



## ILLINOIS RENEWABLE PORTFOLIO STANDARD SUMMARY

**A. SUMMARY:** Since 2001 Illinois has had a voluntary renewable energy goal. The passing of Public Act 095-0481 established a mandatory renewable portfolio standard (RPS) for the state of at least 25 percent renewable energy by 2025. Investor-owned utilities (IOU) serving at least 100,000 customers are obligated to comply with the RPS. Similar to New York's RPS, the Illinois RPS is based on a centralized management and procurement system. RPS implementation and rulemaking falls under the jurisdiction of the Illinois Commerce Commission (ICC). The newly created Illinois Power Agency is responsible for administering the RPS, and working with obligated IOUs to develop procurement plans and conduct competitive solicitations for sufficient renewable energy resources to meet the annual targets. Renewable energy credits may be used to comply with the RPS. A cost cap on retail rates may reduce the annual requirement in a given year. If available, at least 75 percent of the electricity used to meet the annual targets must be generated by wind power.

### **B. APPLICABLE AUTHORIZING LEGISLATION/REGULATION**

**1. Part of Broader Energy Package?** Yes. The RPS was included as part of broader legislation that addressed electric rates for customers and created the Illinois Power Agency—an entity whose purpose is to develop and implement electricity procurement plans.

**2. Legislative/Regulatory Intent:** Public Act 095-0481 establishes the following objectives with respect to the RPS:

"Procuring a diverse electricity supply portfolio will ensure the lowest total cost over time for adequate, reliable, efficient, and environmentally sustainable electric service. Including cost-effective renewable resources in that portfolio will reduce long-term direct and indirect costs to consumers by decreasing environmental impacts and by avoiding or delaying the need for new generation, transmission, and distribution infrastructure. Energy Efficiency, demand-response measures, and renewable energy are resources currently underused in Illinois."

### **3. Applicable Legislation/Regulation:**

Legislation:

8/07 – The Illinois Power Agency Act, [Public Act 095-0481](#) (SB 1952)

12/08 – Amendment to the Illinois Power Agency Act, [SB 1987](#)

**4. Date Enacted:** 8/28/07

**5. Date Effective:** 8/28/07

**C. RULEMAKING**

**1. Implementing/Rulemaking Authority:**

Illinois Commerce Commission  
527 East Capitol Ave  
Springfield, IL 62701  
Phone: (217) 782-7295  
Web site: <http://www.icc.illinois.gov/>

**2. Rulemaking Completed to Date:** None

**D. TARGETS AND TIMETABLES**

**1. Overview:** The Illinois RPS begins by requiring electric utilities serving more than 100,000 customers in the state to obtain at least two percent of their power from renewable energy sources by 2008. The target increases to 4 percent in 2009, and then grows by one percent annually to 10 percent in 2015. After 2015, the annual targets increase 1.5 percent each year to at least 25 percent by 2025.

The RPS also includes a technology specific requirement that to the extent available, 75 percent of each year's target must come from wind power.

**2. Schedule:**

<b>Year</b>	<b>Percent Renewable Generation Requirement</b>
2008	2.0%
2009	4.0%
2010	5.0%
2011	6.0%
2012	7.0%
2013	8.0%
2014	9.0%
2015	10.0%
2016	11.5%
2017	13.0%
2018	14.5%
2019	16.0%
2020	17.5%
2021	19.0%
2022	20.5%

2023	22.0%
2024	23.5%
2025	25.0%

**3. Treatment of Existing Capacity:** Generation from existing or new renewable energy facilities is eligible.

**4. Sunset Provision:** None specified.

## **E. DEFINITION OF ELIGIBLE RESOURCES AND TECHNOLOGIES**

### **1. Eligible Resources:**

- Wind
- Solar Thermal
- Photovoltaics
- Biodiesel
- Crops and untreated and unadulterated organic waste biomass, including trees and tree trimmings, but not including the “incineration, burning, or heating of tires, garbage, general household, institutional, and commercial waste, industrial lunchroom or office waste, landscape waste other than trees and tree trimmings, railroad crossties, utility poles, and construction or demolition debris, other than untreated and unadulterated waste wood.”
- Hydropower that does not involve new construction or significant expansion of hydropower dams
- Landfill gas
- Other alternative sources of environmentally preferable energy

**2. Treatment of Self-Generation:** Though not specified, appears to be eligible.

**3. Special Incentives:** To the extent that it is available, at least 75 percent of the renewable energy resources used to meet these standards shall come from wind generation.

**4. Exclusions:** Public Act 095-0481 explicitly excludes municipal solid waste incineration, and other certain types of biomass (see definition above).

**5. Rules Governing Location of Generating Facilities:** Through June 1, 2011, eligible renewable energy generation must come from facilities located in the state, provided that cost-effective renewable energy resources are available. If cost-effective resources are not available in-state, they can be procured in states that adjoin Illinois. If cost-effective resources are not available in Illinois or in states that adjoin Illinois, they can be purchased elsewhere. After June 1, 2011, cost-effective renewable energy resources located in Illinois and in states that adjoin Illinois are eligible. If cost-effective resources are not available in Illinois or in states that adjoin

Illinois, they can be purchased elsewhere.

**6. Eligibility of Green Pricing Programs:** Not specified in Public Act 095-0481.

**F. COVERED UTILITIES**

- 1. Classes of Retailers Covered:** The RPS applies to investor-owned utilities (IOU) that serve at least 100,000 customers in Illinois (on December 31, 2005). Under the original RPS law, the requirements applied only to the electricity supplied to those customers that purchase power and energy from the IOU under fixed-price bundled service tariffs (or those eligible from procurement plan load requirements). However, a December 2008 amendment expands the renewable energy requirement to include all competitive customer classes. Small IOUs, competitive electric service providers, municipal utilities, and rural electric cooperatives are exempt from the RPS.
- 2. Share of state sales/capacity/delivered power covered:** ~73 percent of 2006 state electric sales are covered by the RPS.
- 3. Apportionment of obligation among utilities:** The RPS is applied separately to each obligated utility.
- 4. Any exemptions by customer or other category?** The RPS applies only to electricity supplied to “eligible retail customers” or those that purchase power and energy from the utility under fixed-price bundled service tariffs.

**G. COST PROVISIONS**

- 1. Cost Cap for Retailers:** None
- 2. Cost Cap for Consumer:** The amount of renewable energy procured to meet the annual requirements may be reduced by an amount necessary to limit the annual estimated average net increase in the amounts paid by eligible retail customers due to the costs of renewable energy resources in connection with electric service in 2008 to no more than 0.5 percent of the amount paid per kilowatt-hour (kWh) during the year ending May 31, 2007. In compliance year 2009 the cap is the greater of either an additional 0.5 percent of the rate per kWh during the year ending May 31, 2008 or 1 percent of the rate during 2007. This trend continues in 2010 with an additional 0.5 percent on the rate for 2009 (or 1.5 percent of the rate during 2007), and in 2011 with 0.5 percent of the 2010 rate (or 2 percent of the 2007 rate). Thereafter, the cap for renewable energy procurement in any given year is set at the greater of 2.015 percent of the rate paid during the year ending March 31, 2007, or the incremental amount per kWh paid for the resources in 2011.

No later than June 30, 2011 the ICC shall review the limitation on the amount of renewable energy resources procured and report to the General Assembly its findings as to whether that limitation unduly constrains the procurement of cost-effective renewable energy sources.

- 3. Cost Recovery Mechanisms:** If they are determined to be reasonable and prudent, expenses associated with the procurement of renewable energy sources may be recovered through the rate base.
- 4. Supply Contract Requirements:** None are specified, but initial procurement plans covering the compliance period from June 2008 through May 2009 are allowed to include contracts for renewable resources that extend beyond May 2009. In addition, Public Act 095-0481 states that nothing should preclude consideration of contracts longer than 5 years.
- 5. Special Funds:** Illinois adopted a public benefits fund to support renewable energy as part of electric-industry restructuring legislation passed in 1997. Administered by the Illinois Department of Commerce and Economic Opportunity, the Renewable Energy Resources Trust Fund (RERTF) supports renewable energy development through grants, loans and other incentives. Set to expire in 2008, the RERTF was extended through 2015 as part of the August 2007 legislation (Public Act 095-0481) that established the RPS.

## H. COMPLIANCE AND ENFORCEMENT

- 1. Certification, tracking, and trading mechanism[s]:** The Illinois Power Agency is responsible for working with obligated IOUs to develop procurement plans and conducting competitive solicitations for the renewable energy supply needed to meet the annual requirements. Compliance may be achieved by procuring renewable energy bundled with renewable energy credits (REC), or through the purchase of unbundled and tradable RECs. Illinois is served by two regional REC tracking and trading systems—the Midwest Renewable Energy Tracking System and the PJM region’s Generation Attributes Tracking System.

A renewable energy credit is defined in statute as a tradable credit that represents the environmental attributes of a certain amount of energy produced from a renewable energy resource. Though it is not specified in statute, under the central procurement model administered by the Illinois Power Agency, it appears that ownership of a REC would originate with a renewable energy generator.

IOUs must retire RECs that they use for RPS compliance.

- 2. Flexibility Mechanisms:** Because the procurement of renewable energy is the responsibility of the Illinois Power Agency, compliance flexibility mechanisms are not applicable.

- 3. Penalties, Procedures, Powers and Sanctions:** Because the procurement of renewable energy is the responsibility of the Illinois Power Agency, a penalty provision for non-compliance is not required.
- 4. Treatment of emission allowance or reduction credits:** Not specified
- 5. Escape Clauses:** The annual requirements may be lowered in any year based on the ability to procure sufficient renewable energy supplies under that year's cost cap.

## I. ADMINISTRATION

- 1. Administering Entities, Duties, Powers, and Contact Information:** The Illinois Commerce Commission is responsible for developing and implementing the RPS rules, and the Illinois Power Agency is responsible for administering the RPS, and procuring renewable energy resources.

Illinois Commerce Commission  
527 East Capitol Ave  
Springfield, IL 62701  
Phone: (217) 782-7295  
Web site: <http://www.icc.illinois.gov/>

Illinois Power Agency  
Contact information to be determined

## J. REPORTING REQUIREMENTS and PROGRAM STATUS

- 1. Reporting Requirements for Retailers:** None
- 2. Reporting Requirements for Administering Entities:** The Illinois Power Agency shall report annually to the Governor and the General Assembly on its operations and transactions. In addition to the various other items, the report shall include the quantity, price, and rate impact of all renewable resources purchased under the electricity procurement plans for obligated IOUs.

In addition, no later than June 30, 2011 the ICC shall review the limitation on the amount of renewable energy resources procured and report to the General Assembly its findings as to whether that limitation unduly constrains the procurement of cost-effective renewable energy sources.

- 3. Cost Information:** The first year of compliance is 2008, so no actual cost data is currently available.