

Illinois Power Agency

Agency Overview

Energy Efficiency Stakeholder Advisory Group

Chicago, Illinois

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State of Illinois
Pat Quinn, Governor



Presentation

- Agency Background
- Procurement
- Development
- Demand Response issues

Background: Authority

- Public Act 095-0481 (SB 1592)
- Result of the 2007 rate relief agreement
- Primary elements of legislation:
 - Established the IPA
 - Provided rate relief to consumers
 - Created energy efficiency and demand response programs for Ameren, ComEd, and DCEO
 - Established the Renewable Portfolio Standard

Background: Mission

- “to ensure adequate, reliable, affordable, efficient, and environmentally sustainable electric service at the lowest cost over time, taking into account any benefits from price stability”
 - Some contradictory goals here

Background: Scope

- Consumers – “Retail customers that purchase power and energy from the electric utility under fixed-price bundled service tariffs, other than those retail customers whose service is declared or deemed competitive...or those customers who are otherwise ineligible for fixed-price bundled tariff service.” - [220 ILCS 5, Sec. 16-111.5]
- Companies
 - Ameren Illinois Utilities
 - Commonwealth Edison

Background: Core Functions

- Functions:
 - Procure
 - Draft Plans and Manage processes
 - Develop
 - Electricity generating assets
 - Coal, renewable...not nuclear
 - Sell offputs to specific entities
 - Municipal Utilities, Cooperatives and Government Aggregators and market

Background: Agency Themes

Consensus building

- No enforcement authority

Brokering

- Not a party to the contracts

Oversight

- Require ICC approval

Managed Fund Model

- As opposed to an Index Fund Model

Procurement: Contracts

- Sealed Bid RFP Process
 - Supply, capacity, and renewables
- Bilateral contracts
- Confidential
- “Standard” Products
- Contract formats
 - Financial instruments - ISDA
 - Physical supply – EEI
- Day ahead and Real Time markets for necessary true-up

Procurement: RPS Instruments

- "Renewable energy resources includes energy and its associated renewable energy credit or renewable energy credits from...[defined sources]."
- "Renewable energy credit means a tradable credit that represents the environmental attributes of a certain amount of energy produced from a renewable energy resource."

Development: Requirements

- “The Agency may develop, finance, construct, or operate electric generation and co-generation facilities that use indigenous coal or renewable resources, or both”
- “The first facility that the Agency develops, finances, or constructs shall be a facility that uses coal produced in Illinois.”

Development: Requirements

■ Can

- Supply, at cost, to Illinois municipal electric systems, governmental aggregators, or rural electric cooperatives.
- Sell excess capacity and energy into the wholesale electric market at market rates;

■ Can't

- Require electric utilities to purchase offputs.
- Sell directly to retail customers.
- Sell excess capacity and energy through the IPA procurement process.

DR/EE: Original IPA Roles

- Factoring agent

- IPA factors future load volumes and load shape for the IPA portfolio according to the EE and DR estimates provided by Ameren and ComEd

- No qualitative program, measures or TRC review required
 - Taken as part of annual submittal from utilities

DR/EE: Original IPA Role

■ Evaluation Agent

- Agency annual reports. The Agency shall report annually to the Governor and the General Assembly on the operations and transactions of the Agency. The annual report shall include, but not be limited to, each of the following:
 - (3) The quantity, price, and rate impact of all energy efficiency and demand response measures purchased for electric utilities.

DR/EE: Original IPA Role

- Default Provider

- “The responsibility for implementing the energy efficiency measures of the utility making the payment shall be transferred to the Illinois Power Agency if, after 3 years, or in any subsequent 3-year period, the utility fails to meet the efficiency standard specified in subsection (b) of this Section, as modified by subsections (d) and (e).

DR/EE: Emerging IPA Role

- DR Buyer

- (ii) the proposed mix of demand-response products for which contracts will be executed during the next year. The cost-effective demand-response measures shall be procured whenever the cost is lower than procuring comparable capacity products, provided that such products shall:
 - (A) be procured by a demand-response provider from eligible retail customers;
 - (B) at least satisfy the demand-response requirements of the regional transmission organization market in which the utility's service territory is located, including, but not limited to, any applicable capacity or dispatch requirements;

DR/EE: Emerging IPA Role

- DR Buyer
 - (C) provide for customers' participation in the stream of benefits produced by the demand-response products;
 - (D) provide for reimbursement by the demand-response provider of the utility for any costs incurred as a result of the failure of the supplier of such products to perform its obligations thereunder; and
 - (E) meet the same credit requirements as apply to suppliers of capacity, in the applicable regional transmission organization market
- "Demand-response" means measures that decrease peak electricity demand or shift demand from peak to off-peak periods.

DR/EE: IPA Options

- Can it be done?
 - Consensus of Utilities, Providers and Interested Parties
- Should it be done?
 - If available, then modeling must support inclusion into the Portfolio

My thanks for your hospitality

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