

## **Electric Utility Oversight Committee**

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## Adopted in House Comm. on Mar 12, 2008

09500HB5855ham001 LRB095 17917 MJR 48216 a 1 AMENDMENT TO HOUSE BILL 5855 2 AMENDMENT NO. . Amend House Bill 5855 by replacing everything after the enacting clause with the following: 3 "Section 5. The Illinois Power Agency Act is amended by 4 changing Section 1-75 as follows: 5 6 (20 ILCS 3855/1-75) 7 Sec. 1-75. Planning and Procurement Bureau. The Planning 8 and Procurement Bureau has following duties the and responsibilities: 10 (a) The Planning and Procurement Bureau shall each year, beginning in 2008, develop procurement plans and 11 12 conduct competitive procurement processes in accordance 13 with the requirements of Section 16-111.5 of the Public Utilities Act for the eligible retail customers of electric 14 utilities that on December 31, 2005 provided electric 15 service to at least 100,000 customers in Illinois. For the

1	purposes of this Section, the term "eligible retail
2	customers" has the same definition as found in Section
3	16-111.5(a) of the Public Utilities Act.
4	(1) The Agency shall each year, beginning in 2008,
5	as needed, issue a request for qualifications for
6	experts or expert consulting firms to develop the
7	procurement plans in accordance with Section 16-111.5
8	of the Public Utilities Act. In order to qualify an
9	expert or expert consulting firm must have:
10	(A) direct previous experience assembling
11	large-scale power supply plans or portfolios for
12	end-use customers;
13	(B) an advanced degree in economics,
14	mathematics, engineering, risk management, or a
15	related area of study;
16	(C) 10 years of experience in the electricity
17	sector, including managing supply risk;
18	(D) expertise in wholesale electricity market
19	rules, including those established by the Federal
20	Energy Regulatory Commission and regional
21	transmission organizations;
22	(E) expertise in credit protocols and
23	familiarity with contract protocols;
24	(F) adequate resources to perform and fulfill
25	the required functions and responsibilities; and

(G) the absence of a conflict of interest and

1	inappropriate bias for or against potential
2	bidders or the affected electric utilities.
3	(2) The Agency shall each year, as needed, issue a
4	request for qualifications for a procurement
5	administrator to conduct the competitive procurement
6	processes in accordance with Section 16-111.5 of the
7	Public Utilities Act. In order to qualify an expert or
8	expert consulting firm must have:
9	(A) direct previous experience administering a
10	large-scale competitive procurement process;
11	(B) an advanced degree in economics,
12	mathematics, engineering, or a related area of
13	study;
14	(C) 10 years of experience in the electricity
15	sector, including risk management experience;
16	(D) expertise in wholesale electricity market
17	rules, including those established by the Federal
18	Energy Regulatory Commission and regional
19	transmission organizations;
20	(E) expertise in credit and contract
21	protocols;
22	(F) adequate resources to perform and fulfill
23	the required functions and responsibilities; and
24	(G) the absence of a conflict of interest and
25	inappropriate bias for or against potential
26	bidders or the affected electric utilities.

(3) The Agency shall provide affected utilities				
and other interested parties with the lists of				
qualified experts or expert consulting firms				
identified through the request for qualifications				
processes that are under consideration to develop the				
procurement plans and to serve as the procurement				
administrator. The Agency shall also provide each				
qualified expert's or expert consulting firm's				
response to the request for qualifications. All				
information provided under this subparagraph shall				
also be provided to the Commission. The Agency may				
provide by rule for fees associated with supplying the				
information to utilities and other interested parties.				
These parties shall, within 5 business days, notify the				
Agency in writing if they object to any experts or				
expert consulting firms on the lists. Objections shall				
be based on:				

- (A) failure to satisfy qualification criteria;
- (B) identification of a conflict of interest; or
- (C) evidence of inappropriate bias for or against potential bidders or the affected utilities.

The Agency shall remove experts or expert consulting firms from the lists within 10 days if there is a reasonable basis for an objection and provide the

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updated lists to the affected utilities and other interested parties. If the Agency fails to remove an expert or expert consulting firm from a list, an objecting party may seek review by the Commission within 5 days thereafter by filing a petition, and the Commission shall render a ruling on the petition within days. There is no right of appeal of Commission's ruling.

- (4) The Agency shall issue requests for proposals to the qualified experts or expert consulting firms to develop a procurement plan for the affected utilities and to serve as procurement administrator.
- (5) The Agency shall select an expert or expert consulting firm to develop procurement plans based on the proposals submitted and shall award one-year contracts to those selected with an option for the Agency for a one-year renewal.
- (6) The Agency shall select an expert or expert consulting firm, with approval of the Commission, to serve as procurement administrator based on the proposals submitted. If the Commission rejects, within 5 days, the Agency's selection, the Agency shall submit another recommendation within 3 days based on the proposals submitted. The Agency shall award a one-year contract to the expert or expert consulting firm so selected with Commission approval with an option for

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the Agency for a one-year renewal.

- (b) The experts or expert consulting firms retained by the Agency shall, as appropriate, prepare procurement plans, and conduct a competitive procurement process as prescribed in Section 16-111.5 of the Public Utilities Act, 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, for eligible retail customers of electric utilities that on December 31, 2005 provided electric service to at least 100,000 customers in the State of Illinois.
  - (c) Renewable portfolio standard.
  - (1)procurement plans shall include cost-effective renewable energy resources. A minimum percentage of each utility's total supply to serve the load of eligible retail customers, as defined in Section 16-111.5(a) of the Public Utilities Act, procured for each of the following years shall be generated from cost-effective renewable energy resources: at least 2% by June 1, 2008; at least 4% by June 1, 2009; at least 5% by June 1, 2010; at least 6% by June 1, 2011; at least 7% by June 1, 2012; at least 8% by June 1, 2013; at least 9% by June 1, 2014; at least 10% by June 1, 2015; and increasing by at least 1.5% each year thereafter to at least 25% by June 1,

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2025. To the extent that it is available, at least 75% of the renewable energy resources used to meet these standards shall come from wind generation. For purposes of this Section, "cost-effective" means that the costs of procuring renewable energy resources do not cause the limit stated in paragraph (2) of this subsection (c) to be exceeded. For purposes of meeting the requirements of this Section, utilities may enter into contracts with renewable energy generators for a term of up to 20 years.

(2) For purposes of this subsection (c), the required procurement of cost-effective renewable energy resources for a particular year shall be measured as a percentage of the actual amount of electricity (megawatt-hours) supplied by the electric utility to eligible retail customers in the planning year ending immediately prior to the procurement. For purposes of this subsection (c), the amount per kilowatthour means the total amount paid for electric service expressed on a per kilowatthour basis. For purposes of this subsection (c), the total amount paid for electric service includes without limitation amounts paid for supply, transmission, distribution, surcharges, and add-on taxes.

Notwithstanding the requirements of this subsection (c), the total of renewable

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resources procured pursuant to the procurement plan for any single year shall be reduced by an amount necessary to limit the annual estimated average net increase due to the costs of these resources included in the amounts paid by eligible retail customers in connection with electric service to:

- (A) in 2008, no more than 0.5% of the amount paid per kilowatthour by those customers during the year ending May 31, 2007;
- (B) in 2009, the greater of an additional 0.5% the amount paid per kilowatthour by those customers during the year ending May 31, 2008 or 1% the amount paid per kilowatthour by those customers during the year ending May 31, 2007;
- (C) in 2010, the greater of an additional 0.5% of the amount paid per kilowatthour by those customers during the year ending May 31, 2009 or 1.5% of the amount paid per kilowatthour by those customers during the year ending May 31, 2007;
- (D) in 2011, the greater of an additional 0.5% of the amount paid per kilowatthour by those customers during the year ending May 31, 2010 or 2% the amount paid per kilowatthour by those customers during the year ending May 31, 2007; and
- (E) thereafter, the amount of renewable energy resources procured pursuant to the procurement

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plan for any single year shall be reduced by an amount necessary to limit the estimated average net increase due to the cost of these resources included in the amounts paid by eligible retail customers in connection with electric service to no more than the greater of 2.015% of the amount paid per kilowatthour by those customers during the year ending May 31, 2007 or the incremental amount per kilowatthour paid for these resources in 2011.

No later than June 30, 2011, the Commission shall review the limitation on the amount of renewable energy resources procured pursuant to this subsection (c) and report to the General Assembly its findings as to whether that limitation unduly constrains procurement of cost-effective renewable energy resources.

Through June 1, 2011, renewable resources shall be counted for the purpose of meeting the renewable energy standards set forth in paragraph (1) of this subsection (c) only if they are generated from facilities located in the State, provided that cost-effective renewable energy resources available from those facilities. Ιf those cost-effective resources are not available Illinois, they shall be procured in states that adjoin

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Illinois and may be counted towards compliance. If those cost-effective resources are not available in Illinois or in states that adjoin Illinois, they shall be purchased elsewhere and shall be counted towards compliance. After June 1, 2011, cost-effective renewable energy resources located in Illinois and in states that adjoin Illinois may be counted towards compliance with the standards set forth in paragraph (1) of this subsection (c). If those cost-effective resources are not available in Illinois or in states adjoin Illinois, they shall be purchased that elsewhere and shall be counted towards compliance.

- (4) The electric utility shall retire all renewable energy credits used to comply with the standard.
- (d) The draft procurement plans are subject to public comment, as required by Section 16-111.5 of the Public Utilities Act.
- (e) The Agency shall submit the final procurement plan to the Commission. The Agency shall revise a procurement plan if the Commission determines that it does not meet the standards set forth in Section 16-111.5 of the Public Utilities Act.
- (f) The Agency shall assess fees to each affected utility to recover the costs incurred in preparation of the annual procurement plan for the utility.

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(q) The Agency shall assess fees to each bidder to recover the costs incurred in connection with a competitive procurement process.

(h) Notwithstanding any other rulemaking authority that may exist, neither the Governor nor any agency or agency head under the jurisdiction of the Governor has any authority to make or promulgate rules to implement or enforce the provisions of this amendatory Act of the 95th General Assembly. If, however, the Governor believes that rules are necessary to implement or enforce the provisions of this amendatory Act of the 95th General Assembly, the Governor may suggest rules to the General Assembly by filing them with the Clerk of the House and the Secretary of the Senate and by requesting that the General Assembly authorize such rulemaking by law, enact those suggested rules into law, or take any other appropriate action in the General Assembly's discretion. Nothing contained in this amendatory Act of the 95th General Assembly shall be interpreted to grant rulemaking authority under any other Illinois statute where such authority is not otherwise explicitly given. For the purposes of this amendatory Act of the 95th General Assembly, "rules" is given the meaning contained in Section 1-70 of the Illinois Administrative Procedure Act, and "agency" and "agency head" are given the meanings contained in Sections 1-20 and 1-25 of the Illinois Administrative Procedure Act to the extent that

- 1 such definitions apply to agencies or agency heads under
- the jurisdiction of the Governor. 2
- (Source: P.A. 95-481, eff. 8-28-07.) 3
- 4 Section 10. The Public Utilities Act is amended by changing
- 5 Sections 16-107.5 and 16-111.5 as follows:
- (220 ILCS 5/16-107.5) 6
- 7 Sec. 16-107.5. Net electricity metering.
- 8 (a) The Legislature finds and declares that a program to
- 9 provide net electricity metering, as defined in this Section,
- for eligible customers can encourage private investment in 10
- 11 renewable energy resources, stimulate economic growth, enhance
- the continued diversification of Illinois' energy resource 12
- 13 mix, and protect the Illinois environment.
- 14 (b) As used in this Section, (i) "eligible customer" means
- a retail customer that owns or operates a solar, wind, or other 15
- eligible renewable electrical generating facility with a rated 16
- 17 capacity of not more than 2,000 kilowatts that is located on
- 18 the customer's premises and is intended primarily to offset the
- customer's own electrical requirements; (ii) "electricity 19
- 20 provider" means an electric utility or alternative retail
- 21 supplier; (iii) "eligible renewable electrical electric
- 22 generating facility" means a generator powered by solar
- 23 electric energy, wind, dedicated crops grown for electricity
- 24 generation, anaerobic digestion of livestock or food

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processing waste, fuel cells or microturbines powered by 1 2 renewable fuels, or hydroelectric energy; and (iv) electricity metering" (or 3 "net metering") means the 4 measurement, during the billing period applicable to 5 eligible customer, of the net amount of electricity supplied by 6 an electricity provider to the customer's premises or provided to the electricity provider by the customer. 7

(c) A net metering facility shall be equipped with metering equipment that can measure the flow of electricity in both directions at the same rate. For eligible residential customers, this shall typically be accomplished through use of a single, bi-directional meter. If the eligible customer's existing electric revenue meter does not meet this requirement, the electricity provider shall arrange for the local electric utility or a meter service provider to install and maintain a new revenue meter at the electricity provider's expense. For non-residential customers, the electricity provider arrange for the local electric utility or a meter service provider to install and maintain metering equipment capable of measuring the flow of electricity both into and out of the customer's facility at the same rate and ratio, typically through the use of a dual channel meter. For generators with a nameplate rating of 40 kilowatts and below, the costs of installing such equipment shall be paid for by the electricity provider. For generators with a nameplate rating over 40 kilowatts and up to 2,000 kilowatts capacity, the costs of

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- 1 installing such equipment shall be paid for by the customer.
- 2 Any subsequent revenue meter change necessitated by any
- 3 eligible customer shall be paid for by the customer.
  - (d) An electricity provider shall measure and charge or credit for the net electricity supplied to eligible customers or provided by eligible customers in the following manner:
    - (1) If the amount of electricity used by the customer during the billing period exceeds the amount of electricity produced by the customer, the electricity provider shall charge the customer for the net electricity supplied to and used by the customer as provided in subsection (e) of this Section.
    - during the billing period exceeds the amount of electricity used by the customer during that billing period, the electricity provider supplying that customer shall apply a 1:1 kilowatt-hour credit to a subsequent bill for service to the customer for the net electricity supplied to the electricity provider. The electricity provider shall continue to carry over any excess kilowatt-hour credits earned and apply those credits to subsequent billing periods to offset any customer-generator consumption in those billing periods until all credits are used or until the end of the annualized period.
    - (3) At the end of the year or annualized over the period that service is supplied by means of net metering,

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1 or in the event that the retail customer terminates service with the electricity provider prior to the end of the year 2 or the annualized period, any remaining credits in the 3 4 customer's account shall expire.

- (e) An electricity provider shall provide to net metering customers electric service at non-discriminatory rates that are identical, with respect to rate structure, retail rate components, and any monthly charges, to the rates that the customer would be charged if not a net metering customer. An electricity provider shall not charge net metering customers any fee or charge or require additional equipment, insurance, or any other requirements not specifically authorized by interconnection standards authorized by the Commission, unless the fee, charge, or other requirement would apply to other similarly situated customers who are not net metering customers. The customer will remain responsible for all taxes, fees, and utility delivery charges that would otherwise be applicable to the net amount of electricity used by the customer. Subsections (c) through (e) of this Section shall not be construed to prevent an arms-length agreement between an electricity provider and an eligible customer that sets forth different prices, terms, and conditions for the provision of net metering service, including, but not limited to, the provision of the appropriate metering equipment for non-residential customers.
- (f) Notwithstanding the requirements of subsections (c)

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- 1 through (e) of this Section, an electricity provider must require dual-channel metering for non-residential customers 2 3 operating eligible renewable electrical generating facilities 4 with a nameplate rating over 40 kilowatts and up to 2,000 5 kilowatts. In such cases, electricity charges and credits shall be determined as follows: 6
  - (1) The electricity provider shall assess and the customer remains responsible for all taxes, fees, utility delivery charges that would otherwise be applicable to the gross amount of kilowatt-hours supplied to the eligible customer by the electricity provider.
  - (2) Each month that service is supplied by means of dual-channel metering, the electricity provider shall compensate the eligible customer for any kilowatt-hour credits at the electricity provider's avoided cost of electricity supply over the monthly period or as otherwise specified by the terms of a power-purchase agreement negotiated between the customer and electricity provider.
  - (3) For all eligible net metering customers taking service from an electricity provider under contracts or tariffs employing time of use rates, any consumption of electricity shall be calculated according to the terms of the contract or tariff to which the same customer would be assigned to or be eligible for if the customer was not a net metering customer. When those same

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customer-generators are net generators during any discrete time of use period, the net kilowatt-hours produced shall be valued at the same price per kilowatt-hour as the electric service provider would charge for kilowatt-hour sales during that same time of use period.

- (q) Notwithstanding subsections (a) through (f) of this Section, a netmetering customer shall be compensated for all gross kilowatt-hours generated using photovoltaic technology at a rate that is 200% of the price the electric service provider would charge that customer for retail kilowatt-hour sales during the same period.
- (h) <del>(g)</del> For purposes of federal and State laws providing renewable energy credits or greenhouse gas credits, the eligible customer shall be treated as owning and having title to the renewable energy attributes, renewable energy credits, and greenhouse gas emission credits related to any electricity produced by the qualified generating unit. The electricity provider may not condition participation in a net metering program on the signing over of a customer's renewable energy credits; provided, however, this subsection (h) (g) shall not be construed to prevent an arms-length agreement between an electricity provider and an eligible customer that sets forth the ownership or title of the credits.
- (i) (h) Within 120 days after the effective date of this amendatory Act of the 95th General Assembly, the Commission shall establish standards for net metering and, if the

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Commission has not already acted on its own initiative, standards for the interconnection of eligible renewable generating equipment to the utility system. The interconnection standards shall address any procedural barriers, delays, and administrative costs associated with the interconnection of customer-generation while ensuring the safety and reliability of the units and the electric utility The Commission shall consider the Institute of Electrical and Electronics Engineers (IEEE) Standard 1547 and the issues of (i) reasonable and fair fees and costs, (ii) clear timelines for major milestones in the interconnection process, (iii) nondiscriminatory terms of agreement, and (iv) any best practices for interconnection of distributed generation.

(j) (i) All electricity providers shall begin to offer net metering no later than April 1, 2008.

(k) (j) An electricity provider shall provide net metering to eligible customers until the load of its net metering customers equals 1% of the total peak demand supplied by that electricity provider during the previous year. Electricity providers are authorized to offer net metering beyond the 1% level if they so choose. The number of new eligible customers with generators that have a nameplate rating of 40 kilowatts and below will be limited to 200 total new billing accounts for the utilities (Ameren Companies, ComEd, and MidAmerican) for the period of April 1, 2008 through March 31, 2009.

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- (1) (k) Each electricity provider shall maintain records and report annually to the Commission the total number of net metering customers served by the provider, as well as the type, capacity, and energy sources of the generating systems used by the net metering customers. Nothing in this Section shall limit the ability of an electricity provider to request the redaction of information deemed by the Commission to be confidential business information. Each electricity provider shall notify the Commission when the total generating capacity of its net metering customers is equal to or in excess of the 1% cap specified in subsection (k)  $\frac{(j)}{(j)}$  of this Section.
- (m) (1) Notwithstanding the definition of "eligible customer" in item (i) of subsection (b) of this Section, each electricity provider shall consider whether to allow meter aggregation for the purposes of net metering on:
  - (1) properties owned or leased by multiple customers that contribute to the operation of an eligible renewable electrical generating facility, such as a community-owned wind project or a community methane digester processing livestock waste from multiple sources; and
  - (2) individual units, apartments, or properties owned or leased by multiple customers and collectively served by common eligible renewable electrical generating facility, such as an apartment building served by photovoltaic panels on the roof.
- 26 purposes of this subsection (1), For the "meter

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1 aggregation" means the combination of reading and billing on a pro rata basis for the types of eligible customers described in 2 this Section. 3

(n) (m) Nothing in this Section shall affect the right of an electricity provider to continue to provide, or the right of a retail customer to continue to receive service pursuant to a contract for electric service between the electricity provider and the retail customer in accordance with the prices, terms, and conditions provided for in that contract. Either the electricity provider or the customer may require compliance with the prices, terms, and conditions of the contract.

(o) Notwithstanding any other rulemaking authority that may exist, neither the Governor nor any agency or agency head under the jurisdiction of the Governor has any authority to make or promulgate rules to implement or enforce the provisions of this amendatory Act of the 95th General Assembly. If, however, the Governor believes that rules are necessary to implement or enforce the provisions of this amendatory Act of the 95th General Assembly, the Governor may suggest rules to the General Assembly by filing them with the Clerk of the House and the Secretary of the Senate and by requesting that the General Assembly authorize such rulemaking by law, enact those suggested rules into law, or take any other appropriate action in the General Assembly's discretion. Nothing contained in this amendatory Act of the 95th General Assembly shall be interpreted to grant rulemaking authority under any other

- 1 <u>Illinois statute where such authority is not otherwise</u> 2 explicitly given. For the purposes of this amendatory Act of
- 3 the 95th General Assembly, "rules" is given the meaning
- 4 contained in Section 1-70 of the Illinois Administrative
- 5 Procedure Act, and "agency" and "agency head" are given the
- 6 meanings contained in Sections 1-20 and 1-25 of the Illinois
- 7 Administrative Procedure Act to the extent that such
- 8 definitions apply to agencies or agency heads under the
- 9 jurisdiction of the Governor.
- 10 (Source: P.A. 95-420, eff. 8-24-07.)
- 11 (220 ILCS 5/16-111.5)
- 12 Sec. 16-111.5. Provisions relating to procurement.
- 13 (a) An electric utility that on December 31, 2005 served at
- 14 least 100,000 customers in Illinois shall procure power and
- energy for its eligible retail customers in accordance with the
- applicable provisions set forth in Section 1-75 of the Illinois
- 17 Power Agency Act and this Section. "Eligible retail customers"
- 18 for the purposes of this Section means those retail customers
- that purchase power and energy from the electric utility under
- 20 fixed-price bundled service tariffs, other than those retail
- 21 customers whose service is declared or deemed competitive under
- 22 Section 16-113 and those other customer groups specified in
- 23 this Section, including self-generating customers, customers
- 24 electing hourly pricing, or those customers who are otherwise
- 25 ineligible for fixed-price bundled tariff service. Those

customers that are excluded from the definition of "eligible retail customers" shall not be included in the procurement plan load requirements, and the utility shall procure any supply requirements, including capacity, ancillary services, and hourly priced energy, in the applicable markets as needed to serve those customers, provided that the utility may include in its procurement plan load requirements for the load that is associated with those retail customers whose service has been declared or deemed competitive pursuant to Section 16-113 of this Act to the extent that those customers are purchasing power and energy during one of the transition periods identified in subsection (b) of Section 16-113 of this Act.

(b) A procurement plan shall be prepared for each electric utility consistent with the applicable requirements of the Illinois Power Agency Act and this Section. For purposes of this Section, Illinois electric utilities that are affiliated by virtue of a common parent company are considered to be a single electric utility. Each procurement plan shall analyze the projected balance of supply and demand for eligible retail customers over a 5-year period with the first planning year beginning on June 1 of the year following the year in which the plan is filed. The plan shall specifically identify the wholesale products to be procured following plan approval, and shall follow all the requirements set forth in the Public Utilities Act and all applicable State and federal laws, statutes, rules, or regulations, as well as Commission orders.

1	Nothing in this Section precludes consideration of contracts
2	longer than 5 years and related forecast data. Unless specified
3	otherwise in this Section, in the procurement plan or in the
4	implementing tariff, any procurement occurring in accordance
5	with this plan shall be competitively bid through a request for
6	proposals process. Approval and implementation of the
7	procurement plan shall be subject to review and approval by the
8	Commission according to the provisions set forth in this
9	Section. A procurement plan shall include each of the following
10	components:
11	(1) Hourly load analysis. This analysis shall include:
12	(i) multi-year historical analysis of hourly
13	loads;
14	(ii) switching trends and competitive retail
15	market analysis;
16	(iii) known or projected changes to future loads;
17	and
18	(iv) growth forecasts by customer class.
19	(2) Analysis of the impact of any demand side and
20	renewable energy initiatives. This analysis shall include:
21	(i) the impact of demand response programs, both
22	current and projected;
23	(ii) supply side needs that are projected to be
24	offset by purchases of renewable energy resources, if
25	any; and

(iii) the impact of energy efficiency programs,

1	both current and projected. Energy efficiency
2	resources shall be integrated into each utility's plan
3	and cost-effective energy efficiency shall be treated
4	as a priority resource.
5	(3) A plan for meeting the expected load requirements
6	that will not be met through preexisting contracts. This
7	plan shall include:
8	(i) definitions of the different retail customer
9	classes for which supply is being purchased;
10	(ii) monthly forecasted system supply
11	requirements, including expected minimum, maximum, and
12	average values for the planning period;
13	(iii) the proposed mix and selection of standard
14	wholesale products for which contracts will be
15	executed during the next year, separately or in
16	combination, to meet that portion of its load
17	requirements not met through pre-existing contracts,
18	including but not limited to monthly 5 $\times$ 16 peak period
19	block energy, monthly off-peak wrap energy, monthly 7 x
20	24 energy, annual 5 x 16 energy, annual off-peak wrap
21	energy, annual 7 x 24 energy, monthly capacity, annual
22	capacity, peak load capacity obligations, capacity
23	purchase plan, and ancillary services;
24	(iv) proposed term structures for each wholesale
25	product type included in the proposed procurement plan

portfolio of products; and

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- assessment of the price risk, (V) uncertainty, and other factors that are associated with the proposed procurement plan; this assessment, to the extent possible, shall include an analysis of the following factors: contract terms, time frames for securing products or services, fuel costs, weather patterns, transmission costs, market conditions, and the governmental regulatory environment; the proposed procurement plan shall also identify alternatives for those portfolio measures that are identified as having significant price risk.
  - Proposed procedures for balancing loads. procurement plan shall include, for load requirements included in the procurement plan, the process for (i) hourly balancing of supply and demand and (ii) the criteria for portfolio re-balancing in the event of significant shifts in load.
- (c) The procurement process set forth in Section 1-75 of the Illinois Power Agency Act and subsection (e) of this Section shall be administered by a procurement administrator and monitored by a procurement monitor.
  - (1) The procurement administrator shall:
  - design the final procurement process accordance with Section 1-75 of the Illinois Power Agency Act and subsection (e) of this Section following Commission approval of the procurement plan;

1	(ii) develop benchmarks in accordance with
2	subsection (e)(3) to be used to evaluate bids; these
3	benchmarks shall be submitted to the Commission for
4	review and approval on a confidential basis prior to
5	the procurement event;
6	(iii) serve as the interface between the electric
7	utility and suppliers;
8	(iv) manage the bidder pre-qualification and
9	registration process;
10	(v) obtain the electric utilities' agreement to
11	the final form of all supply contracts and credit
12	collateral agreements;
13	(vi) administer the request for proposals process;
14	(vii) have the discretion to negotiate to
15	determine whether bidders are willing to lower the
16	price of bids that meet the benchmarks approved by the
17	Commission; any post-bid negotiations with bidders
18	shall be limited to price only and shall be completed
19	within 24 hours after opening the sealed bids and shall
20	be conducted in a fair and unbiased manner; in
21	conducting the negotiations, there shall be no
22	disclosure of any information derived from proposals
23	submitted by competing bidders; if information is
24	disclosed to any bidder, it shall be provided to all
25	competing bidders;

(viii) maintain confidentiality of supplier and

1	bruding information in a manner consistent with air
2	applicable laws, rules, regulations, and tariffs;
3	(ix) submit a confidential report to the
4	Commission recommending acceptance or rejection of
5	bids;
6	(x) notify the utility of contract counterparties
7	and contract specifics; and
8	(xi) administer related contingency procurement
9	events.
10	(2) The procurement monitor, who shall be retained by
11 th	ne Commission, shall:
12	(i) monitor interactions among the procurement
13	administrator, suppliers, and utility;
14	(ii) monitor and report to the Commission on the
15	progress of the procurement process;
16	(iii) provide an independent confidential report
17	to the Commission regarding the results of the
18	procurement event;
19	(iv) assess compliance with the procurement plans
20	approved by the Commission for each utility that on
21	December 31, 2005 provided electric service to a least
22	100,000 customers in Illinois;
23	(v) preserve the confidentiality of supplier and
24	bidding information in a manner consistent with all
25	applicable laws, rules, regulations, and tariffs;
26	(vi) provide expert advice to the Commission and

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consult with the procurement administrator regarding issues related to procurement process design, rules, protocols, and policy-related matters; and

- (vii) consult with the procurement administrator regarding the development and use of benchmark criteria, standard form contracts, credit policies, and bid documents.
- (d) Except as provided in subsection (j), the planning process shall be conducted as follows:
  - (1) Beginning in 2008, each Illinois utility procuring power pursuant to this Section shall annually provide a range of load forecasts to the Illinois Power Agency by July 15 of each year, or such other date as may be required by the Commission or Agency. The load forecasts shall cover the 5-year procurement planning period for the next procurement plan and shall include hourly data representing a high-load, low-load and expected-load scenario for the load of the eligible retail customers. The utility shall provide supporting data and assumptions for each of the scenarios.
  - (2) Beginning in 2008, the Illinois Power Agency shall prepare a procurement plan by August 15th of each year, or such other date as may be required by the Commission. The procurement plan shall identify the portfolio of power and energy products to be procured. Copies of the procurement plan shall be posted and made publicly available on the

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Agency's and Commission's websites, and copies shall also be provided to each affected electric utility. An affected utility shall have 30 days following the date of posting to provide comment to the Agency on the procurement plan. interested entities also may comment procurement plan. All comments submitted to the Agency shall be specific, supported by data or other detailed analyses, and, if objecting to all or a portion of the procurement plan, accompanied by specific alternative wording or proposals. All comments shall be posted on the Agency's and Commission's websites. During this 30-day comment period, the Agency shall hold at least one public hearing within each utility's service area for the purpose of receiving public comment on the procurement plan. Within 14 days following the end of the 30-day review period, the Agency shall revise the procurement plan as necessary based on the comments received and file the procurement plan with the Commission and post the procurement plan on the websites.

(3) Within 5 days after the filing of the procurement plan, any person objecting to the procurement plan shall file an objection with the Commission. Within 10 days after the filing, the Commission shall determine whether a hearing is necessary. The Commission shall enter its order confirming or modifying the procurement plan within 90 days after the filing of the procurement plan by the Illinois

1 Power Agency.

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- (4) The Commission shall approve the procurement plan, including expressly the forecast used in the procurement plan, if the Commission determines that it will 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.
- (e) The procurement process shall include each of the following components:
- (1) Solicitation, pre-qualification, and registration of bidders. The procurement administrator disseminate information to potential bidders to promote a procurement event, notify potential bidders that the procurement administrator may enter into a post-bid price negotiation with bidders that meet the applicable benchmarks, provide supply requirements, and otherwise explain the competitive procurement process. In addition to such other publication as the procurement administrator determines is appropriate, this information shall be posted on the Illinois Power Agency's and the Commission's websites. The procurement administrator shall administer the prequalification process, including evaluation of credit worthiness, compliance procurement rules, and agreement to the standard form contract developed pursuant to paragraph (2) of this

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subsection (e). The procurement administrator shall then identify and register bidders to participate in the procurement event.

- Standard contract forms and credit terms and instruments. The procurement administrator, in consultation with the utilities, the Commission, and other interested parties and subject to Commission oversight, shall develop and provide standard contract forms for the supplier contracts that meet generally accepted industry practices. Standard credit terms and instruments that meet generally accepted industry practices shall be similarly developed. The procurement administrator shall available to the Commission all written comments receives on the contract forms, credit terms, instruments. If the procurement administrator cannot reach agreement with the applicable electric utility as to the contract. terms and conditions, the procurement administrator must notify the Commission of any disputed terms and the Commission shall resolve the dispute. The terms of the contracts shall not be subject to negotiation by winning bidders, and the bidders must agree to the terms of the contract in advance so that winning bids are selected solely on the basis of price.
- (3) Establishment of a market-based price benchmark. As part of the development of the procurement process, the procurement administrator, in consultation with the

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Commission staff, Agency staff, and the procurement monitor, shall establish benchmarks for evaluating the final prices in the contracts for each of the products that will be procured through the procurement process. The benchmarks shall be based on price data for similar products for the same delivery period and same delivery hub, or other delivery hubs after adjusting for that difference. The price benchmarks may also be adjusted to take into account differences between the information reflected in the underlying data sources and the specific products and procurement process being used to procure power for the Illinois utilities. The benchmarks shall be confidential but shall be provided to, and will be subject to Commission review and approval, prior to a procurement event.

- Request for proposals competitive procurement (4)process. The procurement administrator shall design and issue a request for proposals to supply electricity in accordance with each utility's procurement plan, approved by the Commission. The request for proposals shall set forth a procedure for sealed, binding commitment bidding with pay-as-bid settlement, and provision for selection of bids on the basis of price.
- (5) A plan for implementing contingencies in the event of supplier default or failure of the procurement process to fully meet the expected load requirement due to

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insufficient supplier participation, Commission rejection of results, or any other cause.

> (i) Event of supplier default: In the event of supplier default, the utility shall review contract of the defaulting supplier to determine if the amount of supply is 200 megawatts or greater, and if there are more than 60 days remaining of the contract term. If both of these conditions are met, and the default results in termination of the contract, the utility shall immediately notify the Illinois Power Agency that a request for proposals must be issued to procure replacement power, and the procurement administrator shall run an additional procurement event. If the contracted supply of the defaulting supplier is less than 200 megawatts or there are less than 60 days remaining of the contract term, utility shall procure power and energy from applicable regional transmission organization market, including ancillary services, capacity, and day-ahead or real time energy, or both, for the duration of the contract term to replace the contracted supply; provided, however, that if a needed product is not available through the regional transmission organization market it shall be purchased from the wholesale market.

(ii) Failure of the procurement process to fully

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meet the expected load requirement: If the procurement fails to fully meet the process expected requirement due to insufficient supplier participation or due to a Commission rejection of the procurement results, the procurement administrator, procurement monitor, and the Commission staff shall meet within 10 days to analyze potential causes of low interest or causes for the Commission supplier decision. If changes are identified that would likely result in increased supplier participation, or that would address concerns causing the Commission to reject the results of the prior procurement event, the procurement administrator may implement those changes and rerun the request for proposals process according schedule determined by those parties consistent with Section 1-75 of the Illinois Power Agency Act and this subsection. In any event, a new request for proposals process shall be implemented by the procurement administrator within 90 days after the determination that the procurement process has failed to fully meet the expected load requirement.

(iii) In all cases where there is insufficient supply provided under contracts awarded through the procurement process to fully meet the electric utility's load requirement, the utility shall meet the load requirement by procuring power and energy from the

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applicable regional transmission organization market, including ancillary services, capacity, and day-ahead or real time energy or both; provided, however, that if a needed product is not available through the regional transmission organization market it shall be purchased from the wholesale market.

- (6) The procurement process described in subsection is exempt from the requirements of the Illinois Procurement Code, pursuant to Section 20-10 of that Code.
- (f) Within 2 business days after opening the sealed bids, the procurement administrator shall submit a confidential report to the Commission. The report shall contain the results of the bidding for each of the products along with the procurement administrator's recommendation for the acceptance and rejection of bids based on the price benchmark criteria and other factors observed in the process. The procurement monitor also shall submit a confidential report to the Commission within 2 business days after opening the sealed bids. The report shall contain the procurement monitor's assessment of bidder behavior in the process as well as an assessment of the procurement administrator's compliance with the procurement process and rules. The Commission shall review the confidential submitted by the procurement administrator and monitor, and shall accept procurement or reiect the recommendations of the procurement administrator within 2 business days after receipt of the reports.

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- (q) Within 3 business days after the Commission decision approving the results of a procurement event, the utility shall enter into binding contractual arrangements with the winning suppliers using the standard form contracts; except that the utility shall not be required either directly or indirectly to execute the contracts if a tariff that is consistent with subsection (1) of this Section has not been approved and placed into effect for that utility.
- The names of the successful bidders and the load weighted average of the winning bid prices for each contract type and for each contract term shall be made available to the public at the time of Commission approval of a procurement event. The Commission, the procurement monitor, procurement administrator, the Illinois Power Agency, and all participants in the procurement process shall maintain the confidentiality of all other supplier and bidding information in a manner consistent with all applicable laws, rules, regulations, and tariffs. Confidential information, including the confidential reports submitted by the procurement administrator and procurement monitor pursuant to subsection (f) of this Section, shall not be made publicly available and shall not be discoverable by any party in any proceeding, absent a compelling demonstration of need, nor shall those reports be admissible in any proceeding other than one for law enforcement purposes.
  - (i) Within 2 business days after a Commission decision

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1 approving the results of a procurement event or such other date 2 as may be required by the Commission from time to time, the 3 utility shall file for informational purposes with the 4 Commission its actual or estimated retail supply charges, as 5 applicable, by customer supply group reflecting the costs 6 associated with the procurement and computed in accordance with the tariffs filed pursuant to subsection (1) of this Section 7 8 and approved by the Commission.

(j) Within 60 days following the effective date of this amendatory Act, each electric utility that on December 31, 2005 provided electric service to at least 100,000 customers in Illinois shall prepare and file with the Commission an initial procurement plan, which shall conform in all material respects to the requirements of the procurement plan set forth in subsection (b); provided, however, that the Illinois Power Agency Act shall not apply to the initial procurement plan prepared pursuant to this subsection. The initial procurement plan shall identify the portfolio of power and energy products to be procured and delivered for the period June 2008 through May 2009, and shall identify the proposed procurement administrator, who shall have the same experience and expertise as is required of a procurement administrator hired pursuant to Section 1-75 of the Illinois Power Agency Act. Copies of the procurement plan shall be posted and made publicly available on the Commission's website. The initial procurement plan may include contracts for renewable resources that extend beyond 1 May 2009.

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- (i) Within 14 days following filing of the initial procurement plan, any person may file a detailed objection with the Commission contesting the procurement plan submitted by the electric utility. All objections to the electric utility's plan shall be specific, supported by data or other detailed analyses. The electric utility may file a response to any objections to its procurement plan within 7 days after the date objections are due to be filed. Within 7 days after the date the utility's response is due, the Commission shall determine whether a hearing is necessary. If it determines that a hearing is necessary, it shall require the hearing to be completed and issue an order on the procurement plan within 60 days after the filing of the procurement plan by the electric utility.
- (ii) The order shall approve or modify the procurement plan, approve an independent procurement administrator, and approve or modify the electric utility's tariffs that are proposed with the initial procurement plan. The Commission shall approve the procurement plan if the Commission determines that it will 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.
- (k) In order to promote price stability for residential and small commercial customers during the transition to

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in Illinois, and notwithstanding any other competition provision of this Act, each electric utility subject to this Section shall enter into one or more multi-year financial swap contracts that become effective on the effective date of this amendatory Act. These contracts may be executed with generators and power marketers, including affiliated interests of the electric utility. These contracts shall be for a term of no more than 5 years and shall, for each respective utility or for any Illinois electric utilities that are affiliated by virtue of a common parent company and that are thereby considered a single electric utility for purposes of this subsection (k), not exceed in the aggregate 3,000 megawatts for any hour of the year. The contracts shall be financial contracts and not energy The contracts shall contracts. be executed transactions under a negotiated master agreement based on the form of master agreement for financial swap contracts sponsored by the International Swaps and Derivatives Association, Inc. and shall be considered pre-existing contracts utilities' procurement plans for residential and commercial customers. Costs incurred pursuant to a contract authorized by this subsection (k) shall be deemed prudently incurred and reasonable in amount and the electric utility shall be entitled to full cost recovery pursuant to the tariffs filed with the Commission.

(1) An electric utility shall recover its costs of procuring power and energy under this Section. The utility

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shall file with the initial procurement plan its proposed tariffs through which its costs of procuring power that are incurred pursuant to a Commission-approved procurement plan and those other costs identified in this subsection (1), will be recovered. The tariffs shall include a formula rate or charge designed to pass through both the costs incurred by the utility in procuring a supply of electric power and energy for the applicable customer classes with no mark-up or return on the price paid by the utility for that supply, plus any just and reasonable costs that the utility incurs in arranging and providing for the supply of electric power and energy. The formula rate or charge shall also contain provisions that ensure that its application does not result in over or under recovery due to changes in customer usage and demand patterns, and that provide for the correction, on at least an annual basis, of any accounting errors that may occur. A utility shall recover through the tariff all reasonable costs incurred to implement or comply with any procurement plan that is developed and put into effect pursuant to Section 1-75 of the Illinois Power Agency Act and this Section, including any fees assessed by the Illinois Power Agency, costs associated with load balancing, and contingency plan costs. The electric utility shall also recover its full costs of procuring electric supply for which it contracted before the effective date of this Section in conjunction with the provision of full requirements service under fixed-price bundled service tariffs subsequent

- 1 to December 31, 2006. All such costs shall be deemed to have
- been prudently incurred. The pass-through tariffs that are 2
- filed and approved pursuant to this Section shall not be 3
- 4 subject to review under, or in any way limited by, Section
- 5 16-111(i) of this Act.
- (m) The Commission has the authority to adopt rules to 6
- carry out the provisions of this Section. For the public 7
- safety, and welfare, the Commission also has 8 interest,
- 9 authority to adopt rules to carry out the provisions of this
- 10 Section on an emergency basis immediately following the
- 11 effective date of this amendatory Act.
- (n) Notwithstanding any other provision of this Act, any 12
- 13 affiliated electric utilities that submit a single procurement
- 14 plan covering their combined needs may procure for those
- 15 combined needs in conjunction with that plan, and may enter
- 16 jointly into power supply contracts, purchases, and other
- procurement arrangements, and allocate capacity and energy and 17
- 18 cost responsibility therefor among themselves in proportion to
- 19 their requirements.
- 20 (o) On or before June 1 of each year, the Commission shall
- 21 hold an informal hearing for the purpose of receiving comments
- 22 on the prior year's procurement process and any recommendations
- 23 for change.
- 24 (p) An electric utility subject to this Section may propose
- 25 to invest, lease, own, or operate an electric generation
- 26 facility as part of its procurement plan, provided the utility

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demonstrates that such facility is the least-cost option to provide electric service to eliqible retail customers. If the facility is shown to be the least-cost option and is included in a procurement plan prepared in accordance with Section 1-75 of the Illinois Power Agency Act and this Section, then the electric utility shall make a filing pursuant to Section 8-406 of the Act, and may request of the Commission any statutory relief required thereunder. If the Commission grants all of the necessary approvals for the proposed facility, such supply shall thereafter be considered as a pre-existing contract under subsection (b) of this Section. The Commission shall in any order approving a proposal under this subsection specify how the utility will recover the prudently incurred costs of investing in, leasing, owning, or operating such generation facility through just and reasonable rates charged to eligible retail customers. Cost recovery for facilities included in the utility's procurement plan pursuant to this subsection shall not be subject to review under or in any way limited by the provisions of Section 16-111(i) of this Act. Nothing in this Section is intended to prohibit a utility from filing for a fuel adjustment clause as is otherwise permitted under Section 9-220 of this Act.

(q) Notwithstanding any other rulemaking authority that may exist, neither the Governor nor any agency or agency head under the jurisdiction of the Governor has any authority to make or promulgate rules to implement or enforce the provisions

- 1 of this amendatory Act of the 95th General Assembly. If, however, the Governor believes that rules are necessary to 2 implement or enforce the provisions of this amendatory Act of 3 4 the 95th General Assembly, the Governor may suggest rules to 5 the General Assembly by filing them with the Clerk of the House 6 and the Secretary of the Senate and by requesting that the General Assembly authorize such rulemaking by law, enact those 7 suggested rules into law, or take any other appropriate action 8 9 in the General Assembly's discretion. Nothing contained in this 10 amendatory Act of the 95th General Assembly shall be interpreted to grant rulemaking authority under any other 11 Illinois statute where such authority is not otherwise 12 13 explicitly given. For the purposes of this amendatory Act of 14 the 95th General Assembly, "rules" is given the meaning 15 contained in Section 1-70 of the Illinois Administrative Procedure Act, and "agency" and "agency head" are given the 16 meanings contained in Sections 1-20 and 1-25 of the Illinois 17 Administrative Procedure Act to the extent that such 18 definitions apply to agencies or agency heads under the 19 20 jurisdiction of the Governor. 21 (Source: P.A. 95-481, eff. 8-28-07.)
- 22 Section 99. Effective date. This Act takes effect upon becoming law.". 23