- Utilities must meet 0.2% of energy delivered through cost-effective energy efficiency in 2008, rising to 2% of energy delivered in 2015 and thereafter.
- In February 2008, the ICC approved utility implementation plans for these requirements, available in Dockets 07-0539 (Ameren) and 07-0540 (ComEd).
- In February 2011, the ICC approved 3 year utility implementation plans for these requirements, available for Ameren and ComEd customers.
- We are currently in the process of reviewing and eventually approving three-year plans that will be in February 2014.

Here is a table that summarized the requirements and the performance of the utilities and ARES.

The Overall RPS Requirement is the percentage of customer load for which renewable energy resources were used.					
Delivery Year		Overall RPS	Actual Performance (Narrative description)		
From	To	Requirement	Ameren	ComEd	ARES
1-Jun-08	31-May-09	2.00%	Overall RPS Requirement met	Overall RPS Requirement met	Not applicable
1-Jun-09	31-May-10	4.00%	All Requirements met	All Requirements met	All Requirements met
1-Jun-10	31-May-11	5.00%	All Requirements met	All Requirements met	All Requirements met
1-Jun-11	31-May-12	6.00%	All Requirements met	All Requirements met	All Requirements met
1-Jun-12	31-May-13	7.00%	All Requirements met	All Requirements met	TBD
1-Jun-13	31-May-14	8.00%	All Requirements will be met	Due to budget constraint, only 95% of Overall RPS Requirement will be met.	TBD
1-Jun-14	31-May-15	9.00%	TBD	TBD	TBD
1-Jun-15	31-May-16	10.00%	TBD	TBD	TBD
1-Jun-16	31-May-17	11.50%	TBD	TBD	TBD
1-Jun-17	31-May-18	13.00%	TBD	TBD	TBD
1-Jun-18	31-May-19	14.50%	TBD	TBD	TBD
1-Jun-19	31-May-20	16.00%	TBD	TBD	TBD
1-Jun-20	31-May-21	17.50%	TBD	TBD	TBD
1-Jun-21	31-May-22	19.00%	TBD	TBD	TBD
1-Jun-22	31-May-23	20.50%	TBD	TBD	TBD
1-Jun-23	31-May-24	22.00%	TBD	TBD	TBD
1-Jun-24	31-May-25	23.50%	TBD	TBD	TBD
1-Jun-25	31-May-26	25.00%	TBD	TBD	TBD
and thereafter		25.00%	TBD	TBD	TBD