

September 15, 2014  
Mr. Anthony Star  
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### **ComEd Comments on the Illinois Power Agency's 2015 Draft Procurement Plan**

Pursuant to Section 16-111.5(d) (2) of the Public Utilities Act, Commonwealth Edison Company (ComEd) respectfully submits comments to the proposed Procurement Plan (Plan) submitted for public review and comment on August 15, 2014. ComEd commends the Illinois Power Agency (IPA) on a well written and thorough Draft Plan. While ComEd is generally supportive of the plan proposed by the IPA, we do not support Energy Efficiency As A Supply Resource (EEAASR) and recommend deleting this section of the Plan to make it more consistent with the PUA and the Illinois Power Agency Act (20 ILCS 3855/1-1 et seq.) ("IPA Act"). ComEd also offers several other comments to improve the Plan, but ComEd's silence regarding any issue not addressed in these comments should not be interpreted as agreement with all statements, approaches, calculations, or recommendations made in the Plan pertaining to that issue.

#### **I) EEAASR**

ComEd recommends that the EEAASR proposal not be included in the 2015 IPA Electricity Procurement Plan for the following reasons:

- 1) The "Super Peak" energy blocks the IPA seeks to procure are inconsistent with Section 16-111.5 as they are not Standard Wholesale Products. A Standard Wholesale Product should be routinely traded in a liquid market and have visible price indices that allow market participants to be confident that the pricing they receive is a fair market price. The IPA has not shown that "Super Peak" energy blocks meet this criterion. Moreover, Section 16-111.5B of the Public Utilities Act, which governs procurement of energy efficiency measures under the Plan, requires that energy efficiency measures be cost effective, as determined by whether they satisfy the total resource cost test. The Plan does not address this important criterion.

- 2) Procuring EEAASR in the Supply plan will lead to market confusion and unnecessary additional costs. Energy Efficiency is procured under Sections 8-103 and 16-111.5B of the Public Utilities Act. If this is not the case, there is a strong possibility of double counting which the IPA acknowledges in its draft plan. Further, rather than trying to “back out” Kwhs from existing programs where program targets and PJM commitments have already been made, the IPA/Procurement Administrator would need to identify and exclude any previously committed Kwh from any EEAASR program.
- 3) There are far too many open issues including how this product would work in practice and how it is the “lowest cost” procurement option for meeting customer needs. Supplier participation is also an open question with the IPA proposing to limit competition by preventing supply side and non-Illinois resources from competing while providing little support as to why this is allowed under the Act or would be in the best interest of customers. Also, the IPA has not addressed why, if this proposed product is “cost effective”, it is not procured under Section 16-111.5B.

## II) SRECS

Assuming the IPA intends to follow the same process as in the 2012 Renewable Energy Resources procurement, ComEd has no comment other than to note that this proposal will result in ComEd customers paying for approximately 200,000 more RECs than the targeted amount.

## III) Distributed Generation (DG) Procurement Using Hourly ACP Funds

ComEd supports the IPA’s proposal to use the Hourly ACP funds to purchase DG resources. Of the procurement options the IPA has listed, although details are limited, ComEd opposes the third option as it would lend itself to reducing competition and increasing prices. ComEd has similar concerns with Option 2 as it does not require all parties to competitively bid against one another. ComEd could support Option 1 which seems to be the most aligned with the requirements of the Act and past practices. In addition, ComEd would not object to aggregators using customers with systems both above and below 25 kw to meet the 1 MW threshold as discussed in the option 1 variation. Also, since the IPA is seeking to obtain five year contracts and future funding is uncertain, we assume that the total amount of DG purchased over the full five year term will be paid for with the amount of Hourly ACP funds currently available.

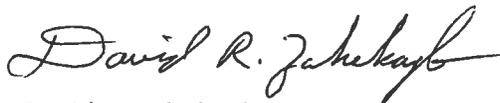
**IV) Recovery Of IPA Supplier Fees**

ComEd supports the IPA's proposal to maintain the current fee structure and use the pre-bid letter of credit provided by bidders as collateral to ensure compliance with the payment obligation of the Supplier Fees modified by having the IPA added as a beneficiary to the pre-bid letter of credit and adding a condition for drawing associated with non-payment of the Supplier Fees.

**V) Technical Corrections**

- a. [Page 48, last sentence of the last full paragraph: "The utilities have used ~~Financial Transmission Rights and~~ Auction Revenue Rights to mitigate transmission congestion riskcosts."]
  
- b. [Page 51, last sentence of the third bullet point: "The uncollected balances are arguably a form of price insurance, that is voluntarily underwritten ~~(without a carrying charge)~~ by the utility."]
  
- c. [Page 63, heading 7: "Resource Choices for the ~~2013~~2015 Procurement Plan"]

Sincerely,



David R. Zahakaylo  
Director, ComEd Energy Acquisition