

Overview

Why New Legislation?

- FEJA Outcomes
- Follow-on Legislation

Current Landscape

- ComEd Deferred Plea Agreement
- Governor's Working Group and Principles

Moving Forward

- Influencers and Timelines
- Considerations for Municipalities



FEJA Outcomes

What Was the Future Energy Jobs Act (FEJA)?

- Funding to keep 2 nuclear plants operating for 10 years
- Increased efficiency funding, allows utilities to receive returns on efficiency spending



Photo by Daniel Schwen / CC BY-SA
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The Clinton Power Station is one of two
nuclear plants that stayed open, due to FEJA.

 Prioritized funding for wind and solar projects located in Illinois

What worked

Nuclear plants and efficiency programs realized immediate funding increases

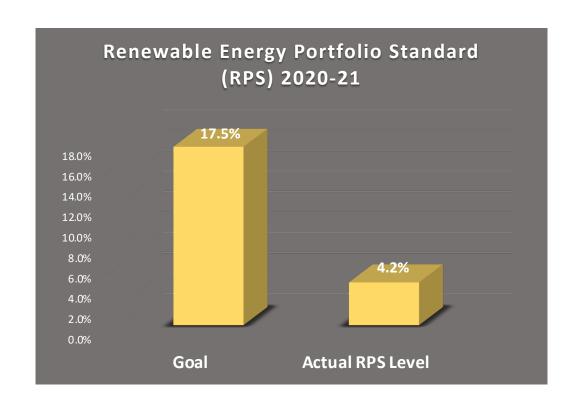
FEJA Outcomes

What went wrong

- RPS goal for 2020-2021 = 17.5%; actual RPS level for 2020-2021 = 4.2%
- Renewable funding is largely exhausted until 2024

Stakeholders and their interests

- Exelon. Increased compensation for nuclear generation
- ComEd/Ameren. New sources of ratebase
- Renewable Developers. More secure funding for project development
- Sustainable Policy Advocates. Policy victory = funding



Legislative Scorecard (Spring 2020 Session)

Bill Name	Bill Number	Description	Stakeholder Interest
Path to 100	HB 2966, SB 1781	Increases funding for renewables; requires utilities to accommodate interconnections of new renewable sources	■ Renewable Developers: Fix funding shortfall in RPS
Exelon Bill	HB 2861, SB 0660	Replaces the regional capacity auction (FRR) that ensures reliability for ComEd customers with an in-state process for "clean energy" resources	Exelon: Increase compensation for carbon-free generation

Legislative Scorecard (Spring 2020 Session)

Bill Name	Bill Number	Description	Stakeholder Interest
Clean Energy Jobs	HB 3624, SB 2132	Mirrors Exelon Bill and adds two dozen new programs related to building electrification, EVs, and other initiatives	 Sustainability Policy Advocates: increase funding for sustainability policy priorities
		TY CHARGING ONLY	

Legislative Scorecard (Spring 2020 Session)

Bill Name	Bill Number	Description	Stakeholder Interest
EIMA Extension	HB 3152, SB 2080	Permanent extension to formula ratemaking for ComEd and Ameren, minimizes ICC oversight of ratemaking and utility system expenditures	 ComEd/Ameren: Guarantee returns on capital expenditures
Vistra Bill	HB 2713, SB 2078	Funding to install solar PV and electric storage at retired coal plants in southern Illinois	■ Coal Plant Operators: Funding to repurpose closed power plants

Turn of Events



ComEd admits to bribery charge in Illinois, agrees to pay \$200M fine

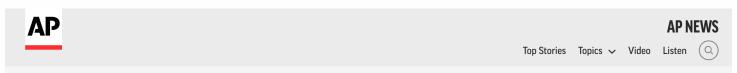
The True, High Cost We're All Paying For ComEd's Springfield Corruption

July 24, 2020

DAN MIHALOPOULOS

DAVE MCKINNEY





Lawsuit seeks \$150M in ComEd refunds after bribery scheme

July 28, 2020





To Resolve Bribery Scheme Federal Criminal Investigation ComEd to Pay \$200 Million



ComEd Deferred Prosecution Agreement

Initial

- <u>Deferred Prosecution Agreement</u> with US Justice Department (executed on 7/16/2020)
- If ComEd cooperates with investigations and pays a \$200 million fine (paid to US Government), then charges will be dropped
- ComEd acknowledges that between 2011 and 2019 it attempted to "influence and reward Public Official A in connection with Public Official A's official duties to advance ComEd's business interests including EIMA (2011 formula ratemaking) and FEJA (2016) by:
 - Hiring certain lobbyists and contractors associated with Official A who did little to no work
 - Naming an associate of Official A to the corporate Board
 - Retaining law firms as directed
 - Operating an internship program in Official A's ward

Recent Developments

- Multiple class-action lawsuits have been filed against ComEd by various consumers
- Fidel Marquez (former ComEd Senior VP of Governmental and External Affairs) charged with one count of conspiracy to commit bribery (9/4/2020)

Governor's Working Group and Principles

Working Groups

- 1. Started after legislative session was impacted by COVID (May)
- 2. Convened to identify common ground among multiple legislative sponsors
- 3. 60-80 stakeholders (generators, utilities, advocates, consumer groups)
- 4. Suspended when ComEd Deferred Prosecution announced (July)
- 5. Restarted and reorganized around the Governor's eight principles (August)
- 6. Primary observations to date:
 - a. Much repetition of positions
 - b. Indications of coalition building and coordination between some parties



Governor's Working Group and Principles

Eight Principles

- 1. Strengthen Utility Company Transparency and Ethics Requirements
- 2. Expand Consumer Affordability Protections
- 3. Make Illinois a Renewable Energy Leader and Phase Out Dirty Power
- 4. Implement a Market-Based Solution That Supports Clean Power and Clean Air
- 5. Electrify and Decarbonize Illinois' Transportation Sector
- 6. Support Communities Transitioning to Clean Energy
- 7. Advance Equity in the Growing Clean Energy Economy
- 8. Enhance Energy Efficiency in Illinois



Moving Forward

Key Influencers

- Exelon. Announced early retirement of 2 nuclear facilities (Byron, Dresden)
- Labor. New "Climate Jobs Illinois" group seeks to maintain as many existing energy sector jobs as possible?
- Renewables Funding. RPS loses access to ~\$200 million in "rollover" funding on June 1, 2021 without new legislation. No major new funding until 2024.
- Investigations. New federal charges, legislative hearings make an energy bill challenging
- Working Group. What are the ideas that can achieve broad support?
- Other Issues. Graduated income tax referendum, general election

Potential Timelines for Legislative Action

- Veto Session. 3rd week of November; 1st week of December
- Lame Duck Session. First days of January 2021
- Spring Session. Spring 2021



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Exelon plans to close two nuclear power plants in 2021, including this facility in Byron, Illinois.

Moving Forward

Considerations for Municipalities

- What are the immediate risks for municipalities?
 - Utility Rates for municipal facilities, residents
 - Budgets for municipal energy efficiency
 - Budgets for renewable energy programs
 - Low Income programs
 - Utility infrastructure investment and reliability
- Are there specific issues/objectives for municipalities?
 - Electric Vehicle infrastructure
 - Funding for community sustainability planning/permitting for solar and battery storage
 - Municipal aggregation
 - Infrastructure investment





Discussion

