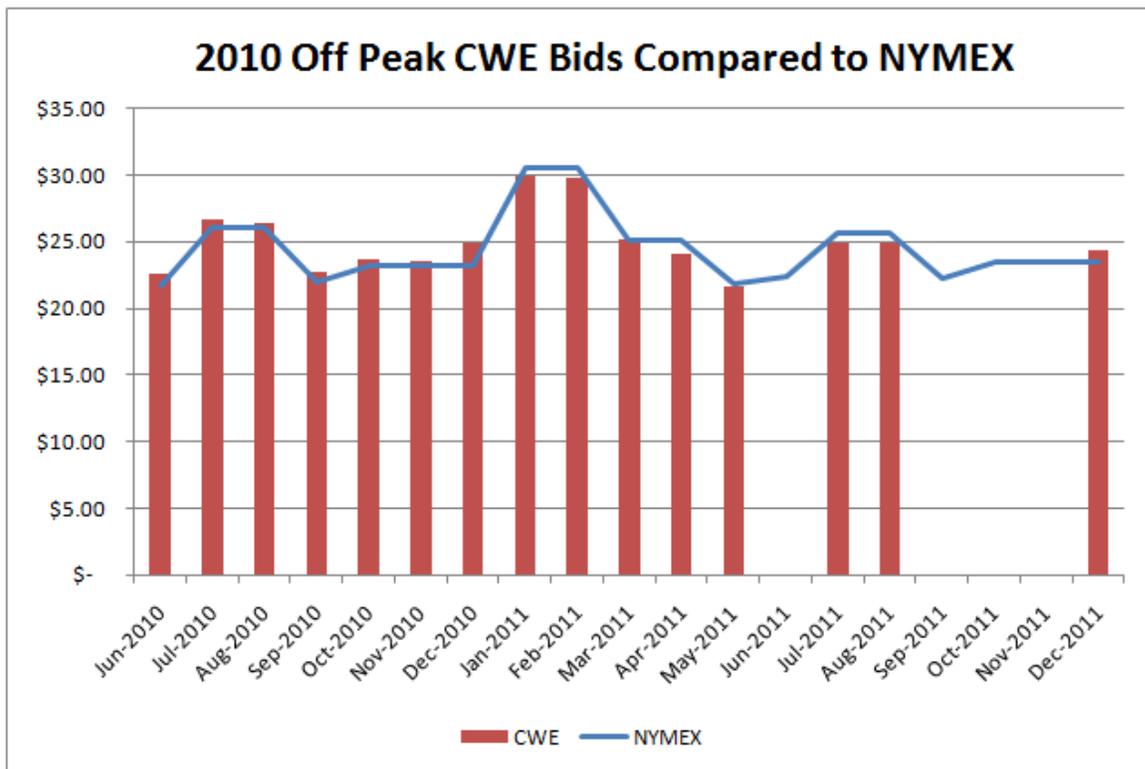
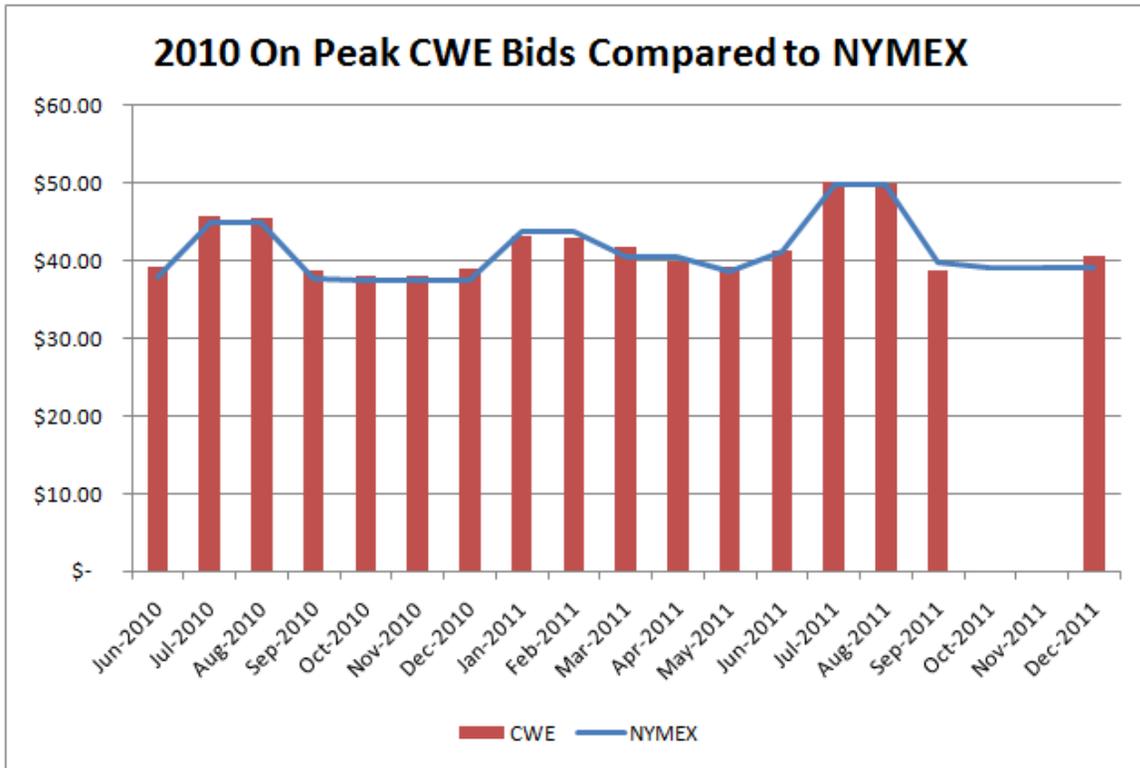


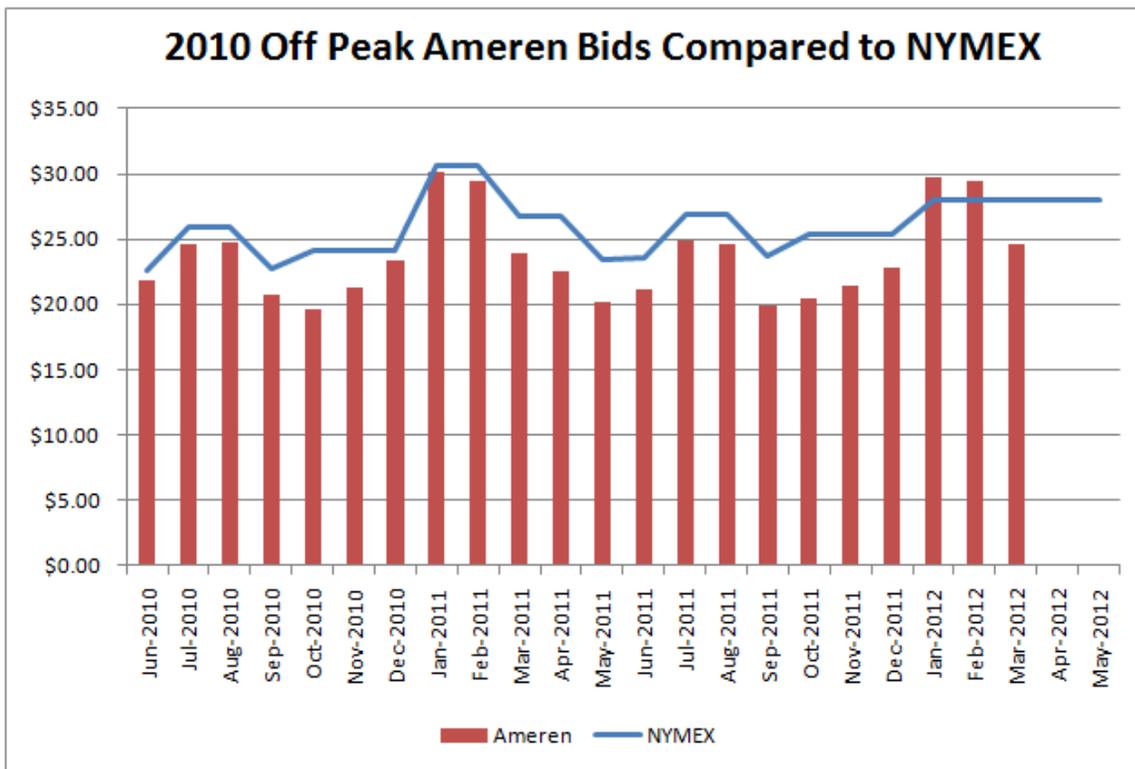
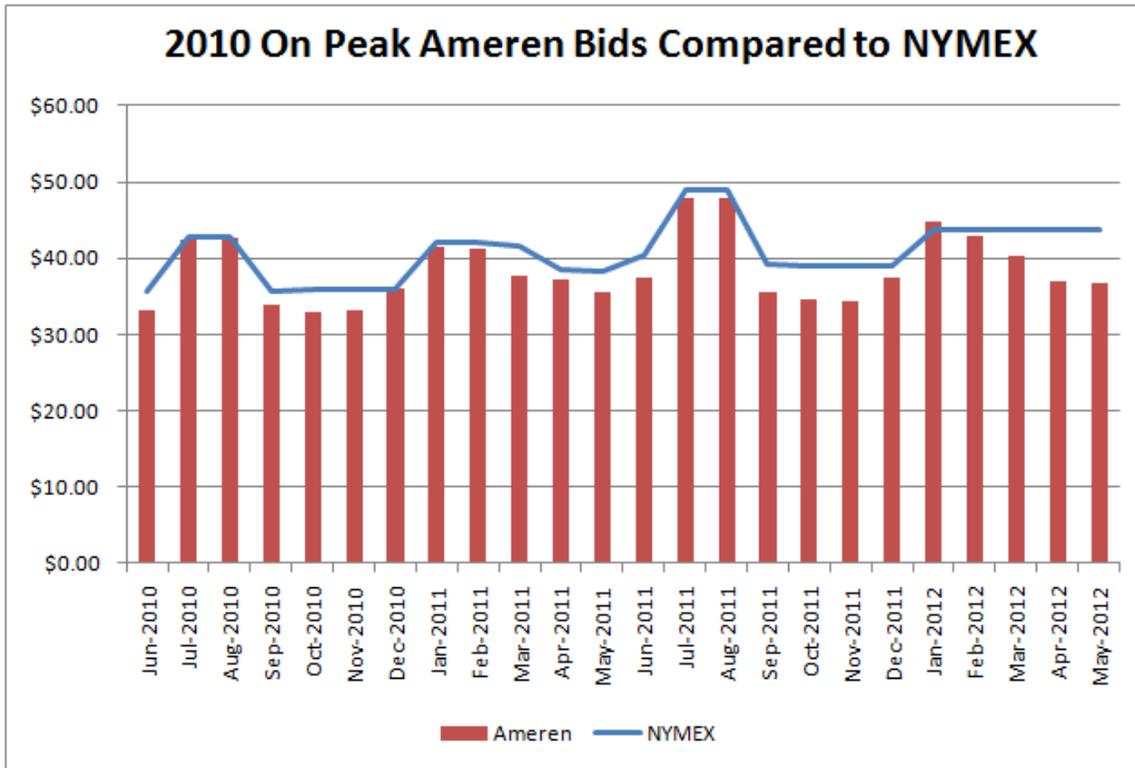
**COMMENTS OF THE PEOPLE OF THE STATE OF ILLINOIS
ON THE SPRING 2010 ELECTRICITY PROCUREMENT
JUNE 21, 2010**

The People of the State of Illinois (“the People”), by and through Illinois Attorney General Lisa Madigan, submit these Comments in response to the Request for Comments issued by the Illinois Commerce Commission (“the Commission” or “the ICC”) on May 28, 2010.

1. Winning Bids Closely Tracked Wholesale Electricity Market Prices.

Consistent with the results of the 2009 procurement process, this year the winning bids closely tracked the prices in the wholesale electricity market. While the winning bids last year were within 4-5 percentage points of market prices, this year they tracked market prices even more closely. The following tables compare the Commonwealth Edison and Ameren on-peak and off-peak results with the associated market prices. They show prices very close to the market prices for comparable products and comparable time periods.





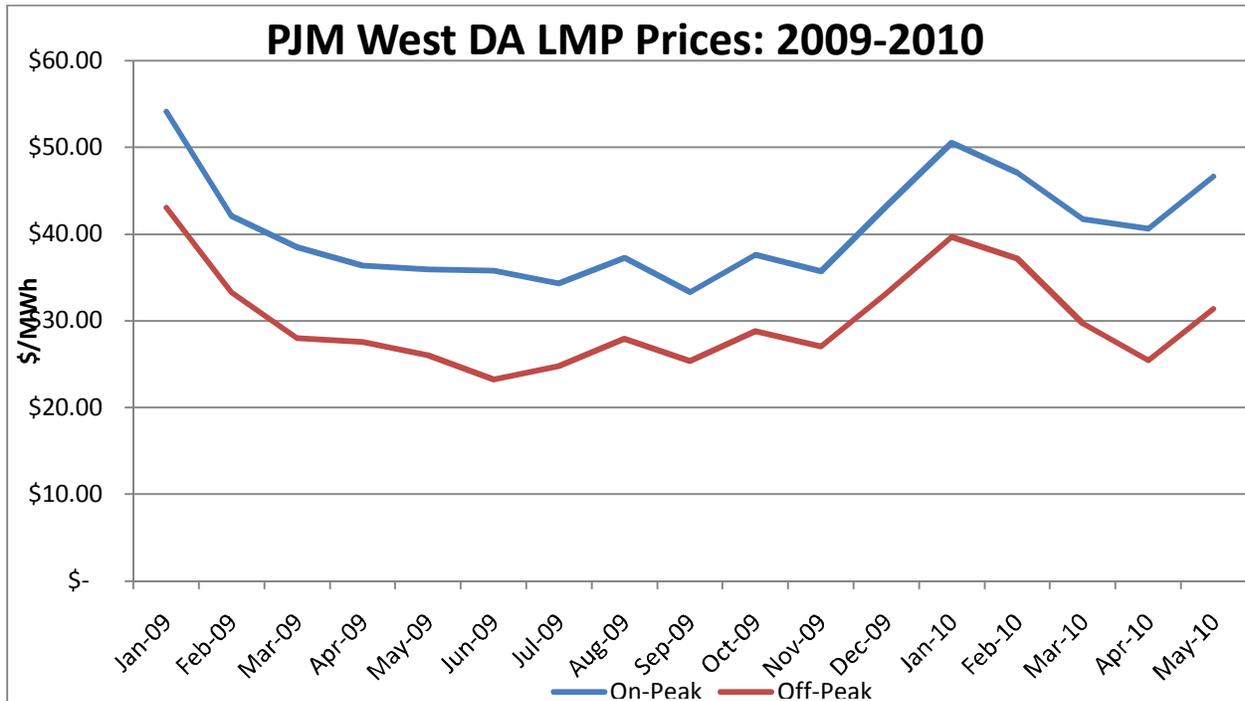
2. Winning Bids Result In Stable Prices For Illinois Consumers.

In addition to tracking the market prices, the average energy prices for ComEd and Ameren for 2010 remained consistent with 2009 energy prices, as shown below. The ComEd energy prices increased by 3.7%, while the Ameren energy prices declined by 5.2%. These prices are lower than those obtained in 2006 auction, and capture decreases in market prices.

	2009	2010	Percentage Change
ComEd Energy Average	\$33.34 MWh	\$34.58	3.7% increase
Ameren Energy Average	\$33.21 MWh	\$31.47	5.2% decrease

The size of the increase in average energy prices in the ComEd area is in fact smaller than the increase in LMP prices for both peak and off-peak PJM prices between the 2009 procurement (April 29, 2009) and the 2010 procurement (April 28, 2010). As shown below, the LMP peak increased from \$35.92 as of May, 2009 to \$46.65 in May, 2010, and off-peak prices increased from \$26.00 as of May, 2009 to \$31.38 in May, 2010 – increases of about 30% and 20% respectively.¹ Yet, the overall increase in ComEd prices was significantly less, i.e. 5.2%. This demonstrates that the procurement process is producing benefits for Illinois consumers.

¹ If April values are used, the peak prices increased 11.7% while the off-peak prices decreased 7.6%.



3. The Increased Number Of Successful Bidders Shows That Participation In The Procurement Process Continues To Become More Robust.

In addition, the number of successful bidders increased from last year. A total of 12 winning bidders are supplying energy in ComEd’s service territory, compared to 10 last year. In Ameren’s service territory, there were 18 winning bidders (capacity and energy), compared to 17 last year. Significantly, there was a variation in the identities of the winning bidders, with half of the energy suppliers changing, showing an expanding pool of successful participation in the procurement process.

4. The Reduction In REC Prices Shows That The Illinois REC Market Is Growing and Maturing.

There was a significant reduction in the price for renewable energy credits (RECs) in this year’s procurement, accurately reflecting the increased production of wind energy in Illinois. REC prices have steadily decreased, as shown in the following table and Illinois wind and non-

wind resources are now more in line in with the prices of adjoining and other-state resources.

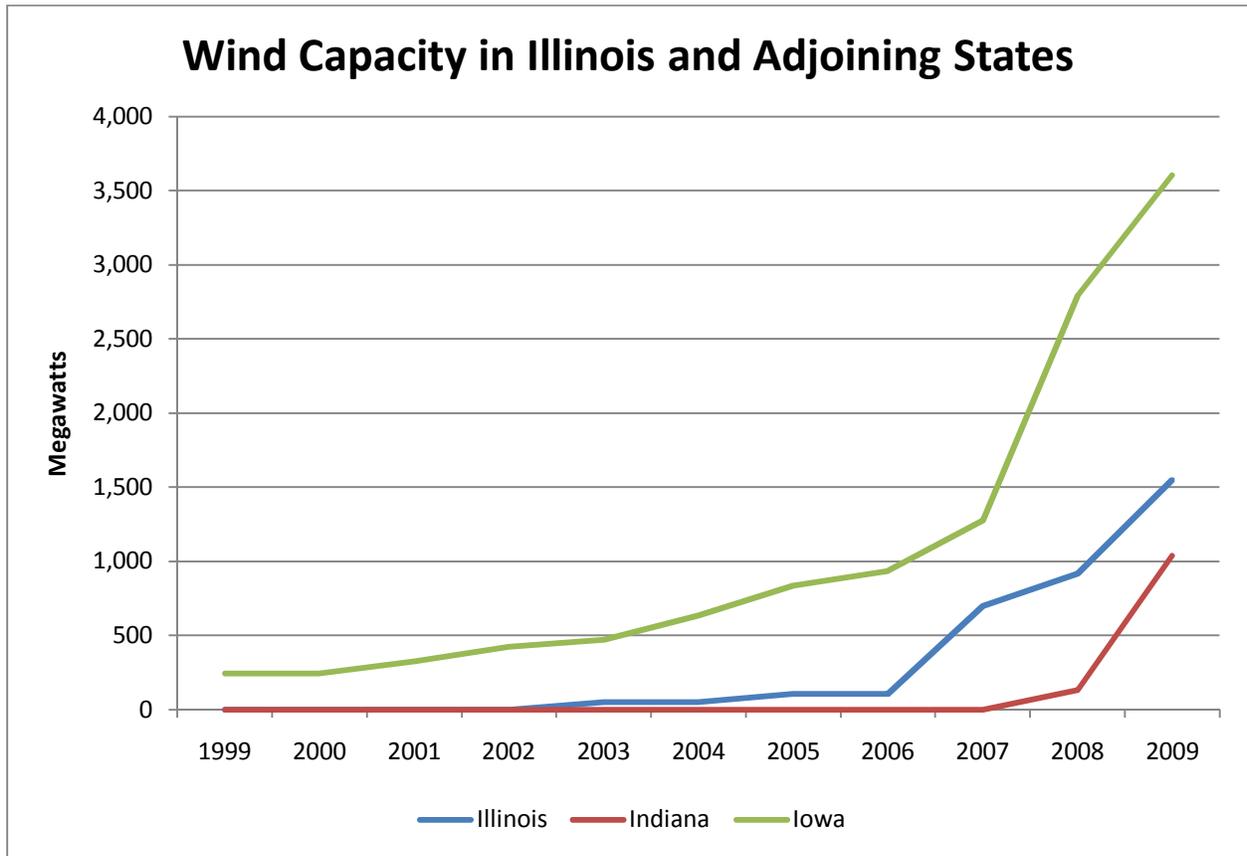
The REC bidding process included the use of market-based benchmarks as required by law (12 ILCS 3855/1-75(c)(1)). Due to confidentiality concerns, it is not clear whether REC benchmarks were applied to reject above-market bids, whether the benchmarks discouraged attempts to exploit the in-state preference, or whether the growth of local renewable resources resulted in a better market price for RECs irrespective of the benchmarks. Regardless of the precise explanation, however, the process resulted in lower prices for consumers for RECs in 2010.

It is apparent that the amount of wind energy produced in Illinois has grown substantially over the last few years, resulting in more Illinois jobs, reduced REC charges, and keeping energy dollars in Illinois. The following tables compare the REC price decreases over the last few years, and how wind energy capacity and generation have grown:

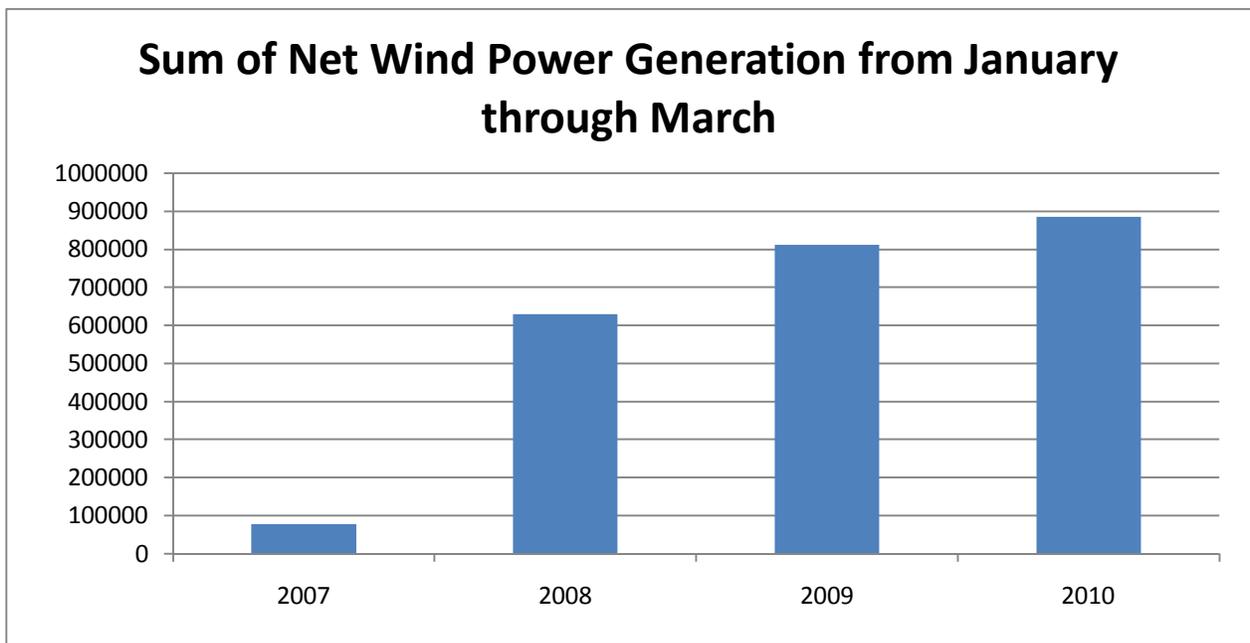
Comparison of Wind and Non-Wind RECs: 2008, 2009, 2010

	ComEd 2010 \$/REC	ComEd 2009 \$/REC	ComEd 2008 \$/REC	Ameren 2010 \$/REC	Ameren 2009 \$/REC	Ameren 2008 \$/REC
Illinois Wind	\$5.00	\$21.13	\$35.72	\$ 4.06	\$16.66	\$29.32
Illinois Non-Wind	\$4.40	\$13.69	\$21.85	\$ 3.90	\$13.46	\$17.50
Adjoining State Wind			\$18.35			\$21.20
Adjoining State Non-Wind			\$5.74			\$5.50
Other State Wind			\$7.34			\$5.65
Other State Non- wind			\$4.25			--

The following table shows the growth in wind capacity in Illinois and adjacent states:



The following table shows growth in the net wind power generated in Illinois:



See http://www.windpoweringamerica.gov/wind_installed_capacity.asp and

http://www.eia.doe.gov/cneaf/electricity/page/eia906_920.html

5. Long Term REC Procurement Is Still Pending, Requiring That Review Be Held For Future Comment.

A pending issue is the implementation of the IPA's long term REC contract obligation. The People understand that the IPA is currently reviewing responses to its RFP for an administrator for those contracts, and that once an administrator is in place, the procurement process for long term REC contracts will begin. The People reserve the right to comment on the administration and implementation of the long term REC contract procurement as that process proceeds.

6. The Acquisition Of A 10% Hedge For Summer Peak Will Protect Consumers From The Risk of Extremely High Peak Prices, Ranging to \$2,700/Mwh.

Finally, the People note that the IPA appropriately purchased sufficient capacity to cover 10% more than the summer peak for both ComEd and Ameren, as approved by the Commission in its Order at 159-160 in Docket 09-0373. The recent, substantial increases in maximum prices PJM has approved, allowing energy prices to rise to a maximum of \$2,700 per megawatt hour, confirm the necessity of contracting for sufficient energy in the event of sustained, high summer demand. See www.pjm.com/~media/documents/ferc/2010-filings/20100621-er09-1063.ashx. Illinois consumers are protected from such extreme prices by the 10% margin included in the 2010 procurement.

Respectfully submitted,

The People of the State of Illinois
By LISA MADIGAN, Attorney General

Susan L. Satter, Sr. Assistant Attorney General
Public Utilities Bureau
100 West Randolph Street, Floor 11
Chicago, Illinois 60601
Telephone: (312) 814-1104
Fax: (312) 814-3212
Email: ssatter@atg.state.il.us