

Date: September 2, 2020
To: Governor's Working Group Coordination Team
From: Downstate Caucus of the Illinois Clean Jobs Coalition
Subject: Building understanding of how the Governor's Eight Principles intersect with the plight of muni/coop consumers

Throughout his Eight Principles document, the Governor stresses the importance of transparency, accountability and engagement. Municipal and cooperative utility consumers are seeking just that. Since the Governor's goal is an equitable transition to 100% renewable energy by 2050 with a bill that is not "tainted by the political power of utility companies," the Downstate Caucus of the Illinois Clean Jobs Coalition encourages the Governor and the working groups to consider the interests of all utility consumers, including those served by muni/coop utilities.

Although this document is not a comprehensive commentary on the Eight Principles, we believe better solutions will be achieved for the over one million muni/coop consumers if their needs are considered throughout the working group process. The issues below are the ones most frequently raised by coalition members living and working in muni/coop territories.

Issue: Utilities serving over one million customers have no regulatory oversight

In times of natural, economic, or health crises, all consumers must be equally protected from utility shutoffs, and must have equal access to debt relief and deferred payment arrangements. Voluntary compliance by munis/coops is an inadequate assurance that the most vulnerable will have access to light, heat and water.

Given our current scientific knowledge of climate change, environmental destruction, and damage to health, no consumer in Illinois should be compelled to buy electricity sourced primarily from coal and other fossil fuels. Muni/coop customers are not a homogenous population. An inclusive and just transition should not be constrained by utility boundaries. All Black, Brown and Indigenous people must have equal access to renewable energy, energy autonomy, and the clean energy economy.

Community Solar and Solar for All, which guarantees an electricity discount for income-qualified consumers, are generally possible through lease or Power Purchase Agreements (PPAs). Most communities served by munis/coops do not allow PPAs and/or they require solar equipment to be owned by the consumer. Some communities also severely limit how much solar can be installed. No consumers should face barriers when accessing Illinois solar programs.

For consumers that want to install solar, muni/coop net metering policies vary widely, in contrast to the standardized net metering framework offered by investor-owned utilities. Universal minimum net metering standards must treat all solar consumers equitably. Consumers have encountered similar issues with interconnection fees where one muni/coop

utility required a \$6K meter upgrade as a prerequisite to going solar. Interconnection fees too must be equitable for all.

Ratemaking processes, supply mix and contract decisions, capital credit expenditures, and grid planning processes must be subject to reasonable transparency and accountability standards to ensure that consumer interests are given priority throughout the state.

Issue: Organizations that drive muni/coop decision-making are accountable to no one

Nonprofit Public Power Organizations, Utility Associations, Joint Action Agencies, and Generation and Transmission Cooperatives (muni/coop advisory organizations) provide regulatory, capacity-market, and grid expertise to elected municipal and cooperative leaders and their staff who are primarily focused on local electrical service operations and costs. Reliance on this expertise results in contracts that force participation in the fossil fuel industry and centralizes power within the advisory organizations rather than consumers. Applying the same standard of transmission and accountability to muni/coop utilities and their advisory organizations is essential for meaningful stakeholder engagement and consumer-centered policy.

Issue: Grid preparedness is untracked

No one denies that formula ratemaking has spurred grid improvements in investor-owned utility territories. It has also likely widened the gap with muni/coop territories where grid preparedness is a looming unknown. Every utility must be required to file grid modernization, integrated distribution, and renewable generation procurement plans with state oversight bodies. That way we can ensure that gaps in preparedness for 100% renewables can be addressed in all parts of the state in a timely manner.

Issue: Energy efficiency is disincentivized

Energy efficiency, being a critical component of energy transition, must be planned, incentivized, and encouraged by every utility in the state. Currently, a number of muni/coop utilities have an interest in discouraging and restricting the practice of energy efficiency to satisfy supply contracts from fossil fuel generators. This must be corrected.

Issue: Cairo Public Utility's exploitative configuration demands ethics reform and transparency

It is necessary to identify Cairo Public Utility (CPU) as a unique case. CPU is the only utility in the state that is not a cooperatively-owned, investor-owned or municipally-owned utility. It is a not-for-profit electric, natural gas, sewage treatment and hardware store utility, which has no democratic or regulatory oversight. Easily accessible press reporting is available to anyone who is interested in learning about the many abnormal circumstances of CPU. The City of Cairo has a long history of racial violence, exploitation, public corruption, discrimination and wealth

inequality. The population is 71.5% Black, and the median household income was \$16,682 as of 2010. For years, many of Cairo's citizens have struggled to pay their utility bills, due in no small part to high energy usage, which is likely caused by inefficient housing stock.

Concerns about the public corruption activities of ComEd are in some ways trivial when compared to concerns about CPU. All utilities in the state must be held to the same ethics and transparency standards laid out by the Governor.

Issue: Prairie State Energy Campus books are closed

Prairie State Energy Campus (PSEC) is the largest power plant emitter of greenhouse gases in Illinois. Per the most recent 2018 US EPA datasets, its emissions were 12 million metric tons of CO2.

PSEC must be subject to the same opening of books that the Governor rightly insists on for Exelon's nuclear power generators. Claims made by PSEC about its operating expenses and generation costs are as much in doubt as those of Exelon. Consumers who in effect "own" PSEC have no way to verify whether their investment is breaking even or operating at a loss.

Given PSEC's complex ownership structure (nine generation and transmission coops and joint actions agencies plus hundreds of members across multiple states) and its huge debt obligations, the need for transparency is urgent. In particular, PSEC appears to be on the verge of huge capital expenditures for a carbon sequestration project when similar technology is reported to be shutting down elsewhere due to cost overruns and failure to perform as evidenced by the mothballing of the Petra Nova Carbon Capture project in Texas earlier this month.

In closing, thank you for the opportunity to raise these concerns and participate in the working group process. If there is any additional information you need for clarification or to help inform your decision making, please feel free to reach out to me or anyone on the Illinois Clean Jobs Coalition team.

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