Overview Of The Illinois Power Agency And Changes To The Illinois Renewable Portfolio Standard

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Background on IPA and Procurement Approach

• The Illinois Power Agency (IPA) is a state agency created in 2007 as part of resolution of debate on how to procure power for customers who did not switch to alternative suppliers (eligible retail customers)

• Entrusted by legislation to conduct procurement activities with transparency, objectivity, and in an ethical manner

• In 2011 became independent Agency under the oversight of the Illinois Executive Ethics Commission

• Funded through fees charged to utilities (for planning), suppliers (to run procurement events), and investment income from a Trust Fund

• Key responsibilities include:
  • Developing annual procurement plan, subject to Illinois Commerce Commission (ICC) approval
  • Running procurements and programs via third-party administrators. Procurement results subject to ICC approval
Power Procurement Approach

• Procurement of energy to meet the load requirements of “eligible retail customers”

• Criteria in the Illinois Power Agency Act:
  “Develop electricity procurement plans to ensure adequate, reliable, affordable, efficient, and environmentally sustainable electric service at the lowest total cost over time, taking into account any benefits of price stability.”

• Approach has been to procure each year standard energy blocks to meet 100% of expected load in the current delivery year, 50% in the following year, and 25% in the next year.
  • This allows for a multi-year laddered approach to managing supply risks

• Current serving approximately 50% of ComEd’s potentially eligible load, 40% of Ameren’s potentially eligible load, and 15% of MidAmerican’s load
  • Municipal Aggregation main driver of customer switching
Prior IPA Renewables Responsibilities (2008-2016)

- Utilities have annual RPS percentage requirements for eligible retail customers
  - Increases each year to 25% by 2025
  - Through 2016 the IPA included in its annual procurement plan proposed procurements to meet those targets

- Alternative Suppliers also had a separate RPS responsibility (same percentage goals)
  - Payment of Alternative Compliance Payments for at least 50% of their load
    - Payment level designed to mirror the rate that eligible retail customers were paying for RPS compliance
    - Purchase of additional RECs (or self-supply) for the balance of RPS obligations

- IPA administers the Renewable Energy Resources Fund to purchase additional renewables resources (funds collected from alternative suppliers as a portion of their RPS compliance)

- In reality Illinois had multiple RPSs
The Challenges of the Original RPS

• Retail choice meant that customers could switch back and forth between utility service and alternative suppliers leading to budget and target uncertainties
  • Large wave of municipal aggregation starting in 2011 led to the majority of eligible retail customer load leaving utility service
  • Curtailment of ComEd long-term contracts in 2013 and 2014

• The Renewable Energy Resources Fund encountered challenges as funds were redirected to other purposes, and the wording of the law constrained its use
Changes Ahead!

• Public Act 99-0906 fundamentally alters the Illinois RPS
  • Move to single RPS rather than separate mechanisms for customer taking service from alternative suppliers
  • Creation of programs as well as procurements

• Existing procurement approach (utility-scale) is well tested and might not need significant modification for future procurements (although the size and scope of renewable resources to be procured will increase significantly)

• New programs will necessitate development of new approaches for distributed solar and community solar

• Other changes in law will require consideration of new policy issues
Long-term Renewable Resources Procurement Plan

• Published for comment on September 29th
  • See: www.illinois.gov/sites/ipa/Pages/Renewable_Resources.aspx

• 45 days for stakeholder comment

• 21 days to file with Commission for approval

• 120 day proceeding before Commission
What’s In the Plan?

• Percentage-based targets – 25% by 2025 of retail sales
• Quantitative targets for new build
  • New utility-scale wind projects
  • New solar projects (utility-scale, brownfield, distributed)
• Procurements to meet percentage targets
• Adjustable Block Program
  • Community Solar
  • Distributed Photovoltaic Generation
• Illinois Solar for All Program (low-income customers)
• Use of existing contracts to help meet targets
Adjustable Block Programs

• Three programs
  • Distributed Generation below 10 kW, upfront payment
  • Distributed Generation between 10 kW and 2 MW, 20% payment when energized, remainder over four years
  • Community Solar, 20% payment when energized, remainder over four years

• Contracts to purchase 15 years of RECs

• Plan includes proposed approach for the determination of prices, block size/schedule, application process/criteria, ongoing credit/performance requirements, etc.

• Agency will be issuing an RFP to hire a third-party program administrator to run day-to-day operations
Illinois Solar for All Program

“The objectives of the Illinois Solar for All Program are to bring photovoltaics to low-income communities in this State in a manner that maximizes the development of new photovoltaic generating facilities, to create a long-term, low-income solar marketplace throughout this State, to integrate, through interaction with stakeholders, with existing energy efficiency initiatives, and to minimize administrative costs.”

• Four specific programs
  • Low-income Distributed Generation Incentive
  • Low-income Community Solar Project Initiative
  • Initiatives for Non-profits and Public Facilities
  • Low-Income Community Solar Pilot Projects

• “Ensure tangible economic benefits flow directly to program participants”
• Targeting of funds for environmental justice communities
What’s not in the Plan

- Net metering (handled by the utilities)
- Smart Inverter rebates (handled by the utilities)
- Energy sales from renewable resources (Plan focuses on RECs)