

NARUC ARRA STATES SUPPORT TEMPLATE Working Draft 8/3/09

Announcement: DE-FOA-0000100

Activity Description: ARRA State Regulatory Assistance

Applicant:

The State of Illinois
Illinois Commerce Commission
527 East Capitol
Springfield, Illinois 62701

Date: August 31, 2009
Project Period: Jan. 1, 2010 – Dec. 31, 2013

Funding Request / Total Project Cost: \$1,078,840
Organization type: State Government Agency

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Project Narrative

A. Objectives

1. Increase the capacity of the Illinois Commerce Commission (ICC) to manage an anticipated significant increase in regulatory activity resulting from the following electricity-related topical areas stimulated by the American Recovery and Reinvestment Act of 2009 (ARRA):
 - Energy Efficiency
 - Renewable Energy
 - Energy Storage
 - Smart Grid
 - Plug-in Electric Vehicles
 - Demand Response
 - Coal with Carbon Capture and Storage
 - Transmission
 - Distribution
2. Create capacity on staff to engage in electricity system modernization in the long term and allow for regulatory support in the transformation of the electric grid in the State of Illinois.
3. Facilitate timely consideration by the ICC of dockets, energy master plans, and other regulatory actions pertaining to the listed electricity-related topical areas.
4. Create four (4) new full-time jobs for limited term of service, for a period of two years of employment. The plan includes spending the entirety of the funds over a 28 month period, versus the 24 months positions are funded for, due to an expected lag in the ability to hire qualified staff.
5. Train 31 ICC staff in key emerging areas that will give regulators the information needed for effective regulatory decision-making and streamline regulatory approval in modernizing and ensuring a reliable and affordable electric system.

B. Scope of Work

The American Recovery and Reinvestment Act of 2009 (ARRA) will provide billions of dollars of funding in the next few years to support a wide variety of electricity-related topical areas, both directly to utilities and in areas that will indirectly spur utility spending. In addition, electric utilities and other entities in the electric power sector will invest unprecedented amounts of their own money in the same topical areas. The ICC anticipates filings and action in this arena that will require its oversight and

approval; and all of those investments, ultimately, will have an impact on the reliability, security, cost, and environmental impacts of electricity delivered to Illinois ratepayers. Consequently, the ICC anticipates an increase in workload stemming from this wave of federal and private sector investment which will add to our already full docket.

With this grant, we will be able to hire and train electricity specialists with a variety of skills that will enable us to manage the additional workload we expect to see in the listed electricity-related topical areas. The ICC intends to hire an Energy Efficiency and Renewable Energy Economic Analyst; a Federal Energy Program Employee; an accountant to handle ARRA related activities; and an attorney to provide litigation support and legal advice on ARRA related activities. The specialists we hire will be available to work on dockets and other regulatory activities related to any and all of the listed topical areas. Details of all tasks to be performed under this grant are provided below in section C.

The budget developed by the ICC for this grant allows for the hiring of 4 new full-time employees funded for 24 months; with a possibility that the State will retain this staff at the conclusion of the grant. These will be entirely new positions that supplement the full complement of currently-existing ICC positions. ICC proposes a total grant performance period of three years; with the funds likely to be spent over a 28 month period.

The ICC will comply with the ARRA 2009 prevailing wage assurance (Davis-Bacon Act).

In addition, the ICC anticipates training 31 members of staff over two and a quarter years, either in-house or at training venues and opportunities afforded by academic, consulting, and regulatory research partners, in electricity and regulatory topics.

Training and collaborative meetings for new and existing staff will include a variety of ARAA related areas such as: smart grid technology, demand response, assessing wind integration, eastern interconnection transmission planning, and energy efficiency.

C. Tasks to be Performed

1. **Project Management Plan:** The ICC shall prepare a Project Management Plan that details the work elements required to manage and report on grant activities in accordance with ARRA and grant requirements. This Plan will document ICC's three-year plan and project budget for carrying out all Tasks and completing all Deliverables described in this Project Narrative.
2. **Workforce Development Plan:** ICC shall prepare and implement a Workforce Development Plan that results in expanded expertise and capability among ICC staff in the listed electricity-related topical areas. This Plan will address recruitment, hiring, and retention of the four (4) new positions funded by the grant, training of those new employees and existing staff in topics germane to the listed topical areas, and the possible transition of those federal grant-funded employees to a state-funded positions at the conclusion of the grant performance period.
3. **Case Work and ARRA Case Monitoring Reports:** The ICC shall assign the new electricity specialists funded by this grant to work on dockets and other regulatory actions pertaining to the listed topical areas. It is not possible in advance to specify in detail what tasks will be necessary. The ICC shall prepare quarterly Case Monitoring Reports that summarize the status of all dockets and other regulatory actions to which these grant-funded employees are assigned.
4. **Specialized activities by job**
 - Energy Efficiency and Renewable Energy Economic Analyst:
 - Monitor and assess electric utilities' energy efficiency and demand response program implementation and response plans,
 - Prepare reports required by various statutes with respect to energy efficiency,

- Assess impact of federal statutes pertaining to energy efficiency on the programs managed by Illinois electric utilities,
- Assess the impact of federal statutes pertaining to renewable energy on Illinois' renewable portfolio standards,
- Monitor and assess renewable energy market,
- Assess utilities' plans to construct new renewable energy facilities.

Federal Energy Program Employee:

- Analyze emerging federal and regional renewable electric credit markets and carbon credit markets,
- Analyze economic effects of emerging energy technologies such as distributed generation, clean coal, solar, and energy storage,
- Work on regional and Eastern Interconnection-wide electric resource and transmission planning,
- Analyze RTO electric market design modifications and tariff; and provisions needed to integrate increased variable output renewable generations,
- Analyze federal smart grid initiatives and their impact on RTO operations,
- Analyze RTO demand response and energy efficiency market integration initiatives,
- Monitors and analyzes federal transmission and reliability standards setting.

Accountant to handle ARRA related activities:

- Monitor and review riders for advanced metering and smart grid, energy efficiency, renewable energy, and demand response, and various transmission riders,
- Establish new electric uncollectible riders dealing with energy efficiency financing to recover uncollectible expenses,
- Establish new electric decoupling riders,
- Establish new advanced metering riders,
- Provide expert witness testimony in electric rate cases on accounting matters as it relates to: energy efficiency, renewable energy, energy storage, smart grid, demand response equipment, carbon capture and storage, transmission, and advanced metering,
- Be responsible for accounting work associated with the carbon capture and storage project at Tenaska,
- Be responsible for accounting work from the future gen project.

Attorney to provide litigation support and legal advice on ARRA related activities including:

- Energy efficiency and demand response equipment,
- Electricity based renewable energy,
- Smart Grid,
- Coal and Carbon Capture and Storage,
- New transmission lines in Illinois.

D. Deliverables

1. Project Management Plan: The ICC shall deliver to DOE a Project Management Plan as described above no later than 60 calendar days after acceptance of the award, revised as necessary throughout the performance period.
2. Workforce Development Plan: ICC shall deliver a Workforce Development Plan within 90 calendar days after acceptance of the award, revised as necessary.
3. ARRA Case Monitoring Reports: The ICC shall deliver to DOE an initial ARRA Case Monitoring Report as described above no later than six months after acceptance of the award. The ICC shall deliver subsequent ARRA Case Monitoring Reports quarterly.