

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	:	
On Its Own Motion	:	
	:	
-vs-	:	20-0389
Ameren Illinois Company	:	
d/b/a Ameren Illinois	:	
	:	
Investigation under Section 16-107.6(e)	:	
of the Public Utilities Ac into an annual	:	
process and formula for the calculation of	:	
distributed generation rebates.	:	

ORDER

By the Commission:

In a Staff Report from the Policy Division dated April 8, 2020, Staff of the Illinois Commerce Commission (“Commission”) recommends that the Commission initiate an investigation into an annual process and formula for calculating the value of distributed generation rebates pursuant to the requirements of Section 16-107.6 of the Public Utilities Act (220 ILCS 5/16-107.6), a recent addition to the Act.

In Section 16-107.5 of the Public Utilities Act (“PUA”), the General Assembly previously stated that a program to provide net electricity metering “can encourage private investment in renewable energy resources, stimulate economic growth, enhance the continued diversification of Illinois’ energy resource mix, and protect the Illinois environment.” 220 ILCS 5/16-107.5. Under those provisions, the net metering program is available to any retail customer that “owns or operates a solar, wind, or other eligible renewable electrical generating facility with a rated capacity of not more than 2,000 kilowatts that is located on the customer’s premises and is intended primarily to offset the customer’s own electrical requirements.” Most net metering customers currently receive a one-for-one kWh credit for the net electricity supplied by them to the utility or alternative retail electric supplier (ARES). In this way, net metering customers receive credits for the kWh-based delivery, transmission, and energy supply charges they would otherwise incur.

In Section 16-107.6, which was added to the Public Utilities Act by Public Act 99-906, the Future Energy Jobs Act (“FEJA”), the legislature has established a new distributed generation rebate option for non-residential customers, as well as for owners, developers, and subscribers to community renewable generation projects. Under the

provisions of Section 16-107.6, those net metering customers have the option to apply for a rebate equal to \$250 per kilowatt of the nameplate capacity of their distributed generation facility. Customers who receive this distributed generation rebate are not eligible to receive credits for the delivery and transmission services portions of their electric bill.

Section 16-107.6 further provides that the distributed generation rebate will be the only form of compensation for customers who elect net metering after a certain point in the future. Thus, new net metering customers after that time will not be eligible to receive the full one-for-one kWh credit for the net electricity supplied to the utility or ARES that current residential net metering customers may now claim. Under the relevant provisions, the rebate will become the only option for new net metering customers once installed net metering capacity reaches a specified threshold, which will occur when “the load of an electricity provider's net metering customers equals 5% of the total peak demand supplied by that electricity provider during the previous year.” 220 ILCS 5/16-107.5(j).

While the value of the rebates is currently fixed at \$250 per kilowatt for non-residential customers, as well as for owners, developers, and subscribers to community renewable generation projects, there is no explicit dollar amount prescribed in Section 16-107.6 for other groups, such as residential customers who have distributed generation systems on their premises. Rather, distributed generation rebate values for those customers are to be set by the Commission in “an investigation into an annual process and formula for calculating the value of rebates,” as explained in Section 16-107.6(e). Further, this investigation is to be initiated “when the total generating capacity of the electricity provider's net metering customers is equal to 3% of the total peak demand supplied by the electricity provider.” Section 16-107.6(e) describes the intended nature, scope, and effect of the investigation:

The investigation shall include diverse sets of stakeholders, calculations for valuing distributed energy resource benefits to the grid based on best practices, and assessments of present and future technological capabilities of distributed energy resources. The value of such rebates shall reflect the value of the distributed generation to the distribution system at the location at which it is interconnected, taking into account the geographic, time-based, and performance-based benefits, as well as technological capabilities and present and future grid needs. No later than 10 days after the Commission enters its final order under this subsection (e), the utility shall file its tariff or tariffs in compliance with the order, and the Commission shall approve, or approve with modification, the tariff or tariffs within 45 days after the utility's filing. For those rebate applications filed after the threshold date but before the utility's tariff or tariffs filed pursuant to this subsection (e) take effect, the value of the rebate shall remain at the value established in subsection (c) of this Section until the tariff is approved.

Under the statute, the Commission must also set the distributed generation rebate for non-residential customers, as well as for owners, developers, and subscribers to community renewable generation projects, which will replace the current \$250 per kilowatt distributed generation rebate for those groups.

In a letter dated April 2, 2020, Ameren Illinois Company d/b/a Ameren Illinois has notified the Commission that the company's total generating capacity for net metering customers has reached the 3% level. Accordingly, under the provisions of Section 16-107.6(e), the Commission should now commence "an investigation into an annual process and formula for calculating the value of rebates" for net metering customers. In the same letter, the company further states that, based on approved interconnection applications, it anticipates that the total generating capacity for net metering customers will likely exceed 5% by the end of 2020. As described above, the rebate program will provide the only remuneration for new net metering customers once the 5% threshold is achieved.

As noted in the Staff Report, in anticipation of the investigation required by Section 16-107.6(e), the Commission hosted a series of workshops in 2018 designed to take an initial look at determining the value of distributed generation to the distribution grid. That effort culminated in the preparation of a white paper, which examined similar undertakings in other states. The white paper considered potential distributed generation valuation methodologies and compensation options for Illinois, taking into account data needs and availability, and stakeholder comments. In the course of two workshops and subsequent informal written comments, participants identified a number of pertinent questions and issues, which included, among others, data transparency, privacy, and availability, the possibility of taking an incremental approach to valuation, and using alternative or separate compensation mechanisms for different value streams. The primary point of disagreement among the participants concerned what value components should be included in the rebate. The white paper focuses on potential valuation components specific to distributed generation—avoided distribution capacity costs, reduction in distribution losses, distribution voltage support, and operating reserves—as well as the data necessary for an assessment of those types of components and the performance of the overall valuation. The white paper is available on the agency website through the link shown in the Staff Report.

In its April 2, 2020, letter, Ameren Illinois proposes a Staff-led workshop that builds upon the 2018 effort. The letter goes on to state that Ameren will provide an "overview of a proposed framework and structure for calculating the value of distributed energy resources on its distribution system" prior to the workshop. Ameren further explains that if "a consensus is reached, then the Company would file a tariff reflecting the methodology developed for the Commission's review and approval."

Accordingly, the Commission, having reviewed the entire record in this proceeding and being fully advised in the premises, is of the opinion and finds that:

- (1) Ameren Illinois Company d/b/a Ameren Illinois should be made the respondent to this proceeding;
- (2) the Commission has jurisdiction over the subject matter of and the party to this proceeding;
- (3) the recitals of fact set forth in the prefatory portion of this Order are supported by the record and are hereby adopted as findings of fact;
- (4) the Staff Report dated April 8, 2020, should be made a part of the record of this proceeding; and
- (5) the Commission should initiate an investigation under Section 16-107.6(e) of the Public Utilities Act (220 ILCS 5/16-107.6(e)) into an annual process and formula for calculating the value of distributed generation rebates for distributed generation customers of Ameren Company d/b/a Ameren Illinois.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that, pursuant to Section 16-107.6(e) of the Public Utilities Act, an investigation be initiated into an annual process and formula for calculating the value of distributed generation rebates for distributed generation customers of Ameren Illinois Company d/b/a Ameren Illinois.

IT IS FURTHER ORDERED that Ameren Illinois Company d/b/a Ameren Illinois be made Respondent to this proceeding.

IT IS FURTHER ORDERED that the Staff Report dated April 8, 2010, be made a part of the record of this proceeding.

IT IS FURTHER ORDERED that the Respondent provide to the Chief Clerk of the Commission, no more than seven business days after the date of this Order, a complete list of all municipalities within which the Respondent provides service. The list shall include all such municipalities irrespective of whether the municipality itself is a customer of the Respondent, and irrespective of whether all or merely a portion of the residents and other entities within the municipality are customers of the Respondent. The purpose of this ordering paragraph is to allow the Commission to fulfill the notice requirements of Section 10-108 of the Public Utilities Act.

IT IS FURTHER ORDERED that the Chief Clerk be, and is hereby, directed to serve a copy of this Order on the designated agent of the Respondent.

IT IS FURTHER ORDERED that, subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is not final and is not subject to the Administrative Review Law.

By order of the Commission this 15th day of April, 2020.

(SIGNED) CARRIE ZALEWSKI

Chairman