STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Commonwealth Edison Company	)	
	)	
Petition for the Establishment of Performance Metrics under Section 16- 108.18(e) of the Public Utilities Act	)	Docket No. 22-0067

INITIAL BRIEF OF THE JOINT SOLAR PARTIES, ENVIRONMENTAL LAW AND POLICY CENTER AND VOTE SOLAR

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TABLE OF CONTENTS

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Commonwealth Edison Company	)	
	)	
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I. INTRODUCTION AND SUMMARY

The Climate and Equitable Jobs Act (CEJA) directs the Illinois Commerce Commission to implement performance based-ratemaking (PBR) mechanisms that align utility earning opportunities with the achievement of public interest goals. PBR mechanisms, which have been adopted by legislatures and utility regulators in several other states, are critical tools that can help neutralize the utility ownership and capital investment bias that characterizes traditional cost-of-service regulation.

Like statutes in Hawaii and other states incorporating PBR mechanisms into their regulatory toolbox,[1] CEJA specifically directs the Commission to adopt performance incentives

[1] *See e.g.,* Hawaii SB. 2969, Act 005 (2018) (stating "[t]he legislature is concerned that the existing regulatory compact misaligns the interests of customers and utilities because it may result in a bias toward expending utility capital on utility-owned projects that may displace more efficient or cost-effective options, such as distributed energy resources owned by customers or projects implemented by independent third parties. The legislature concludes that it must ensure a change to the regulatory compact to promote decisions and strategies that will maximize public benefit, reduce ratepayer risk, and meet Hawaii's energy goals."); s*ee also* Hawaii Pub. Util's Comm'n, Docket No. 2018-0088 Decision and Order No. 38429 (Jun. 17, 2022) (adopting performance incentives for the use of DERs to provide specified grid services); New York Pub. Serv. Comm'n Case No. 14-M-0401, Order Adopting Regulatory Policy Framework and Implementation Plan (Feb. 26, 2015) (stating "The regulatory initiative launched

that encourage utilities to facilitate the deployment and utilization of distributed solar, storage and other distributed energy resources (DERs). In fact, CEJA establishes the rapid deployment and integration of DERs as a pillar of a cleaner, more equitable, and more cost-effective electric grid. CEJA requires utilities to take proactive steps to facilitate the deployment and utilization of DERs as grid assets that create benefits for all utility customers, not just DER owners or host customers. CEJA recognizes that the deployment and utilization of DERs can provide a cost-effective solution to Illinois' energy, climate, affordability, and multiple other public policy goals.

In this proceeding, the Solar Energy Industries Association, the Illinois Solar Energy Association, and the Coalition for Community Solar Access (collectively the Joint Solar Parties or JSP) together with the Environmental Law and Policy Center (ELPC) and Vote Solar (VS) (together this brief refers to the JSP and ELPC/VS as the "Solar Intervenors") provided testimony and exhibits supporting the adoption of a performance metric targeting the deployment and integration of DERs to deliver customer benefits. The Solar Intervenors' "DER Interconnection and Utilization for Value" or "DERIUV" metric provides Commonwealth Edison Company an opportunity to earn an incentive directly tied to the Company's performance with respect to not only the timely interconnection of DERs, but also the efficient utilization of DERs to provide grid services, consistent with CEJA's broader goals. Importantly, the design of the DERIUV metric ensures that ComEd's customers save money. The metric ensures net benefits for ComEd's customers by incorporating a shared savings mechanism as a central feature. Customer savings increase as ComEd's performance improves.

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in this proceeding, Reforming the Energy Vision (REV), aims to reorient both the electric industry and the ratemaking paradigm toward a consumer-centered approach that harnesses technology and markets. [DERs] will be integrated into the planning and operation of electric distribution systems, to achieve optimal system efficiencies, secure universal, affordable service, and enable the development of a resilient, climate-friendly energy system").

In contrast, ComEd has proposed an unambitious and narrowly tailored "Interconnection Timeliness" metric that (a) rewards the Company for behavior that it is already largely accomplishing, (b) ignores the vast majority of CEJA's broader DER-related goals while focusing narrowly on interconnection processing timelines, and (c) provides a windfall earning opportunity exceeding $5,000,000 per year for ComEd's shareholders, all at customer expense. ComEd's proposal therefore not only fails to address the underlying objectives of CEJA to advance the utilization of DERs, it also fails to meet the basic statutory requirement that performance metrics result in "benefits [that] exceed costs for customers." 220 ILCS 5/16-108.18(e)(2)(F).

As explained in detail below, the Solar Intervenors' jointly proposed DERIUV metric not only meets each of the relevant statutory requirements for approval, it aligns with CEJA's core objective of unlocking DER capabilities to achieve ratepayer benefit and multiple public interest goals. The Solar Intervenors respectfully request that the Commission reject ComEd's proposed Interconnection Timeliness metric and approve the Solar Intervenors' proposed DERIUV metric and related tracking metric proposals. Solar Intervenors also request that the Commission approve the Reliability and Resiliency in Vulnerable Communities metric proposed by EDF/CUB witness Barbeau and supported by ELPC/VS witness Kenworthy.

For any performance or tracking metric or other contested issue that the Solar Intervenors do not specifically address in this brief (and therefore leave that section of the brief blank), the Solar Intervenors take no position at this time, but reserve the right to respond at the reply brief and statements of position / proposed order stages of this proceeding.

II. BACKGROUND AND CONTEXT

On September 15, 2021, the Illinois General Assembly enacted Public Act 102-0662, commonly referred to as CEJA. CEJA is a transformative statute which establishes, among many other provisions, new PBR frameworks and tools for regulating the state's electric utilities. This

docket involves the first step in the new ratemaking process—the establishment of new "performance metrics" and "tracking metrics" to be applied to utilities that elect to file a Multi-Year Rate Plan under Section 16-108.18 of CEJA.

On January 20, 2022, pursuant to 220 ILCS 5/16-108.18(e), ComEd submitted a petition for approval of eight performance metrics and eleven tracking metrics, along with supporting testimony from three witnesses. ComEd Exhibit 1.01 consists of a Performance Metrics Plan, which explains each of ComEd's proposed metrics and the company's claimed statutory basis for approval.[2] The Commission subsequently granted petitions to intervene filed by several parties, including the JSP, ELPC and VS.

Through their testimony, the Commission Staff, the Illinois Attorney General, and intervenors presented detailed feedback on and criticisms of ComEd's proposed metrics and, in many cases, alternative metrics for the Commission's consideration. JSP witness Karl Rábago and ELPC/VS witness William Kenworthy filed separate testimony jointly proposing the combined DERIUV metric focused on (1) ComEd's timely processing of DER interconnection milestones, and (2) rewarding ComEd for identifying services and value that DERs can provide to the grid and implementing the programs and other market participation pathways to unlock that value. *See generally* ELPC/VS Exhibit 2.0 (Kenworthy Rebuttal), JSP Exhibit 2.0 (Rábago Rebuttal). The details of this combined DERIUV metric—including a description of the metric, a calculation method, a data collection method, a description of annual performance targets, and a description of incentives or penalties—are contained in ELPC/VS Exhibit 2.01R and JSP Exhibit 2.4, filed in support of Mr. Kenworthy and Mr. Rábago's respective rebuttal testimonies on June 3, 2022.

[2] The most recent iteration of that Plan is contained in ComEd Exhibit 18.01 filed with ComEd's surrebuttal testimony.

Citizens Utility Board and Environmental Defense Fund (CUB/EDF) witness Barbeau also supported the DERIUV metric in his rebuttal testimony. (CUB/EDF Exhibit 4.1 at 25)

The Commission held an evidentiary hearing on June 16, 2022, at which the testimony and exhibits filed by the JSP and ELPC/VS—among evidence submitted by ComEd and other parties—were accepted to the record. The Administrative Law Judge marked the record heard and taken.

III. LEGAL STANDARDS

A. Statutory Framework

CEJA requires the Commission to take various actions to implement new programs, initiatives, and directives to further the goals of transitioning Illinois to 100% clean energy; supporting a responsible transition away from carbon-intensive power generation; increasing public participation in regulatory matters; and encouraging further diversity and inclusion within the renewable energy industry.[3] The performance incentive mechanisms (PIMs) and tracking metrics under review in this docket are a part of CEJA's comprehensive overhaul of the utility ratemaking process from the prior "formula rate" regime created by the Energy Infrastructure Modernization Act of 2011 (Illinois Public Act 97-616, or EIMA) to a new "performance-based ratemaking" regime described in new Section 16-108.18 of the Act. The new performance-based ratemaking regime is embedded within a much larger statutory framework intended to rapidly and urgently "mov[e] electric utilities toward the State's ambitious energy policy goals: protecting a healthy environment and climate, improving public health, and creating quality jobs and economic opportunities, including wealth building, especially in economically disadvantaged communities and communities of color." 220 ILCS 5/16-108.18(a)(4). Among many other provisions, CEJA

[3] *See* Illinois Commerce Commission, Climate and Equitable Jobs Act Implementation https://www.icc.illinois.gov/programs/climate-and-equitable-jobs-act-implementation.

includes a significant expansion of the state's renewable portfolio standard (RPS) under Section 1-75 of the Illinois Power Agency Act, a new Multi-Year Integrated Grid Planning process described in Section 16-105.17 of the Public Utilities Act (PUA), and a new Commission-led investigation into the value of distributed energy resources and "additive services" under Section 16-107.6(e) of the Act. The establishment of PIMs in this docket must be understood in context of this larger statutory framework. *See* 220 ILCS 5/16-108.18(e)(1) ("Building upon the State's goals to increase the procurement of electricity from renewable energy resources, including distributed generation and storage devices, the General Assembly finds that electric utilities should make cost-effective investments that support moving forward on Illinois' clean energy policies.").

The Illinois General Assembly adopted performance-based ratemaking to "enable alignment of utility, customer, community, and environmental goals" by providing utilities with "targeted incentives" for achieving desired state policy goals. 220 ILCS 5/16-108.18(a). The purpose is to "better tie utility revenues to performance and customer benefits, accelerate progress on Illinois energy and other goals, ensure equity and affordability of rates for all customers, including low-income customers, and hold utilities publicly accountable." 220 ILCS 5/16-108.18(e).[4] To achieve this, CEJA directs the Commission to approve a suite of PIMs and "tracking metrics" for Illinois utilities that elect to pursue a Multi-Year Rate Plan under Section 16-108.18

[4] This paragraph contains additional legislative findings and objectives for performance-based regulation, stating that: "The electric industry is undergoing rapid transformation, including fundamental changes in how electricity is generated, procured, and delivered and how customers are choosing to participate in the supply and delivery of electricity to and from the electric grid. Building upon the State's goals to increase the procurement of electricity from renewable energy resources, including distributed generation and storage devices, the General Assembly finds that electric utilities should make cost-effective investments that support moving forward on Illinois' clean energy policies. It is therefore in the State's interest for the Commission to establish performance incentive mechanisms in order to better tie utility revenues to performance and customer benefits, accelerate progress on Illinois energy and other goals, ensure equity and affordability of rates for all customers, including low-income customers, and hold utilities publicly accountable." 220 ILCS 5/16-108.18(e)(1).

of the Act. 220 ILCS 5/16-108.18(e)(6)(A). The PIMs are cost-of-equity rewards or penalties tied to the utility's performance measured against utility-specific performance metrics established by the Commission for each utility. 220 ILCS 5/16-108.18(e)(2). Tracking metrics are used to collect and monitor utility performance on the established PIMs and potentially establish baseline data and additional information to support future performance metrics. 220 ILCS 5/16-108.18(e)(3). Each year, for the utilities that have selected a performance-based Multi-Year Rate Plan framework, the Commission will open a "performance evaluation proceeding" to assess the utility's "achievement of or failure to achieve its performance targets" and assign the appropriate basis-point incentives or penalties to be assessed as a surcharge on the next year's rates. 220 ILCS 5/16-108.18(f). Tracking metrics will be reviewed, but do not result in incentives or penalties.

The Commission, in this proceeding, will review and approve a set of PIMs and tracking metrics to apply in future performance evaluation proceedings for ComEd. The Commission may approve up to eight PIMs, with at least one metric from each of six designated statutory categories covering topics such as: affordable customer delivery costs, DER deployment, improved customer service, peak load reductions, supplier diversity, and reliability and resiliency. 220 ILCS 5/16-108.18(e)(2). The Commission must issue an order approving or modifying the utility's suite of proposed performance and tracking metrics by no later than September 30, 2022, several months before the utility must make its January 20, 2023, general rate case or multi-year rate plan election. 220 ILCS 5/16-108.18(e)(6)(A).

B. Statutory Criteria for Metrics

As mentioned above, the Commission must approve a minimum of six and maximum of eight PIMs, including at least one from each of six designated categories listed in Section 16-108.18(e)(2)(A) of the Act. The PIMs shall be "designed to achieve incremental improvements

over baseline performance values and targets, over a performance period of up to 10 years, and no less than 4 years." 220 ILCS 5/16-108.18(e)(2).

220 ILCS 5/16-108.18(e) requires performance metrics to include multiple distinct components and satisfy certain minimum requirements. PIMs must include "a description of the metric, a calculation method, a data collection method, annual performance targets, and any incentives or penalties for the utility's achievement of, or failure to achieve, their performance targets." 220 ILCS 5/16-108.18(e)(2)(B). Metrics must be "reasonably within the control of the utility to achieve" and may not be "solely expected to have the effect of reducing the workforce." 220 ILCS 5/16-108.18(e)(2)(D). Where possible, PIMs should include one year of tracking data so that a "baseline" and outcomes can be accurately measured. 220 ILCS 5/16-108.18(e)(2)(E). PIMs must also result in "benefits [that] exceed costs for customers," based on a methodology established by the Commission "that includes customer and societal costs and benefits and quantifies the effect on delivery rates." 220 ILCS 5/16-108.18(e)(2)(F).

The Solar Intervenors' respective testimony focuses primarily on two components of the fifth category of required PIMs, which pertains to the interconnection and deployment of DERs to create consumer and grid benefits:

> (v) **Metrics designed around the utility's timeliness to customer requests for interconnection in key milestone areas, such as: initial response, supplemental review, and system feasibility study**; improved average service reliability index for those customers that have interconnected a distributed renewable energy generation device to the utility's distribution system and are lawfully taking service under an applicable tariff; offering a variety of affordable rate options, including demand response, time of use rates for delivery and supply, real-time pricing rates for supply; comprehensive and predictable net metering, and **maximizing the benefits of grid modernization and clean energy for ratepayers**; and improving customer access to utility system information according to consumer demand and interest.

220 ILCS 5/16-108.18(e)(2)(A)(v) ("Metric 5").

Although Metric 5 is described in short-hand by some parties as the "interconnection metric," the topics listed in the statute focus broadly on the potential for DERs to create grid value and other customer benefits. Solar Intervenors therefore refer to Metric 5 herein as the "DER Metric."

Solar Intervenors' proposed DERIUV metric meets each one of the statutory requirements in Section 16-108.18(e). As discussed further below, the proposed DERIUV metric is well within the broad statutory scope of the DER Metric category and is much more closely tied to the broader objectives of CEJA to maximize the benefits of DERs for ratepayers than ComEd's narrow interconnection metric that focuses only on timeliness of achieving interconnection milestones mandated by Commission's Part 466 interconnection standards. Moreover, unlike ComEd's interconnection proposal, the DERIUV metric results in net benefits to customers because the shared savings approach of the DUV component of the metric ensures that the utility is rewarded only upon delivering net savings to ratepayers (the Solar Intervenors discuss this further in Section V of this brief, "Proposed Net Benefits Methodologies", *infra*).

C. Standard for Approval

220 ILCS 5/16-108.18(e)(2) sets forth the Commission's standard for approval in this case. It states:

> The Commission shall approve, based on the substantial evidence proffered in the proceeding initiated pursuant to this subsection performance metrics that, to the extent practicable and achievable by the electric utility, encourage cost-effective, equitable utility achievement of the outcomes described in this subsection (e) while ensuring no degradation in the significant performance improvement achieved through previously established performance metrics.

220 ILCS 5/16-108.18(e)(2). Subject to the statutory minimum requirements discussed above, this decision standard provides the Commission with substantial discretion to approve or modify a suite of performance metrics based on the testimony and recommendations offered by

the utility and intervening parties. Therefore, the Commission should look to the entirety of CEJA's statutory framework and legislative findings to guide its review of the PIMs and tracking metrics that the parties have proposed in this docket. *See* 220 ILCS 5/16-108.18(a) (laying out legislative findings and objectives).

Importantly, the General Assembly intended CEJA's performance-based regulation framework to be transformative and not merely incremental. Among the key legislative findings for the new PBR regime is the General Assembly's recognition that the prior regulatory regime, including EIMA's formula rates, "have not been sufficiently transformative in urgently moving electric utilities toward the State's ambitious energy policy goals." *Id*. CEJA cites the "urgency" of addressing climate change and assisting communities that have "borne disproportionate impacts." *Id.* Addressing these urgent challenges "requires changes to the business model under which utilities in Illinois have traditionally functioned." *Id.* The General Assembly thus directs the Commission to "complete a transition" to a "comprehensive performance-based regulation framework" that better aligns utility compensation to achievement of the state's ambitious climate and equity goals. *Id.*

The statutory goals and objectives in Section 16-108.18 indicate clear legislative intent for the Commission to approve PIMs that challenge utilities in transformative ways and that do not just reward the utility for incremental improvements over business-as-usual. As the Staff's Post-Workshop Report recommends, performance metrics should result in "meaningful achievement of desired objectives":

> Performance metrics should incentivize utilities to achieve goals that are not otherwise incented elsewhere. They should also ensure utilities are not rewarded

> for achieving what is already required and expected from Illinois public utilities, but awards utilities for achieving outcomes beyond the expected.[5]

CEJA requires the Commission to approve performance metrics in this docket while reserving the implementation details for future proceedings. Importantly, the Act identifies the Multi-Year Integrated Grid Plans (filed under Section 16-105.17 of the Act) as the place where the utilities must propose "[a] detailed plan" for achieving the performance metrics approved by the Commission in this docket. 220 ILCS 5/16-105.17(f)(2)(J). Each Grid Plan must "propose distribution system investment programs, policies, and plans designed to … achieve the metrics approved by the Commission pursuant to Section 16-108.18 of this Act." 220 ILCS 5/16-105.17(f)(1)(B). Grid Plans must also include "holistic consideration" of related utility programs to "coordinate" their implementation and "maximize the benefits" of each. 220 ILCS 5/16-105.17(f)(4).

Consistent with the structure of CEJA and the central role of the Grid Plans, the witnesses for each of the Solar Intervenors proposed the DERIUV performance metric and supporting tracking metrics for approval in this docket, recognizing that some of the details and related programs ComEd will implement to achieve the metric will be developed in the Multi-Year Grid Plans and other forthcoming proceedings, as required by the statute.

IV. PROPOSED PENALTIES AND INCENTIVES STRUCTURE

A. Proposed Total Number of Basis Points

B. Proposed Overall BPS Allocation

The Solar Intervenors describe their proposed basis points allocation to the DERIUV metric in Section VI, below. The Solar Intervenors would not object, however, to a basis point

[5] Performance and Tracking Metrics Workshop Summary, ICC Staff Report to the Commission (co-authored with Rocky Mountain Institute), (Dec. 1, 2021) at pp. 31-32, , available at: https://icc.illinois.gov/informal-processes/Electric-Utility-Performance-and-Tracking-Metrics.

allocation that varies from that proposal, provided the structure of the underlying performance metric remains intact.

C. BPS Assignment Method (by Metric)

V. PROPOSED NET BENEFITS METHODOLOGIES

A. The Commission Must Approve Performance Metrics that are Cost-effective and Ensure that "Benefits Exceed Costs for Customers."

Cost-effectiveness is a key pillar of the PBR section of CEJA. CEJA expressly envisions three distinct processes—comprehensive grid planning, ratemaking and the establishment of performance incentives—to coordinate, such that each utility's resulting "performance-based ratemaking framework" (which is a product of the three aforementioned processes) leads the utility to:

- "make **cost-effective** investments that support achievement of Illinois' clean energy policies, including, at a minimum, investments designed to integrate distributed energy resources . . .", and;
- "choose **cost-effective** assets and services, whether utility-supplied or through third-party contracting, considering both economic and environmental costs and the effects on utility rates, to deliver high quality service to customer at least cost."

220 ILCS 5/16-108.18(c) (emphasis added) (listing objectives that utility's performance-based ratemaking framework should be designed to accomplish); *see also* 220 ILCS 5/16-108.18(e)(1) ("the General Assembly finds that electric utilities should make cost-effective investments that support moving forward on Illinois' clean energy policies).

To that end, the Act requires the Commission to develop, in this proceeding:

> **a methodology to calculate net benefits** that includes customer and societal costs and benefits and quantifies the effect on delivery rates. In determining the appropriate level of a performance incentive, the Commission shall consider: the extent to which the amount is likely to encourage the utility to achieve the performance target in the least cost manner; the value of benefits to customers, the grid, public health and safety, and the environment from achievement of the performance target, including in particular benefits to equity investment eligible community; the affordability of customer's electric bills, including low-income customers, the utility's revenue requirement, the promotion of renewable and

> distributed energy, and other such factors that the Commission deems appropriate. **The consideration of these factors shall result in an incentive level that ensures benefits exceed costs for customers**.

220 ILCS 5/16-108.18(e)(2)(F) (emphasis added). Further, the Act requires that the Commission approve, in this proceeding, performance metrics that each "encourage cost-effective, equitable utility achievement" of the several outcomes listed in the "performance incentive mechanisms" section of the Act (220 ILCS 5/16-108.18(e)). In other words, the Act does not require that ComEd or any party supply a methodology to calculate net benefits.[6] The Act does**,** however, prohibit the Commission from approving any performance metric that is not cost-effective.

B. ComEd's Proposed "Interconnection Timeliness Metric" is not Cost-effective and Would Lead to a Windfall for Utility Shareholders.

ComEd's benefit-cost analysis for its proposed interconnection metric (ComEd Exhibit 11.0 (Rev.) at 43-45) is structurally unsound, inconsistent with the requirements of the Act, and would result in substantial net costs to customers and a windfall to the Company's shareholders. The Commission should reject it.

1. *ComEd's benefit-cost methodology is structurally unsound because it treats incentive payments to ComEd's shareholders as a "benefit" to consumers, in violation of the Act's express requirements.*

ComEd did not prepare a formal benefit-cost analysis to support its proposed suite of metrics in this case, but it did file testimony from a consulting firm recommending "methodological approaches" for the Commission to consider when evaluating the cost-effectiveness of individual performance metrics. (ComEd Exhibit 11.0 at 5) The consultants' proposed methodology identifies a modest annual net benefit of approximately $335,000 per year for the interconnection metric (based entirely on reduced electric service costs for DER

[6] The Solar Intervenors note that ComEd appears to agree with this interpretation of the Act. See ComEd Ex. 25.0 at 2-3.

customers), but the methodology is flawed because it assumes that these benefits can be achieved at zero net costs. (ComEd Exhibit 11.0 at 45) ("We have assumed a value of zero costs for the purposes of the cost-benefit analysis.") This raises two important questions: (1) If ComEd can reduce interconnection processing time at zero cost, why is it not doing so already? and (2) If ComEd can reduce interconnection processing time at zero cost, why is it requesting millions of dollars in performance incentives in this docket for such an easy and cost-free task?

Even worse, ComEd's proposed benefit-cost methodology omits the substantial incentive costs (up to $5,852,000 in added earnings or $8,185,000 when grossed up for taxes) that would be paid to the Company if the Company were to achieve its goals under the Interconnection Timeliness Metric.[7] ComEd invites the Commission to effectively divorce its assessment of the cost-effectiveness of any metric from its assessment of the number and cost of the basis points that should be applied to that metric. (ComEd Exhibit 11.0 at 22)

The Act does not support ComEd's extraordinary approach. There is no reason that the Commission should disregard incentives—which, if earned by the Company, will be paid by ComEd's customers—when evaluating the costs and benefits associated with any performance metric. Section 16-108.18(e)(2)(F) of the Act requires an incentive level that "ensures benefits exceed costs *for customers.*" 220 ILCS 5/16-108.18(e)(2)(F) (emphasis added). The incentives accruing to ComEd's shareholders are not benefits "for customers." On the contrary, there is no dispute that the incentive received by the Company's shareholders will be paid by the Company's

[7] *See* JSP Exhibit 2.0 at 7. If the Company were to achieve between 12 and 15.99 days-saved in 2024, for example, it proposes a 5-basis point incentive of $2,926,000 in additional annual earnings, or $4,092,500 (grossed up for taxes) in additional revenue requirements from customers. If the Company were to achieve 16 or more days-saved, it proposes a 10-basis point incentive of $5,852,000 in added earnings or $8,158,000 when grossed up for taxes. The JSP estimate ComEd's added earnings and incremental revenue requirements based on the Company's estimates that each basis point is worth about $585,200 in increased annual earnings, which when grossed up for taxes is $818,500 per basis point in increased revenue requirement. (*See* JSP Exhibit 1.0 at 25)

ratepayers through delivery service rates. As such, these incentive payments are "costs" to ratepayers. The statute therefore requires that ComEd reflect incentives as costs in the benefit-cost analysis.

ComEd's benefit-cost approach would establish perverse incentives and absurd results because it asks the Commission to ignore the transfer of value from the Company's customers to its shareholders—no matter how large that transfer is. ComEd's approach, taken to its logical conclusion, suggests that the Commission must ignore any imbalance between the potential for shareholder profit and potential customer benefits from a performance incentive mechanism—no matter how large the imbalance between shareholder profit and customer benefit. Nothing in the Act requires this absurd result or compels the Commission to adopt such an interpretation and award a windfall to ComEd's shareholders. To the contrary, the statute expressly prohibits this result.

ComEd's reading of the Act, if adopted by the Commission, would encourage the utility to propose increasingly modest performance metrics, at minimum cost to the Company and delivering correspondingly low benefits to customers, just so that the utility had the opportunity to maximize its return to shareholders. The Commission should adopt a methodology that is consistent with CEJA's requirements and accounts for incentives paid to the Company by ratepayers as a cost in its net benefits analysis. This would require the utility to propose performance metrics that deliver customer benefits that outweigh customer costs inclusive of upside incentives, as required by Section 16-108.18(e)(2)(F) of the Act. When the full costs and benefits are viewed from its customers' perspective, as required by law, ComEd's proposed interconnection metric results in substantial net *costs* to customers, as discussed further below.

2. *Applying an appropriate benefit-cost methodology that complies with the Act, ComEd's Interconnection Timeliness Metric has a substantial net cost to ratepayers.*

If ComEd were to correctly reflect the cost associated with the incentive payment it proposes in its benefit-cost analysis, the total cost of the Company's proposed Interconnection Timeliness Metric increases to up to $8,158,000 per year. Based on ComEd's projections, the Interconnection Timeliness Metric would produce total benefits to end-users (not ratepayers) of between $335,167 and $488,793, depending on the number of "days saved." (ComEd Exhibit 11.0 at 45)[8] Dividing those modest benefits by the significant costs of ComEd's requested basis-point incentives produces a benefit cost ratio of .05 in 2024, rising to .06 in 2027. Put another way, ComEd's proposal would offer the Company's shareholders an enormous windfall in return for an added burden so small that ComEd failed to quantify it. While the Solar Intervenors have explained several other reasons why the Commission should reject ComEd's proposed Interconnection Timeliness Metric, the fact that the Company's proposal is demonstrably cost-*ineffective* is a sufficient basis for the Commission to reject the Company's proposal. Put simply, ComEd's proposal violates 220 ILCS 5/16-108.18(e)(2)(F), which requires "an incentive level that ensures benefits exceed costs for customers."

C. The DERIUV Metric is Cost-effective by Definition.

In contrast with ComEd's highly costly Interconnection Performance Metric, the DERIUV metric is, by definition, cost-effective. That is because the incentive paid to the Company under the "DER Utilization for Value" component of the DERIUV metric is indexed to the net ratepayer savings that the Company achieves by deploying and utilizing DERs. (JSP Exhibit 1.0 at 53-54;

[8] ComEd estimates $335,167 in benefits for 12 days saved (ComEd Ex. 11.0 at 45, ComEd Ex. 25.0 at 7), or $27,931 per day saved. ComEd proposes a 10-basis point incentive for 16 days saved in 2024, and the same incentive for 17.5 days saved 2027. (ComEd Ex. 9.0 at 11) 16 days saved multiplied by $27,931 per day saved equals $446,896. 17.5 days saved multiplied by $27,931 per day saved equals $488,793.

JSP Exhibit 2.0 at 33-34) The DUV component is designed such that any incentive earned by the Company reflects only a portion of the net savings that ratepayers realize. (JSP Exhibit 2.0 at 33-34) More specifically: JSP and ELPC/VS propose a "Sharing Factor" of 25%, which means that—for example—if the Company were to achieve $5,000,000 in net savings, the Company would earn a $1,000,000 in incentives and customers would realize $4,000,000 in savings.[9] This design ensures that even in a scenario where ComEd earns the maximum incentive under the DERIUV metric (7 basis points per year or $4,096,400), over the course of the four-year rate plan, ComEd's ratepayers will save more money than the incremental costs they will collectively pay through rates, because the Company would have had to achieve $11,700,000 in net savings to earn the entire 5 basis points available under the DUV component of the incentive. The Commission should therefore find that the DERIUV metric meets the Act's cost-effectiveness requirement because, unlike ComEd's proposal, the DERIUV metric "result[s] in an incentive level that ensures benefits exceed costs for customers." 220 ILCS 5/16-108.18(e)(2)(F).

VI. PROPOSED PERFORMANCE METRICS

A. Proposed Performance Metrics Falling Within Section 16-108.18(e)(2)(A)(i) (reliability, resilience, power quality)

1. *ComEd Proposals*

ComEd's application and Direct Testimony did not propose a performance metric that focused on reliability and resilience in environmental justice communities as required by Section 16-108.18(e)(2)(A)(i). In response to Staff and other intervenor testimony, however, ComEd put forward a revised Performance Metric Plan on rebuttal which added a new Metric 2 called the "EJ and R3 Communities Reliability and Resiliency Based on SAIDI" metric. ComEd's new Metric 2

[9] JSP Exhibit 2.4 at 3-4. Under the design of the DERIUV metric, those savings are net of costs, and therefore are net benefits to customers.

would measure the aggregate SAIDI for customers located in Environmental Justice (EJ) communities and low-income communities eligible for grant funding (R3) within ComEd's service territory for each calendar year during the ten-year period 2024 through 2033. (ComEd Exhibit 5.0 at 27)

While ComEd's Metric 2 represents an improvement, it still does not fully meet the intent of the Act to establish Illinois as a leader in the area of locational reliability in environmental justice communities. As Mr. Kenworthy explains in his Rebuttal Testimony, ComEd's metric is "one-dimensional" in that it only considers SAIDI and therefore "ignores other important dimensions of reliability and resilience that are addressed in the RRVC metric." (ELPC-VS Exhibit 2.0 at 7) Further, ComEd's metric does not distinguish between communities that have different geographical and population densities. (*Id*.) Therefore Mr. Kenworthy recommends approval of the Reliability and Resiliency in Vulnerable Communities (RRVC) metric as described below.

2. *Other Proposals*

The Solar Intervenors support the RRVC metric proposed by EDF/CUB witness Barbeau (CUB/EDF Exhibit 1.0 at 18) and supported by ELPC/VS witness Kenworthy. (ELPC-VS Exhibit 1.0 at 21)

CEJA requires the reliability metric to focus on improvements in locational reliability, resiliency, and power quality, "including and particularly in environmental justice and equity investment eligible communities." 200 ILCS 5/16-108.18(e)(2)(A)(i). Further, the statute requires that "Metrics related to reliability shall be implemented to ensure equitable benefits to environmental justice and equity investment eligible communities, as defined in this Act." 200 ILCS 5/16-108.18(e)(2)(C).

In his direct testimony, Mr. Kenworthy supported EDF/CUB Witness Andrew Barbeau's proposed RRVC metric. (ELPC-VS Exhibit 1.0 at 21) Mr. Kenworthy's testimony discussed steps

that other Midwest states have been taking to assess and improve locational reliability, including in Minnesota and Michigan. (*Id.*) He concluded that the proposed RRVC metric "improves on the recent work done in this area in Michigan and Minnesota" (*Id.*)

As noted by Mr. Kenworthy, "CEJA launched Illinois into a leadership role" with a clear statutory intent to ensure equitable service quality in environmental justice and other disadvantaged communities. (ELPC-VS Exhibit 1.0 at 21) Therefore, the Commission should approve Mr. Barbeau's proposed RRVC metric to "ensure that Illinois utilities do not lag behind utilities in neighboring states on developing tools to assess locational reliability and equity." (*Id.*)

3. *Basis Points*

B. Proposed Performance Metrics Falling Within Section 16-108.18(e)(2)(A)(ii) (peak load)

1. *ComEd Proposals*

ComEd proposes a peak load reduction metric that includes counting "new solar programs and projects verified by third-party analysis as being a direct result of ComEd metric activities" toward achieving peak load reduction targets. (ComEd Exhibit 20.0 at 8-9)

2. *Other Proposals*

Solar Intervenors support the adoption of metrics that specifically incentivize the use of DERs to provide peak load reduction benefits. Solar, energy storage, and other DERs (including EVs) provide substantial peak load reduction potential. (JSP Exhibit 1.0 at 37) While ComEd's proposal indicates that certain verified solar programs and projects could count toward achieving the Company's proposed peak reduction targets, it does not appear that other DERs, such as battery energy storage are included in the Company's proposal. Moreover, it is not clear what criteria a third-party evaluator would use to determine which solar programs or projects are a direct result of "ComEd's metric activities." Thus—as discussed further below—in the event the Commission

adopts the Company's peak load reduction proposal, "solar programs and projects" allowed to count toward peak load reduction should include energy storage as well as solar.

Moreover, in the event the Commission approves a peak load reduction metric that counts DERs toward the target goals, peak load reduction from DERs that *exceed* the targets and available basis points approved for the peak load reduction metric should be eligible for incentives under the DERIUV metric. This will ensure the Company is appropriately incentivized to maximize cost-effective peak load reduction benefits from DERs, but that it is not double earning incentives for the same peak load reduction benefits under both metrics.

In the event that the Commission approves a peak load reduction metric that does not count DERs toward the achievement of peak reduction targets, any peak load reduction benefits achieved by DERs should be available for incentives under the DERIUV metric, as discussed further below.

Thus, Solar Intervenors urge the Commission to ensure the peak load reduction benefits of DERs are captured under either (a) the DERIUV metric or (b) the peak load reduction **and** the DERIUV metric and ensure the appropriate safeguards are in place to prevent double recovery.

3. *Basis Points*

C. Proposed Performance Metrics Falling Within Section 16-108.18(e)(2)(A)(iii) (supplier diversity)

1. *ComEd Proposals*

2. *Other Proposals*

3. *Basis Points*

D. Proposed Performance Metrics Falling Within Section 16-108.18(e)(2)(A)(iv) (affordability)

1. *ComEd Proposals*

2. *Other Proposals*

3. *Basis Points*

E. Proposed Performance Metrics Falling Within Section 16-108.18(e)(2)(A)(v) (interconnection)

Solar Intervenors urge the Commission to reject ComEd's proposed Metric 5 and approve the DERIUV metric proposed in the testimonies of JSP witness Karl Rábago and ELPC/VS witness Will Kenworthy.

The statutory language of Metric 5 – referred to herein as the "DER Metric" – contains broad language focused on the deployment, integration, and utilization of DERs to create customer value and "maximiz[e] the benefits of grid modernization and clean energy for ratepayers." 220 ILCS 5/16-108.18(e)(2)(A)(v). Whereas ComEd's Interconnection Timeliness proposal ignores that statutory language, the Solar Intervenors' proposed DERIUV metric faithfully implements it.

1. *ComEd Proposals*

ComEd's proposed DER Metric provides incentives for the Company to improve the timeliness with which it processes interconnection applications as compared to the Commission's "Part 466" interconnection standards.[10] The Solar Intervenors support improvements in the Company's performance in processing interconnection applications; however, the Company's proposed metric is unreasonably narrow and does not address the Act's clear intent that utilities also improve their performance in *integrating* DERs into system planning and operations to provide high-quality cost-effective service to customers and deliver on the state's clean energy goals. Moreover, the Company requests the Commission approve $8,185,000 (or $5,852,000 after taxes) per year in performance incentives for the Company to reduce the time it takes to process various interconnection-related tasks under the Part 466 rules.[11] (JSP Exhibit 2.0 at 6-7, *see also*

[10] 83 Ill. Adm. Code Part 466.

[11] Assuming the Company's proposal for 10 basis points. Under the Company's alternative proposal recommending 7 basis points if the Commission approves a total of 40 basis points across all metrics, the Company requests the Commission approve annual incentives of $5,729,500 (or $4,095,000 after taxes) (*see* ComEd Exhibit 23.0 at 7).

id. at 6*,* FN 5 noting the Company estimates each basis point is worth $818,500 before taxes and $585,200 after taxes.) Improvements in interconnection processing are an important area of focus to support increased deployment of clean energy resources; however, standing alone, these improvements do not deliver on the core objectives of CEJA, which include the actual integration of DERs to maximize the grid modernization and clean energy benefits for ratepayers. Moreover, as discussed above in Section V "Proposed Net Benefits Methodologies," the undisputed evidence produced by ComEd in this docket reveals that its proposed interconnection metric will result in significant net costs to customers, thereby violating the Act's cost-effectiveness requirement at 220 ILCS 5/16-108.18(e)(2)(F). (JSP Exhibit 2.0 at 8; ELPC-VS Ex. 2.0 at 12)

Rather than demonstrating the cost-effectiveness of its proposal, as required by law, ComEd cites only "feedback in the performance metrics workshops" that stakeholders consider interconnection timeliness to be important. (ComEd Ex. 23.0 at 14) The Solar Intervenors indeed agree that interconnection timeliness is important. The key issue here, however, is whether ComEd has justified over $5 million in incentive payments per year for small improvements on the timelines required by Part 466 and whether such a performance incentive results in "benefits [that] exceed costs for customers" as required by Section 16-108.18(e)(2)(F). ComEd's proposal to earn more than $5 million in incentive payments in exchange for customer benefits of less than $500,000 per year fails to even come close to meeting this standard.

The Company proposes 10 basis points in incentives for achieving the incremental improvement target. This would put ratepayers on the hook for $23,400,000 in increased shareholder earnings after taxes (and $32,740,000 in total ratepayer costs) over the course of the four-year multi-year rate plan in comparison to ComEd's estimated maximum end-user benefits of between $335,167 to $488,793 over the four-year period. (ComEd Exhibit 11.0 at 45) This is a

grossly disproportionate level of utility reward to risk and utility reward to ratepayer benefit. In addition to violating the Act's explicit cost-effectiveness requirement, it would be unjust and unreasonable for the Commission to reward ComEd shareholders performance incentive worth between 16 to 23 times the estimated benefits resulting from the Company's activity.

2. *Other Proposals*

In contrast to the Company's proposal, the Solar Intervenors' proposed DERIUV Metric described in detail below in JSP witness Rábago and ELPC/Vote Solar witness Kenworthy's rebuttal testimony, results in net-benefits to ratepayers by incentivizing the Company to not only improve interconnection performance, but also *integrate* DERs into its system planning and operations to deliver ratepayer savings, advance Illinois' ambitious clean energy and climate goals, and provide other public benefits.

a. CEJA's Statutory Language for the DER Metric Focuses on DER Integration and Customer Value, Not Just Interconnection Timeliness.

For Metric 5 – the DER Metric— CEJA directs the Commission to adopt:

> **Metrics designed around the utility's timeliness to customer requests for interconnection in key milestone areas, such as: initial response, supplemental review, and system feasibility study**; improved average service reliability index for those customers that have interconnected a distributed renewable energy generation device to the utility's distribution system and are lawfully taking service under an applicable tariff; offering a variety of affordable rate options, including demand response, time of use rates for delivery and supply, real-time pricing rates for supply; comprehensive and predictable net metering, **and maximizing the benefits of grid modernization and clean energy for ratepayers**; and improving customer access to utility system information according to consumer demand and interest.

220 ILCS 5/16-108.18(e)(2)(A)(v) (emphasis added).

As discussed above, ComEd construes this section narrowly to allow for a metric focused solely on timeliness of various steps in the Part 466 interconnection process. However, interconnection "timeliness" is not the sole, or even the overarching, objective of the DER Metric

paragraph in CEJA (220 ILCS 5/16-108.18(e)(2)(A)(v)). Instead, the balance of the paragraph focuses on activities that create *customer benefits* from deployment of DERs, such as "improved average service reliability," and "maximizing the benefits of grid modernization and clean energy for ratepayers." *Id*.

Importantly, several of the statutory elements in the DER Metric paragraph require the utility to adopt or implement new programs that create value and other benefits for customers—such as adopting "affordable rate options" such as "demand response, time of use rates, [and] real-time pricing" or "improving customer access to utility system information." *Id.* None of these statutory factors and programs have anything to do with "timeliness" of interconnection. They are all broader activities focused on creating customer and ratepayer *value and other benefits.*

ComEd witness Daniel Gabel, who admittedly is not a lawyer, designed the Company's metric based on an erroneous reading of the statute that led him to solely focus on "the utility's timeliness to customer requests for interconnection." (ComEd Ex. 9.0 at 13) Mr. Gabel's narrow interpretation of the statute is incorrect. The plain language of the statute contemplates a much broader set of potential DER-related activities. Indeed, the concept of "timeliness" is limited to the first clause of the paragraph (behind the first semicolon). The words "such as" in the first sentence of the paragraph refer only to the three listed examples of interconnection-related "key milestone areas" under the Part 466 Rules— "initial response, supplemental review, and system feasibility study." "Timeliness of customer requests for interconnection" has nothing to do with the other activities and statutory goals in the remainder of the paragraph, such as "offering a variety of affordable rate options" or "improving customer access to utility system information." *See* 220 ILCS 5/16-108.18(e)(2)(A)(v). It therefore would make no sense to read the "such as" clause in the first sentence to swallow the rest of the paragraph. As such, the performance metric adopted

pursuant to the DER Metric category should include performance metrics targeting the broad scope of listed categories, including "maximizing the benefits of grid modernization and clean energy for ratepayers"; it is not limited to "timeliness of customer requests to interconnection."

All of the traditional rules of statutory interpretation support a broader reading of the statute than that offered by ComEd. First, the Commission "should construe a statute to give a reasonable meaning to all words and sentences so that no part is rendered superfluous." *People v. Glisson*, 202 Ill. 2d 499, 505, 782 N.E.2d 251, 255 (2002). ComEd's narrow focus on "timeliness" would render the majority of the paragraph superfluous. Second, the Commission "should evaluate a statutory provision as a whole rather than reading phrases in isolation." *Id.* at 506. When read in the context of CEJA as a whole, the DER Metric category clearly reflects the General Assembly's intent for the Commission to adopt metrics that advance fundamental objectives in improving utility performance in facilitating the interconnection *and integration* of energy storage, solar energy, electric vehicles, and other DER technologies into utility planning and system operations. The goal is not just "more" DERs interconnected more quickly, but the *integration* of these resources into the utility planning and system operations to "substantially change the makeup of the grid and protect Illinois residents and businesses from potential economic and environmental harm from the State's energy systems." *See* 220 ILCS 5/16-108.18(a)(1).

Indeed, CEJA directs that the PBR framework be designed to accomplish, among other objectives, directing "electric utilities to make cost-effective investments that support achievement of Illinois' clean energy policies, *including, at a minimum, investments designed to integrate distributed energy resources* . . .." and choose cost-effective assets and services, whether utility-supplied *or through third-party contracting* . . . to deliver high-quality service to customers at least cost." 220 ILCS 5/16-108.18(c)(3)-(4) (emphasis added).

The "urgency around addressing the increasing threats from climate change and assisting communities that have borne disproportionate impacts from climate change []" and the need for "urgently moving electric utilities toward the State's ambitious energy policy goals []" 220 ILCS 5/16-108.18(a)(2), (4) underscores the need to align the Company's earning opportunities with the integration of DERs through the metrics developed in this proceeding. The DER Metric approved by the Commission should therefore reflect the urgent need for the Company to integrate DERs into system planning and operations to deliver ratepayer savings, meet clean energy and climate goals, and provide other public benefits described in CEJA.

In light of this broader statutory context, it would lead to an absurd result to read the "such as" clause in the DER Metric category to swallow the entire paragraph in a way that would reduce the scope of the Metric to be merely about "timeliness" of customer interconnection. That is clearly not what the legislature intended when it adopted the broad DER-related goals in CEJA. *Glisson*, 202 Ill. 2d at 505 ("courts may assume that the legislature did not intend absurdity, inconvenience or injustice to result from legislation"). The Commission should reject ComEd's unreasonably narrow reading of the DER Metric category and interpret this section of the Act to require a performance metric that includes steps the Company can take to integrate, deploy, and utilize DERs to "maximiz[e] the benefits of grid modernization and clean energy for ratepayers." 220 ILCS 5/16-108.18(e)(2)(A)(v).

b. Solar Intervenors' Proposed DERIUV Metric Reflects the Broader Intent of the DER Metric to Create Grid Value and Customer Benefits.

The DERIUV metric combines two of the major statutory elements identified in the Act's DER Metric category: improving utility performance in (1) interconnection processing and (2) integrating DERs to maximize the benefits of grid modernization and clean energy for ratepayers. *See* 220 ILCS 5/16-108.18(e)(2)(A)(v). Improvement in utility performance on interconnection

timeliness improves the developer and customer experience in DER installation. Improvement in the integration of DERs to meet grid needs ensures that the deployment of DERs creates grid value in a manner that provides benefits of grid modernization and clean energy to all ratepayers. Together, the component parts of the DERIUV metric measure two performance categories specifically identified in the DER Metric category of the Act to deliver on key CEJA objectives.

ELPC/VS witness Will Kenworthy presents Part I of the combined DERIUV metric—the Interconnection Index. (ELPC/VS Exhibit 2.0) The Interconnection Index proposed by Mr. Kenworthy is based on ComEd's Baseline and Target Performance sections of ComEd's interconnection timeliness metric (Sections V(A)(i) and V(A)(ii) of ComEd Ex. 4.01 at 12-13.) The specific methodology for calculating incentives and penalties is explained in JSP Exhibit 2.4.

JSP witness Karl Rábago presents Part II of the combined DERIUV metric—the DER Utilization for Value ("DUV") component. (JSP Exhibit 2.0) The DUV component measures the utility's performance in utilizing DERs to maximize grid modernization and clean energy benefits for ratepayers. The DUV component incentivizes the utility to facilitate the integration and utilization of DERs by: (1) identifying grid needs that can be beneficially and cost-effectively served by DERs, and (2) implementing the programs and other market participation pathways needed to unlock that value. The DUV component is fundamentally anchored in aligning the utility's earning opportunity with achieving the CEJA goals of maximizing grid modernization and clean energy benefits.

While the DERIUV metric does indeed have two components, it is not "two separate and distinct metrics" as ComEd witness Gabel asserts in his surrebuttal testimony. (ComEd Exhibit 23.0 at 18) As further explained below, the DERIUV has a symmetric upside incentive and downside penalty across all four years of the performance period. The two components of the

DERIUV metric, working in tandem, target the deployment and utilization of DER, as envisioned by Section 16-108.18(e)(2)(A)(v) of the Act. If the Commission adopts the DERIUV metric, ComEd's performance with respect to deploying and integrating DERs will result in a single incentive or penalty value in any given year—just like any of the other performance metrics that the Commission will approve. Contrary to Mr. Gabel's assertions, therefore, the Solar Intervenors' proposal does not require the Commission to approve *two* separate metrics. The mechanics for implementing the DERIUV metric are summarized in a shared exhibit attached to Mr. Kenworthy and Mr. Rábago's respective rebuttal testimonies and further detailed below. (ELPC/VS Ex. 2.01R; JSP Ex. 2.4)

i. Calculation Method

The Interconnection Index component of the metric provides incentives and penalties tied to the Company's performance in completing interconnection tasks ("Tasks") identified in the Part 466 interconnection rules. The Interconnection Index largely adopts the Metric Description and Baseline and Target Performance sections of ComEd's Metric 7 (Sections V(A)(i) and V(A)(ii) of ComEd Exhibit 4.01 at 12-13) but proposes an alternative incentive and penalty structure discussed below.

The DUV component is an "upside only" component to the metric with earning incentives tied to the Company achieving net savings by utilizing DERs to provide grid services.[12] As described in more detail in Mr. Rábago's testimony, the specific value of net savings from DER-related grid services will be established, in part, through the Commission-led investigation into DER value and "additive services" under Section 16-107.6(e) of the Act. Because no additive services value has been identified or captured in prior years, the baseline is $0. "Net savings"

[12] "Upside only" means that there are no penalties attached to this part of the metric. Overall symmetry is achieved through the combination of both parts of the combined DERIUV metric, as explained below.

reflects the customer and system savings after accounting for program costs, including any return allowed on additive service rebates under 220 ILCS 5/16-107.6(e). To provide substantial benefits to customers and a reasonable earning incentive to the utility, customers would retain 75% of the net savings and the Company would earn 25% of the net savings, up to the cap of 5 basis points. The total incentive amount the Company can earn is calculated by multiplying the net savings times 25% (the Company's "Sharing Factor"). If net savings are greater than the amount equal to five basis points, 100% net savings greater than the 5-basis point cap would accrue to ratepayers.

The incentive level of compensation for DUV is calculated by the following formulae:

(1) Realized System Savings – Program Costs = Net Savings

(2) Net Savings X Sharing Factor = Incentive Amount ($)

(3) Incentive Amount / Revenue Requirement per Basis Point = Incentive Amount (BP)

The following table from Mr. Rábago and Mr. Kenworthy's joint exhibit illustrates the calculation method and results.

Sample Incentive Earnings for DER Value

Net Savings = Realized system savings - program costs
1 basis point = $585,000 in incentives
Sharing Factor = 25% of Net Savings
Maximum Incentive = $2,925,000 (5 basis points)

Net Savings	Sharing Factor	Incentive ($)	Incentive (BP)
$500,000	25%	$125,000	0.21
$1,000,000	25%	$250,000	0.43
$2,000,000	25%	$500,000	0.85
$3,000,000	25%	$750,000	1.28
$4,000,000	25%	$1,000,000	1.71
$5,000,000	25%	$1,250,000	2.14
$6,000,000	25%	$1,500,000	2.56
$7,000,000	25%	$1,750,000	2.99
$8,000,000	25%	$2,000,000	3.42
$9,000,000	25%	$2,250,000	3.85
$10,000,000	25%	$2,500,000	4.27
$11,000,000	25%	$2,750,000	4.70
$11,700,000	25%	$2,925,000	5.00
> $11,700,000	25%	$2,925,000	5.00

(ELPC/VS Exhibit 2.01R at 5; JSP Exhibit 2.4 at 5)

ii. Data Collection Method

The Interconnection Index component is calculated using data collected by the Company in its interconnection review process under Part 466. Data on interconnection application processing timelines, including all data required to calculate the metrics will be reported quarterly.

The DUV component is calculated using data collected through the Multi-Year Integrated Grid Plan and Additive Services processes under Section 16-107.6(e) of the Act, as well as data associated with DER deployment and operations through other utility tracking metrics. The utility would track interconnection rates, system sizes and design, operating hours, circuit conditions, and operation of DER programs and tariffs targeting specific grid needs in order to demonstrate savings achieved.

iii. Annual Performance Targets

As described above, the Interconnection Index component uses the revised methodology proposed by ComEd in rebuttal, with some minor modifications. The output of that calculation is a "Days Saved" index that is a weighted average of the number of days saved for all interconnection customers. The baseline for this performance metric will be the total number of business days set forth in the Part 466 interconnection rules for utility-performed tasks related to interconnection requests. In order to earn an incentive in any year, ComEd must achieve an increase in the number of days saved, in comparison to the days allotted under the Commission's Rules. The Part I performance target bands are the same as ComEd's proposal:

Table 2: Performance Targets

Year	Incremental Annual Target	Performance Bands				
		Band 1	Band 2	Deadband	Band 3	Band 4
Yr 1	12	-4.01 or lower	-4.00 to -0.01	0 to 11.99	12 to 15.99	16.00 or greater
Yr 2	12.5	-3.51 or lower	-3.50 to -0.01	0 to 12.49	12.50 to 16.49	16.50 or greater
Yr 3	13	-3.01 or lower	-3.00 to -0.01	0 to 12.99	13.00 to 16.99	17.00 or greater
Yr 4	13.5	-2.99 or lower	-2.50 to -0.01	0 to 13.49	13.50 to 17.49	17.50 or greater

(ELPC/VS Exhibit 2.01R at 3; JSP Exhibit 2.4 at 3)

The DUV component is a shared savings mechanism that allows the utility to earn up to 5 basis points derived from the Company's Sharing Factor of the net savings achieved. The DUV metric would not take effect until rate-year 2 of the Company's multi-year rate plan. This provides time to complete the Commission's Multi-Year Integrated Grid Plan and Additive Services Investigation proceedings, which will commence by no later than January 20, 2023 and June 30, 2023 respectively.

iv. Incentives and Penalties

The combined interconnection and DUV components are designed to provide a penalty and incentive structure where the Company's exposure to both upside and downside risk are symmetrical.

The interconnection component includes both incentives and penalties based on the annual performance targets in the table above for ten years. For the first year of the Company's Multi-Year Rate Plan, the maximum upside and downside potential is 2 basis points. For rate years 2-4, the upside remains at 2 basis points while the downside potential increases to 7 basis points for missing interconnection deadlines. The increase in downside exposure reflects the fact that the utility is required by regulation to meet the baseline interconnection timelines and provides for overall symmetry with DERIUV metric as a whole for rate years 2-4 when the DUV component becomes effective starting in rate-year 2.

Table 3: Interconnection Index Incentives and Penalties

Metric 7 Performance Band	Band 1	Band 2	Deadband	Band 3	Band 4
Year 1	-2 BP	-1 BP	0 BP	1 BP	2 BP
Years 2-4	-7 BP	-3.5 BP	0 BP	1 BP	2 BP

(ELPC/VS Exhibit 2.01R at 4; JSP Exhibit 2.4 at 4)

The DUV component provides an "upside" incentive not to exceed 5 basis points calculated and adjusted annually based on prior year performance. There are no penalties associated with the DUV metric. When combined with the Interconnection Index, the overall penalties and incentives for the combined DERIUV metric are symmetrical, as demonstrated in the table below.

Table 4: Combined Incentives and Penalties

	Yr1	Yr2	Yr3	Yr4
Part I	-2 BP to +2 BP	-7 BP to +2 BP	-7 BP to +2 BP	-7 BP to +2 BP
Part II	N/A	0 to +5 BP	0 to +5 BP	0 to +5 BP
Combined	**-2 BP to +2 BP**	**-7 BP to +7 BP**	**-7 BP to +7 BP**	**-7 BP to +7 BP**

(ELPC/VS Exhibit 2.01R at 5; JSP Exhibit 2.4 at 5)

c. Solar Intervenors' Proposed DERIUV Metric is within the Utility's Control and is not Expected to Reduce the Workforce

CEJA requires that performance metrics be "reasonably within control of the utility to achieve" and not be "solely expected to have the effect of reducing the workforce." 220 ILCS 5/16-108.18(e)(2)(D). Both components of the DERIUV metric are within the "reasonable control of utility to achieve" and neither is expected to have the effect of reducing the workforce.

The interconnection component of the DERIUV metric is reasonably within control of the utility to achieve. Indeed, the Company concedes through its own proposed interconnection metric that it controls the resources and time necessary to improve the processing of interconnection tasks.

The DUV component is also reasonably within the control of the Company to achieve. The Company exercises enormous control over the utility platform upon which DERs operate and are integrated with the grid and through which customers interact with the utility. As discussed by JSP witness Rábago, the Company exercises enormous control over the individual customer experience from the time the customer applies for interconnection through the customer's participation in DER programs as well as the identification of grid needs and the implementation of programs that provide the market participation pathway for DERs to meet those needs. (*See* JSP Exhibit 1.0 at 55-57.)

The Company's claim that it does not exercise control over key elements of DUV metric is unsupported and directly contradicted by other metrics proposed by ComEd.

First, ComEd asserts the DUV component is not within its control because "utilities do not control how many customers actually adopt these technologies, or the extent to which they may sign up for programs that may influence ComEd's performance against goals of a DUV metric as described in Mr. Rábago's testimony." (ComEd Exhibit 9.0 at 20) This argument is soundly contradicted by Company witness Kirchman's proposed peak demand reduction metric for which the Company proposes to achieve peak reduction targets through certain solar programs and projects and energy efficiency measures. (ComEd Exhibit 20.0 at 8-9) In response to information requests, the Company confirmed that the outcomes associated with the incentives and penalties in its rebuttal peak load reduction metric are within the Company's control stating "ComEd believes that the modified Peak Load reduction metric as presented in Kirchman Reb., ComEd Ex. 6.0 is practicable and reasonably within ComEd's control to achieve." (JSP Cross Exhibit 7)

The Company cannot on the one hand argue that future DERs programs and projects over which it does not control customer adoption or enrollment are sufficiently within its control to

count toward its peak reduction metric, and then on the other hand credibly argue that future DER programs and projects are not sufficiently within its control to count toward the DERIUV metric. Further undermining the Company's argument is that the Company's role in facilitating the customer adoption and enrollment in DER programs is very similar to the Company's role in implementing energy efficiency programs.

Similar to customer adoption and installation of DERs, the Company does not ultimately control the installation and deployment of energy efficiency measures or whether any individual customer ultimately chooses to adopt an energy efficiency measure or enroll in an energy efficiency program. However, like with DER programs the Company plays an essential role in energy efficiency program development, education, marketing, working with third party installers, and multiple other facets of implementing statutorily required energy efficiency programs. (*See* JSP Exhibit 2.0 at 21-22) Through its essential role in energy efficiency program development and deployment, the Company exercises "reasonable control" over its ability to achieve the energy efficiency targets established by the Commission.

Indeed, the Company exercises such substantial control over energy efficiency implementation that it has consistently achieved its program targets to earn statutorily authorized incentives. (*See* JSP Cross Exhibit 6; JSP Exhibit 2.0 at 22, fn 35; ComEd Exhibit 20.0 at 8-9)[13] Thus, despite the fact that ComEd does not control the installation of all its efficiency measures

[13] The Company's proposed Peak Load Reduction Metric would allow the Company to count toward its peak reduction target "Energy Efficiency programs designed for this metric that are not incentivized through the ComEd Energy Efficiency and Demand Response Plans pursuant to Section 8-103B." This exposes fundamental inconsistencies in the Company's position regarding the extent of its control in implementing energy efficiency programs vs. DER programs - both of which depend on customer adoption and enrollment in programs to meet the peak demand reduction performance target and the DUV performance target, respectively, despite that the Company does not directly control whether a customer adopts the energy efficiency measure or DER technology or enrolls in the respective program.

on customer premises, has not identified specific customers who would participate in those energy efficiency programs, and that customers must agree to participate in those programs since ComEd does not require customer participation (JSP Cross Exhibit 3; JSP Cross Exhibit 4; JSP Cross Exhibit 7)

As such, similar to its energy efficiency programs, while ComEd does not directly control the installation or deployment of DERs, or whether any individual customer ultimately decides to adopt DERs or elect to participate in DER programs, it exerts enormous control over visibility into grid conditions and needs, DER hosting capacity, DER program design and implementation, customer outreach and education, working with third party installers, and multiple other facets of the grid planning and additive services investigation required by CEJA. (JSP Exhibit 1.0 at 55-58; JSP Exhibit 2.0 at 13-16) Through its essential role in DER program development and deployment, the Company has a strong influence on the overall growth of the DER market in its service territory. As such, the DUV component of the DERIUV metric is "reasonably within control of the utility to achieve" as that term is used in Section 16-108.18(e)(2)(D) of the Act.

Second, ComEd also contends the DUV component relies on the results of future proceedings outside the Company's control. (ComEd Exhibit 9.0 at 17) As discussed in the following subpart, the Company's assertion that the DUV component is not within its control because it relies on values and services that will be established in future proceedings is similarly unsupported. CEJA provides clear directives to Illinois' utilities and a detailed framework for how utilities shall integrate DERs into their system operations to deliver ratepayer value. There is no question that ComEd exercises reasonable control over the processes necessary to achieve the DUV component of the DERIUV metric.

d. The Commission Will Establish the Details for Achieving the DERIUV Metric through the forthcoming Multi-Year Integrated Grid Plan and Additive Services Investigation Proceedings.

As described in the Statutory Framework section above, CEJA requires the Commission to approve performance metrics in this docket, but reserves the specific implementation details for future proceedings. *See* 220 ILCS 5/16-105.17(f)(2)(J) (identifying the Multi-Year Integrated Grid Plan as the place where the utilities must propose "[a] detailed plan" for achieving the performance metrics approved by the Commission in this docket); 220 ILCS 5/16-105.17(f)(1)(B) (requiring Grid Plans to "propose distribution system investment programs, policies, and plans designed to … achieve the metrics approved by the Commission" in this docket).

ComEd's first Multi-Year Integrated Grid Plan (to be filed on January 20, 2023) will serve as the foundation for achieving the DERIUV metric proposed by Mr. Rábago and Mr. Kenworthy. Section 16-105.17 states that Grid Plans must include:

> (G) **An evaluation of the short-term and long-run benefits and costs of distributed energy resources located on the distribution system**, including, but not limited to, the locational, temporal, and performance-based benefits and costs of distributed energy resources. The utility shall use the results of this evaluation to inform its analysis of Solution Sourcing Opportunities, including nonwires alternatives, under subparagraph (K) of paragraph (2) subsection (f) of this Section. The Commission may use the data produced through this evaluation to, among other use-cases, **inform the Commission's investigation and establishment of tariffs and compensation for distributed energy resources interconnecting to the utility's distribution system**, including rebates provided by the electric utility pursuant to Section 16-107.6 of this Act."

220 ILCS 5/16-105.17(f)(2)(G) (emphasis added). Section 16-105.17(d)(1) specifically requires the Grid Plan be designed to "**support efforts to bring the benefits of grid modernization and clean energy, including, but not limited to, deployment of distributed energy resources**." 220 ILCS 5/16-105.17(d)(1) (emphasis added). Section 16-105.17(f)(2) further requires ComEd's grid plan to include a comprehensive suite of information specifically related to DER integration with the distribution system, including:

> (B) Detailed descriptions of the operating conditions of the distribution system and supporting data on DERs deployed on the system by type, size, customer class, and geographic dispersion; along with system load and peak demand forecast information for the next 5 years, and up to 10 years, with distributed energy resources and energy efficiency factored into the forecast.
>
> (C) Financial data on maintenance, the total amount of investments associated with the integration of DERs, the total amount of charges to DER developers and retail customers for interconnection of DERs to the distribution system.
>
> (D) System data on DERs on the utility's distribution system, including the total number and nameplate capacity of DERs that completed interconnection in the prior year, current DER deployment by type, size, and geographic dispersion, and other data as requested by the Commission or determined by Commission rules.
>
> (E) Hosting capacity analysis results that include mapping and GIS capability.
>
> ….
>
> (J) A detailed plan for achieving the applicable metrics that were approved by the Commission for the utility pursuant to the performance metrics established in this proceeding.
>
> (K) Identification of potential cost-effective solutions from nontraditional and third-party owned investments that could meet anticipated grid needs, including, but not limited to, distributed energy resources procurements, tariffs or contracts, programmatic solutions, rate design options, technologies or programs that facilitate load flexibility, nonwires alternatives, and other solutions that are intended to meet the objectives described at subsection (d).

In sum, the Grid Plans must include "holistic consideration" of all the other related utility programs and "comprehensively detail" and "coordinate" their implementation "in order to maximize the benefits" of each. 220 ILCS 5/16-105.17(f)(4).

Following approval of ComEd's first Grid Plan, the Act directs the Commission to open an investigation by no later than June 30, 2023 "into the value of, and compensation for, distributed energy resources." 220 ILCS 5/16-107.6(e). This DER value investigation must identify a "base rebate" for "system-wide grid services" but also additional compensation for "additive services."

> (3) The Commission shall also determine, as a part of its investigation under this subsection, whether distributed energy resources can provide any additive services. Those additive services may include services that are provided through utility-

> controlled responses to grid conditions. If the Commission determines that distributed energy resources can provide additive grid services, the Commission shall determine the terms and conditions for the operation and compensation of those services. That compensation shall be above and beyond the base rebate that the distributed energy generation, community renewable generation project and energy storage system receives. Compensation for additive services may vary by location, time, performance characteristics.

220 ILCS 5/16-107.6(e)(3). "Additive services" include, but are not limited to, "any geographic, time-based, performance based and other benefits of distributed energy resources, as well as the present and future technological capabilities of distributed energy resources and present and future grid needs." 220 ILCS 5/16-107.6(a).

ComEd's additive service tariffs developed pursuant to the Section 16-107.6(e) investigation must use "inputs" derived from the Grid Plans. *See* 220 ILCS 5/16-107.6(e)(2), (5). The Act establishes a goal to have these new DER value tariffs in place by December 31, 2024. *See* 220 ILCS 5/16-107.6(a) (defining "threshold date" for implementation of "new compensation values" established by subsection (e) investigation).

The DUV component of the DERIUV metric directly ties this metrics proceeding to achievement of the Grid Plan and Additive Service investigation proceeding goals by establishing meaningful and achievable targets for the Company to develop plans related to DER deployment and utilization to deliver the "grid modernization and clean energy benefits" of DERs to ratepayers. As explained in JSP Exhibit 2.4, the data collected and developed through the Multi-Year Integrated Grid Plan and Additive Services investigation proceedings, as well as data associated with DER deployment and operations through other utility tracking metrics will be used to support the DUV component. Ultimately, the DUV component provides ComEd with an opportunity to earn "shared savings" to the extent that it can create net customer value through "Additive Services" acquired through its DG rebate tariff. *Id.* Importantly, the metric is structured so that

"Customers receive the majority of the benefits from success under the DUV metric" *id.*; thereby ensuring that the DERIUV metric as a whole delivers net benefits to ratepayers.

CEJA's structure makes clear that the programs for achieving the utility's new performance metrics will be implemented over time, not created from scratch in this docket. CEJA establishes the following overlapping proceedings and deadlines:

- This PBR metrics proceeding must be decided by September 30, 2022. (220 ILCS 5/16-108.18(e)(6)(A));
- Multi-Year Integrated Grid Plan cases shall open by January 20, 2023 and be decided by December 15, 2023. (220 ILCS 5/16-105.17(f));
- Multi-Year Rate Plan proceeding shall open by January 20, 2023 (220 ILCS 5/16-108.18(d)(1)) and will likely be consolidated with the Grid Plan proceedings (220 ILCS 5/16-108.18(d)(12));
- The PBR "performance period" shall not commence prior to January 1, 2024. (220 ILCS 5/16-108.18(e)(6)(A)); and
- The DG Rebate value investigation shall open by June 30, 2023 with DER tariffs in place by January 2025. (220 ILCS 5/16-107.6(e)).

This PBR metrics docket is the first step in a series of proceedings that together are aimed at aligning the utility business model with achieving public interest goals defined in CEJA. The Commission does not need to and should not try to solve every implementation detail in this case. Instead, the Commission should follow the process established in CEJA to adopt the goals and incentive framework set forth in the DERIUV metric, and allow additional implementation details (*e.g.,* specific grid services, values and programs) to be defined through the Multi-Year Grid Plans and Additive Services investigation proceedings. (*See* JSP Exhibit 1.0 at 48-50)

To illustrate the substantial potential that DERs offer to provide these additive services, JSP witness Rábago described multiple services that are likely to be identified through Grid Plan and Additive Services investigation proceedings, including non-wires alternatives (NWAs), peak load reduction, and other temporal and locational values. Mr. Rábago also provided examples of

programs implemented in other states to unlock and deliver that value to ratepayers. (*See* JSP Exhibit 2.0 at 11-15, 19-21, 32-33; *see also* JSP Exhibit 2.1, JSP Exhibit 2.2, and JSP Exhibit 2.3) As summarized by Mr. Rábago, ComEd is not starting from scratch in exploring opportunities to maximize the benefits of grid modernization and clean energy through the use of DERs. Other states and utilities have demonstrated the opportunity and developed programs to unlock this value that could be adapted to meet needs in ComEd's service territory. (JSP Exhibit 2.0 at 20-21, JSP Exhibit 2.1, JSP Exhibit 2.2, JSP Exhibit 2.3)

To put a finer point on the opportunity to identify and capture the value from DERs, JSP Exhibit 2.1 provides a non-exclusive list of programs implemented in other states to capture a wide range of grid values from DERs. As Mr. Rábago points out, "The costs and benefits of any particular program will vary by state and utility; however, **the potential for DER to provide net benefits to ratepayers and the ability to unlock these benefits through programmatic and other market participation pathways is well documented**." (JSP Exhibit 2.1 at 32-33 (emphasis added))

The DUV component incentivizes ComEd to meaningfully engage in the Grid Plan and Additive Service investigation proceedings to identify that DER value and develop the programs and other market participation pathways to unlock that value. The DERIUV metric is therefore reasonably within control of the Company to achieve.

3. *Basis Points*

ComEd proposes up to 10 basis points for its proposed Interconnection Performance Metric if the Commission approves a total of 60 basis points and 7 basis points if the Commission approves a total of 40 basis points. Solar Intervenors propose 7 basis points for the combined DERIUV Metric.

F. Proposed Performance Metrics Falling Within Section 16-108.18(e)(2)(A)(vi) (customer service)

1. *ComEd Proposals*

2. *Other Proposals*

3. *Basis Points*

VII. PROPOSED TRACKING METRICS

Section 16-108.8(e)(3) of the Act requires the Commission to approve "reasonable and appropriate tracking metrics to collect and monitor data" for two purposes: (1) to measure and report utility performance, and (2) to establish future performance metrics. 220 ILCS 5/16-108.18(e)(3). JSP witness Rábago observes that utilities already collect enormous amounts of data for a wide range of purposes. (JSP Exhibit 1.0 at 38) Tracking metrics approved in this proceeding can streamline and focus the objectives and methods of utility data collection, organization and reporting. (*Id.*) To that end, Solar Intervenors offer the following overarching recommendations with respect to the Commission's consideration of tracking metrics in this proceeding.

First, tracking metrics approved in this proceeding should focus the utility on collecting and reporting the data most salient to the policy goals and objectives underlying the Act. (*Id.*) Second, tracking metrics should require the utility to report key data to the Commission after an opportunity for stakeholder input. (*Id.*) Third, the Commission should consider that tracking metric data and reports can provide information about component parts of a performance metric. Even if the tracking metric itself does not have an incentive tied to it, the tracking metric can deliver information that may drive changes in regulatory standards and inform how the subject utility's performance in a particular area compares with its peers and best practices. (*Id.*) Fourth, tracking metrics should allow the utility to collect relevant data for key conditions and trends without being narrowly tied to specific outcomes within the utility's control. (*Id.* at 38-39) Finally, tracking

metrics can not only provide information regarding the utility's performance in areas relevant to the performance metrics approved in this proceeding, but also set the stage for improved future iterations of those performance metrics, consistent with Section 16-108.18(e)(3). (*Id.* at 39)

In sum, tracking metrics should not operate in a vacuum. The Commission should consider tracking metrics as part of a transparent, intentional framework that support near and medium-term utility sector transformation. As such, the Commission should approve tracking metrics that enhance the PBR framework set forth in Section 16-108.18, and reject tracking metrics that do not, consistent with 220 ILCS 5/16-108.18(e)(3). Below, the Solar Intervenors support certain of ComEd's proposed tracking metrics, and propose modifications to certain other of ComEd's proposals under four of the five categories enumerated in 220 ILCS 5/16-108.18(e)(3)(A)-(F). The Solar Intervenors also propose several additional tracking metrics that, if approved by the Commission, will assist in accelerating the collection of data to support the development of the DUV component of the DERIUV metric and provide the data feedback structure necessary to increase visibility into the Company's progress towards achieving Interconnection Index and DUV components of the DERIUV metric. Solar Intervenors observe that these additional tracking metrics will also inform and strengthen future iterations of the DERIUV performance metric and overall achievement of CEJA's goal of integrating DERs into the Company's planning and system operations to deliver long-term benefits for ratepayers.

A. Proposed Tracking Metrics Falling Within Section 16-108.18(e)(3)(A) (minimize emissions)

1. *ComEd Proposals*

ComEd proposes two tracking metrics under 220 ILCS 5/16-108.18(e)(3)(A): "Emissions Reductions Supported by ComEd Programs" and "ComEd Net GHG Emissions." (ComEd Ex. 18.01 at 17-18) The Solar Intervenors support the Company's proposals because those metrics will

enable electrification and efficiency program improvements, consistent with Section 16-108.18(e)(3)(A).

2. *Other Proposals*

B. Proposed Tracking Metrics Falling Within Section 16-108.18(e)(3)(B) (grid flexibility)

1. *ComEd Proposals*

In surrebuttal testimony, ComEd proposes five Grid Flexibility tracking metrics under 220 ILCS 5/16-108.18(e)(3)(B), two of which were specifically adapted from tracking metrics that JSP proposed (in bold):

1. DERMS and Managed Charging Network Availability
2. DERMS Participation
3. **Cumulative DER Interconnected to ComEd Distribution System**
4. **Annual DER Interconnected to ComEd Distribution System**
5. EV Load and Participation

(ComEd Ex. 23.0 at 24-25; ComEd Ex. 18.01 at 15-16). The Solar Intervenors support ComEd's proposed tracking metrics in this category and appreciate the Company's efforts to strengthen its tracking metric proposals in this category over the course of this proceeding based on intervenor feedback.

2. *Other Proposals*

In testimony, JSP witness Rábago proposed a series of tracking metrics to support the Company's achievement of its goals under the Solar Intervenors' proposed DERIUV metric and enhance future iterations of that metric. Those tracking metrics are detailed in Table KRR-1 in Mr. Rábago's direct testimony (JSP Exhibit 1.0 at 62-66) and reproduced in Appendix A to this brief. Mr. Rábago's proposed tracking metrics are organized in four categories of the utility's suite of

DER-related administrative and operational responsibilities: 1) interconnection; 2) implementation of DER programs; 3) identification of grid needs; and 4) utilization of DERs to meet grid needs. Mr. Rábago's proposed tracking metrics create a feedback structure that will not only enhance the likelihood of ComEd achieving the goals of the DERIUV metric, but will also provide the data necessary to calibrate and improve the DERIUV metric over time. (JSP Exhibit 1.0 at 61). Further, tracking several aspects of the utility's execution of its DER-related administrative and operational responsibilities will help inform the development of additional performance incentives, or other incentives necessary to achieve the public interest goals set forth in CEJA. (*Id.*). While ComEd's proposed surrebuttal tracking metrics in this category (described above) are an acceptable substitute for Mr. Rábago's first three proposed tracking metrics (Total front-of-the-meter DERs deployed; Total behind-the-meter DERs deployed; Total of new front-of-meter and behind-the-meter DERs deployed in the last calendar year), the Solar Intervenors request that the Commission approve the remainder of Mr. Rábago's proposed DER-related tracking metrics and direct the Company to make the data and information tracked publicly available through a dedicated part of the Company's website.

C. Proposed Tracking Metrics Falling Within Section 16-108.18(e)(3)(C) (grid modernization cost savings and use of DERs to forego investments)

1. *ComEd Proposals*

ComEd proposes two metrics under Section 16-108.18(e)(3)(C): "Avoided Outage Cost Due to Grid Modernization Investments" and "Number of NWA Opportunities." (ComEd Ex. 18.01 at 20) The Solar Intervenors support these tracking metrics because they will provide valuable baseline information for DER deployment and operation. (JSP Exhibit 1.0 at 40)

2. *Other Proposals*

JSP witness Rábago recommends that the Company propose additional tracking metrics relating to marginal distribution costs under Section 16-108.18(e)(3)(C) that would allow the Company to compare the costs of interconnecting DERs as they are interconnected. (JSP Exhibit 1.0 at 41) Mr. Rábago states that "In this way, the Company can assess whether DERs added to the grid provide locational and temporal value to the grid that can help defer or avoid traditional investment costs." (*Id.*) In rebuttal testimony, the Company objected to the JSP's proposed addition, stating that "additional tracking metrics related to the locational and temporal value for DERs to the grid are related to the "Value of DER" proceeding which is set to begin no later than June 2023 with implementation by 2025." (ComEd Exhibit 9.0 at 23) On that basis, the Company asserts that the JSP's proposal is "premature."

ComEd is correct that assessing whether DERs provide locational and temporal value to the grid will be within the scope of the "Value of DER" proceeding required by Section 16-107.6 of the Act. The fact that the Value of DER investigation has not yet begun (but will begin soon), however, only emphasizes the value of ComEd tracking data on marginal distribution costs now. The Value of DER proceeding will not result in the Commission approving tracking metrics—that must happen here. Directing ComEd to track marginal distribution costs at the feeder level in no way requires the Commission to prematurely rule on a methodology or formula to establish the value of DER in this proceeding as ComEd suggests. The Commission should therefore adopt the JSP's recommendation and direct ComEd to track marginal distribution costs at the feeder level in addition to the Company's proposed tracking metrics under Section 16-108.18(e)(3)(C).

In enacting CEJA, the General Assembly recognized that the formula rates established by the Energy Infrastructure and Modernization Act, and implemented by the utilities for the last decade, "have not been sufficiently transformative in urgently moving electric utilities toward the State's ambitious energy policy goals." 220 ILCS 5/16-108.18(a). This case is the Commission's first step towards transforming the ways in which Illinois utilities serve their customers, recover their costs and return earnings to their shareholders. Critically, this first step will determine the path by which Illinois utilities either achieve, or do not achieve, CEJA's transformative goals.

If the Commission were to approve performance incentives that deliver a windfall to ComEd's shareholders while requiring no incremental effort from ComEd and doing little to benefit ComEd's customers or advance CEJA's clean energy goals (such as ComEd's proposed Interconnection Timeliness Metric), it will leave the status quo intact, to the detriment of ComEd's customers, for the next several years. Similarly, should the Commission approve ambitious

performance incentives and tracking metrics that encourage ComEd to innovate and to deliver incremental customer and clean energy benefits (such as would be incentivized under the Solar Intervenors' proposed DERIUV metric), those incentives will set ComEd on a transformative path over the long-term through the Grid Plan and Additive Service investigation proceedings, as CEJA intended.

The Commission has an opportunity to establish a sound foundation to significantly advance core objectives of CEJA by adopting the DERIUV metric; which as discussed in this brief, will result in meaningful renewable energy and environmental gains, including gains benefiting EJ communities, workforce gains, and bringing critical grid modernization and clean energy benefits to all ratepayers. The DERIUV metric represents a "no regrets" approach; ComEd will earn incentives only when its actions lead to even greater benefits for customers.

The Solar Intervenors therefore respectfully request that the Commission reject ComEd's Interconnection Timeliness Metric and approve the Solar Intervenors' DERIUV metric. The Solar Intervenors further request that the Commission approve the Solar Intervenors' proposed suite of tracking metrics as well as CUB-EDF's proposed RRVC metric.

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Respectfully submitted,

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Appendix A

Metrics to Track Utility Progress Toward Meeting DERIUV Metric Goals
(Table KRR-1 from JSP Exhibit 1.0 at 62-66)

Category	Target	Description
1. Interconnection	Total front-of-meter DERs deployed	Total number and capacity (kW/MW) of FTM DER facilities interconnected to the Company's system broken out by interconnection Level 1-4
1. Interconnection	Total behind-the-meter DERs deployed	Monthly reporting of total number and capacity (kW/MW) of BTM DER facilities interconnected to the Company's system broken out by interconnection Level 1-4
1. Interconnection	Total of new front-of-meter and behind-the-meter DERs deployed in last calendar year	Monthly reporting of total number and capacity (kW/MW) of DER facilities interconnected to the Company's system broken out by FTM and BTM interconnections across Level 1-4
1. Interconnection	DER projects pending capacity-constrained interconnection	Monthly reporting of total number of systems and aggregate capacity (kW/MW) of systems active in the interconnection queue but waiting to interconnect until interconnection upgrades are complete broken out by circuit and project size on each circuit across interconnection Level 1-4; and total number of systems and aggregate capacity (kW/MW) of systems on hold or that withdrew from in the interconnection queue due to identified interconnection upgrades reported
1. Interconnection	Number of pending interconnection requests with cost estimate and current status	Monthly reporting listing of pending interconnection requests, cost estimates of interconnection upgrades for each request, and current status of each request.

1. Interconnection	Interconnection upgrade cost estimates as compared to actual interconnection cost	Monthly reporting of (1) estimated interconnection costs compared to actual interconnection costs expressed in terms of total dollars on aggregated basis for all projects that complete interconnection over for each interconnection Level 1-4; (2) expressed as estimated costs as a percentage of actual costs for each project and at the feeder level that complete interconnection for interconnection Levels 3 and 4; and (3) for interconnection Levels 3 and 4 identify the total number of projects and percentage of cost difference within the following bands in 10% increments: less than 20%; greater than 20 % but less than 30%; greater than 30% but less than 40%; greater than 40% but less than 50%, greater than 50% but less 60%; greater than 60% and less than 75% and greater than 75%.
1. Interconnection	Total costs of interconnection upgrade by project and feeder	Monthly reporting of total cost of all interconnection upgrades broken down by project and feeder for interconnection Level 3 and 4 and presented in aggregate for interconnection Level 1 and 2.
1. Interconnection	Total time measured in days to complete key milestones of interconnection process	Monthly reporting of total number of days between (1) interconnection application execution and authorization to interconnect; (2) total number of days between mechanical completion to authorization to interconnect presented in aggregate for interconnection Levels 1-4; and by individual project for interconnection Levels 3 and 4.
1. Interconnection	Hosting capacity for DERs	Periodic update on percentage of substation transformers by transformer nameplate rating with hosting capacity remaining of (i) over 20%, (ii) less than 20% but over 10%, and (iii) less than 10%; with associated mapping.
2. Implementation of DER programs	Timeliness of bill crediting	Monthly reporting of number of calendar days between when electricity is generated and when the corresponding bill credit is applied to the customer bill.

2. Implementation of DER programs	Accuracy of bill crediting	Monthly reporting of data from prior month on (1) number of requests from customers or owner/operators (or their agents) to adjust bill credits for community solar participants, (2) number of requests that resulted in an adjustment, and (3) the total value of the requested adjustments for the reported month.
3. Identification of Grid Needs	Identification of grid needs with potential for DER solution	Total MW and dollar value of grid service needs identified in approved Grid Plan and DG Rebate investigation, including but not limited to voltage support, frequency regulation, load factor improvement, load modification (*e.g.,* load build, load reduce, load shift).
3. Identification of Grid Needs	Identification of grid needs with potential for DER solution	Total number of NWA projects identified as potential for DER solution, including total MW of need broken out by circuit across the distribution system.
4. Utilization of DERs to meet grid need	DER grid service enablement	Total number of programs that enable DERs to provide passive grid services and total number of programs that enable DERs to provide dispatchable or non-passive grid services.
4. Utilization of DERs to meet grid need	DER grid services capability and enrollment	(1) Total MW of DER systems on the system capable of providing passive grid services, (2) total MW of DER systems on the system capable of providing non-passive / dispatchable grid services; (3) total number of customers and total MW of DERs enrolled by eligible device type for (1) and (2).
4. Utilization of DERs to meet grid need	NWAs pursued	Total number of NWA projects pursued by the Company for a DER solution, including total MW of need pursued and means by which the Company pursued the solution (e.g. tariff-based program such as BYOD or advanced rate design, competitive solicitation, or otherwise) broken out by identified NWA.
4. Utilization of DERs to meet grid need	High value locational DER deployment	Total capacity of new DERs installed in areas previously identified as high-value geographical or locational areas.

4. Utilization of DERs to meet grid need	Peak reduction achieved through DERs	Total peak reduction attributed to utilization of DERs achieved from each program and other mechanisms through which utility utilized DERs to provide the peak reduction service.
4. Utilization of DERs to meet grid needs	Value of savings achieved from utilization of DERs	Annual reporting of total dollar value of savings achieved from utilization of DERs in meeting all identified grid needs with comparison to baseline target.