

**RETAIL AND WHOLESALE COMPETITION IN
THE ILLINOIS ELECTRIC INDUSTRY:
FOURTH TRIENNIAL REPORT**



ILLINOIS COMMERCE COMMISSION

NOVEMBER 2009

STATE OF ILLINOIS



ILLINOIS COMMERCE COMMISSION

November 13, 2009

The Honorable Members of the General Assembly
State House
Springfield, IL

Dear Members of the General Assembly:

Enclosed is the Illinois Commerce Commission's triennial report, "Retail and Wholesale Competition in the Illinois Electric Industry."

This report is submitted to the General Assembly in compliance with Section 16-120(a) of the Public Utilities Act. This report examines the status of Illinois retail and wholesale power markets and barriers to entry to these markets.

Sincerely,

A handwritten signature in black ink that reads "Charles E. Box".

Charles E. Box
Chairman

Table of Contents

Executive Summary

List of Tables

- I. History of the Electric Industry’s Restructuring in Illinois**
 - A. Electric Service Customer Choice and Rate Relief Law**
 - B. Illinois Power Agency Act**
 - C. Other legislative actions**

- II. Assessment of the Wholesale Electric Market and Wholesale Market Competition in the Midwest**
 - A. Retail Consumer Education Regarding the Time Variability of Energy Prices**
 - B. Retail Consumer Dynamic Rate Structures**
 - C. Continued Regulatory Oversight of Wholesale Markets at FERC**

- III. Assessment of Retail Electric Market in Illinois**
 - A. Delivery Services Tariffs and Transition Charges**
 - B. Patterns of Entry: Retail Electric Suppliers**
 - 1. Applications from Alternative Retail Electric Suppliers**
 - 2. Electric Utilities Serving Outside their Service Areas**
 - 3. Active Retail Electric Suppliers**
 - C. Alternative Supply Options**
 - D. Customer Supply Selections**

- IV. Prospects for Retail Competition**

Executive Summary

The Commission hereby submits to the General Assembly the fourth triennial report, *Retail and Wholesale Competition in the Illinois Electric Industry*, as required by Section 16-120 (a) of the Public Utilities Act (“Act”).

According to Section 16-120(a), the Commission:

[S]hall monitor and analyze patterns of entry and exit, applications for entry and exit, and any barriers to entry of participation that may exist, for services provided under this Article; shall analyze any impediments to the establishment of a fully competitive energy and power market in Illinois; and shall include its findings together with appropriate recommendations for legislative action in a report to the General Assembly.

The report examines the status of Illinois retail and wholesale power markets and barriers to entry to these markets. The report concludes that retail competition has increased significantly since the last time this report was filed in 2006. While competitive activity during the Mandatory Transition Period (“MTP”), which expired in 2007, was largely confined to the largest commercial and industrial customers located in Commonwealth Edison’s (“ComEd”) and AmerenIP’s territories, recent data shows substantial numbers of medium and small non-residential customers switching from bundled service to delivery service. Additionally, the gap in competitive activity between AmerenIP’s service territory and that of AmerenCILCO and AmerenCIPS has all but vanished. For all three Ameren Illinois utilities (“Ameren”), about half of the total electric usage of its customers is being supplied by alternative suppliers. Currently, competition for residential customers is statistically insignificant, although there are at present eight alternative retail electric suppliers (“ARES”) that have obtained Commission certification to serve residential customers. One of those suppliers started a limited residential pilot program in ComEd’s service territory in 2008. The implementation of Public Act 95-0700, which requires ComEd and Ameren to offer consolidated billing and the purchase of supplier receivables, could further increase the likelihood of supplier interest in the residential market.

The report shows that rates were frozen at 1997 levels, and residential rates for the State’s two largest utilities, ComEd and Illinois Power (now AmerenIP), were decreased by 20%. It is estimated that residential customers saved approximately \$5.2 billion as a result of the rate freeze and residential rate reductions in the years 1998-2006.¹ However, the downside of the rate freeze was that residential customers were insulated from wholesale price increases for a decade. And, the resulting rate shock when residential customers were finally

¹ Illinois Commerce Commission Report to the General Assembly Summary of Annual Reports Filed by Electric Utilities Regarding the Transition to a Competitive Electric Industry May 2007.
<http://www.icc.illinois.gov/reports/Results.aspx?t=12>

exposed to the inevitable price increases led to significant political criticism and legislative amendments to the Act. However, even during the MTP, thousands of non-residential customers achieved significant savings by taking advantage of the opportunity to switch from bundled service to delivery service.

Illinois' four largest utilities are members of Regional Transmission Organizations ("RTO"). In particular, the Ameren Illinois utilities are members of the Midwest Independent Transmission System Operator ("Midwest ISO") and ComEd is a member of PJM Interconnection LLC ("PJM"). MidAmerican Energy Company has filed an application with the Federal Energy Regulatory Commission ("FERC") to join the Midwest ISO and is scheduled to be integrated into the Midwest ISO in the fall of 2009. Both the Midwest ISO and PJM operate regional energy markets that employ methods such as locational marginal pricing and regional security-constrained economic dispatch in an effort to enable competition to more effectively serve the electric needs of load located within the RTO. While the respective RTOs continue to refine the services that they provide, there are significant impediments that still need to be addressed if Illinois and the Midwest region are to realize the full benefits of competitive regional wholesale power markets. To that end, the report identifies three areas that the Commission believes need to be addressed to enhance the competitiveness of retail and wholesale power markets and this report offers corresponding recommendations for each. We would look to the Illinois General Assembly for support in the Commission's efforts in these areas.

In the second part of this report, the Commission discusses the state of retail competition, which shows significant growth after nine years of customer choice for non-residential customers. Switching statistics show that retail activity still varies among customer classes but those differences are far less dramatic than they were at the time of the last report. As of December 31, 2008 nearly 55,000 customers were on delivery service, compared to approximately 22,000 in October 2005, an increase of about 150%.² Nearly all of the largest commercial and industrial customers of both ComEd and Ameren are buying power and energy service from a supplier other than the incumbent utility. At the end of 2008, approximately 93% of the customers of ComEd and Ameren (representing approximately 97% of the electric usage) with a demand of **over** one megawatt ("MW") have been receiving service from an ARES. This compares to October of 2005 where only 30% of Ameren customers in that demand category were taking ARES service; and only 70% of ComEd's customers. The level of switching activity is also noticeably increasing for small and medium-sized customers. At the end of 2008, approximately 55% of ComEd's load for customers **under** 1 MW was provided by alternative suppliers. The same is true for approximately 38% of

² It is also worth noting that the 2005 numbers include customers on the Power Purchase Option ("PPO"), a supply option that ended with the expiration of the MTP.

the load of Ameren's below 1 MW customers, up from less than 4% in October 2005. In terms of **customers**, compared to October 2005, when less than half of one percent of Ameren's below 1 MW customers were receiving delivery service, recent data shows that number increased to about 8% by the end of 2008.

The last time the Commission submitted this report there was one ARES that had received a certificate from the Commission to serve residential customers. As of December 2008, there are eight alternative suppliers certified to serve residential customers. Six of these suppliers have completed the electric utility's registration process, and one supplier is conducting a residential pilot program. The availability of a purchase of receivables program is expected to lead to an increased supplier interest in serving residential and small commercial customers.

While competitive activity has increased significantly in both ComEd and Ameren's service territories, there continues to be no interest by alternative suppliers to serve customers of MidAmerican or Mt. Carmel. However, more than 50% of the entire retail load in Illinois is served by RES supply, up from 18% in October 2005.

In addition, residential real-time pricing options are required as a result of the implementation of Section 5/16-107 of the Act. Public Act 94-977, which became effective in June 2006, added new requirements to Section 5/16-107(b), requiring electric utilities serving more than 100,000 customers to file tariffs to allow residential retail customers to elect real-time pricing. Newly created Section 6/16-107 (b-5) required ComEd and Ameren Illinois to allow residential customers to elect real-time pricing beginning January 2, 2007. Tariffs for both ComEd and the Ameren Illinois Utilities implementing the new law were approved by the Commission in December 2006 (ICC Docket Nos. 06-0617, 06-0691, 06-0692 and 06-0693). At the end of 2008, 5,838 residential customers were enrolled in the ComEd residential real-time pricing program and 3,147 residential customers were enrolled in the Ameren Illinois real-time pricing program.

Table 1: Percentage of Non-Residential Customers and Customer Load Receiving Delivery Services, by Demand Class (2008)³

Utility / Demand Class	Percentage of Customers Receiving Delivery Services		Percentage of Usage Receiving Delivery Services	
	Under 1 MW	Above 1 MW	Under 1 MW	Above 1 MW
Ameren CILCO	10.1%	92.9%	46.1%	92.0%
Ameren CIPS	6.7%	87.9%	33.5%	97.5%
Ameren IP	8.5%	92.0%	38.3%	94.3%
ComEd	11.2%	93.2%	54.7%	96.7%
MidAmerican	0	0	0	0
Mt. Carmel	0	0	0	0

³ Data taken from electric utility switching reports located on the Commission website at <http://www.icc.illinois.gov/electricity/switchingstatistics.aspx>

List of Tables

Table 1: Percentage of Non-Residential Customers and Customer Load Receiving Delivery Services, by Demand Class (2008)

Table 2: Number of Active Retail Electric Suppliers per Utility Service Territory (2000-2008)

Table 3: Comparison of the Number of RES Supply Service Customers 2005-2008

Table 4: Percentage of Non-Residential Customers and Customer Load Receiving Delivery Services, by Demand Class (2008)

Table 5: Number of Customers Taking Utility Hourly Priced Service, as of December 2008

I. HISTORY OF THE ELECTRIC INDUSTRY'S RESTRUCTURING IN ILLINOIS

A. ELECTRIC SERVICE CUSTOMER CHOICE AND RATE RELIEF LAW

The Illinois Electric Service Customer Choice and Rate Relief Law ("Customer Choice Act"), enacted in December of 1997, was landmark legislation that restructured the electric industry in the State of Illinois. Illinois was among several states in the nation that changed its regulatory paradigm for electric utilities to allow a shift from traditional cost of service regulation to a greater reliance on market forces to discipline the price of power. The General Assembly embraced the restructuring model as a more efficient regime. The Customer Choice Act was designed to provide greater choice and additional value through products and services tailored to the individual retail customer while, at the same time, maintaining or enhancing system reliability.

The Customer Choice Act required Illinois electric utilities to unbundle electricity service, creating a competitive generation market, while transmission and distribution remained regulated. This restructuring comprised two parts. First, the Customer Choice Act permitted Illinois electric utilities to divest their generation assets to affiliated and unaffiliated entities and allowed alternative suppliers to compete with the incumbent utility to sell power to retail customers. Supplier choice for commercial and industrial customers was phased-in from October 1999 through October 2000. Residential customers were permitted to contract for electric supply from alternative suppliers beginning in May 2002, however, the residential rate freeze remained in effect until January 2007, effectively discouraging any alternative supplier interest in serving that sector of the market.

The Customer Choice Act has also led to both the consolidation and the disaggregation of the Illinois electric industry during the Mandatory Transition Period ("MTP"). Prior to the MTP, the State's largest utilities were vertically integrated and served their customers from their own generating plants. All major Illinois electric utilities divested their generation assets to affiliated and unaffiliated companies and no longer own generation. The following restructuring activities occurred: ComEd transferred its nuclear fleet to an affiliate, Exelon Generation (an Exelon subsidiary), and sold its fossil-fueled plants to Midwest Generation (an Edison International subsidiary). Central Illinois Public Service Company ("CIPS") merged with Union Electric, a Missouri utility, creating the holding company Ameren. Illinois Power ("IP") sold its Clinton Nuclear Generating Station, and then was purchased by the energy company Dynegy, Inc. Ameren purchased Central Illinois Light Company ("CILCO"), and then purchased IP. The Illinois service territory of Union Electric Company, an Ameren entity, was incorporated into the CIPS service territory. The generating plants formerly owned by CILCO and CIPS are now owned by an Ameren affiliate. The fossil-fueled generating plants formerly owned by IP are owned by Dynegy. The Clinton nuclear plant is now owned by Exelon.

As a result of these changes, the State's four largest electric utilities are no longer vertically integrated in a regulatory sense, but operate under a holding company structure where ComEd is a regulated affiliate of Exelon, and the holding company, Ameren Corp, operates the three formerly-independent utilities CILCO, CIPS, and IP as separate operating companies.

A measure of efficiency increases can be found in comparing the capacity factors of Illinois' nuclear fleet. Prior to restructuring, the capacity factor of Exelon's nuclear plants was in the range of 40-60%. Today, it is in the 90% range. It seems that the carrot of deregulation has provided much more of an incentive to maintain operational efficiency than the stick of regulation.

The second aspect of restructuring is the preservation of transmission and distribution services as noncompetitive, utility services provided by the restructured, delivery-only companies, AmerenCILCO, AmerenCIPS, AmerenIP and ComEd. These companies, which together serve almost 98% of the State's retail customers, retain the utility obligation to provide the "wires" services, but also must supply generation to those customers that have yet to choose an alternative provider, or are unwilling to purchase from alternative suppliers. Utilities must purchase the generation needed for this Provider of Last Resort ("POLR") service in the wholesale, competitive market. During the MTP, the utilities primarily contracted with the new owners of their former generating facilities for the power and energy that they needed to serve their retail customers.

Transmission and distribution systems still owned by the incumbent utility are treated as natural monopoly services. Distribution rates remain regulated by the Illinois Commerce Commission ("ICC"), but transmission rates are regulated by the Federal Energy Regulatory Commission ("FERC"). In recent years, FERC has moved increasingly toward reliance on competition in power markets, rather than traditional cost of service regulation, as the mechanism for producing just and reasonable rates for the electric commodity. The Customer Choice Act permitted Illinois electric utilities to either sell or transfer their generating plants to non-utility entities not subject to the ICC's jurisdiction, but subject to FERC wholesale market regulatory oversight.

FERC Order No. 2000 set forth criteria for transmission-owning electric utilities to voluntarily join an independent regional transmission organization ("RTO") regulated by the FERC, to enable all wholesale market participants to compete. The Ameren Illinois utilities are members of the Midwest Independent Transmission System Operator, Inc. ("Midwest ISO") and ComEd is a member of PJM Interconnection, LLC ("PJM"). MidAmerican Energy Company plans to join the Midwest ISO and is scheduled to be integrated into the Midwest ISO in the fall of 2009. Both of these RTOs operate energy markets that employ methods such as locational marginal pricing and regional security-constrained economic dispatch in an effort to enable competition to more effectively serve the electric needs of load located within

the RTO. While the respective RTOs continue to refine the services that they provide, there are still improvements that the Commission continues to advocate for at the FERC in order for Illinois and the Midwest region to realize the full benefits of competitive wholesale power markets.

B. THE ILLINOIS POWER AGENCY ACT

The Customer Choice Act established the objective of creating competitive markets for electricity. All residential customers for the State's two largest utilities, ComEd and Illinois Power (now owned by Ameren) had their rates decreased by up to 20% and then frozen from the Act's December 1997 date of enactment through January 1, 2007, referred to as the MTP. It is estimated that residential customers saved approximately \$5.2 billion as a result of the rate freeze and residential rate reductions. However, freezing and reducing prices placed a binding price ceiling on electricity prices, which led to significant welfare impacts. Utility prices did not reflect market prices or actual costs, which resulted in distorted pricing signals and sub-optimal customer consumption. The price freeze insulated residential customers from changes in wholesale market prices. While there were periods during the 10-year rate freeze when wholesale prices were low, toward the end, wholesale prices were rising significantly. Once the rate freeze expired, residential customers were no longer insulated from these prices and were exposed to an immediate rate shock. Finally, the price freeze, in combination with the mandatory transition charge, also created a significant barrier to entry for competition in the residential market by effectively limiting the up-side price potential for competitive suppliers and impeding the goal of increasing competition for the residential sector.

At the end of the MTP on January 1, 2007, the rate freeze expired, and all retail customers were charged delivery service rates for transmission and distribution. Commodity rates were based on the results of a September 2006 auction, conducted by a Commission-approved auction manager, NERA Economic Consulting, and monitored by both the Commission Staff and a Commission-hired auction monitor, Boston Pacific Company. The descending clock auction procured a blend of 17-, 29- and 41-month contracts for fixed priced, load-following products in vertical tranches, each covering a third of eligible retail load. For this procurement approach, the risk of insufficient supply to meet demand was borne strictly by the supplier, and supplier bids reflected the amount of supplier risk for each product. The market-based prices for energy products that resulted from the auction were, in some cases, considerably higher than the reduced and frozen prices residential customers faced during the MTP decade following the enactment of the Customer Choice Act.

As a consequence of these retail rate shocks, in the summer of 2007, the General Assembly passed Public Act 95-0481, the Illinois Power Agency Act. This legislation created the Illinois Power Agency and provided over \$1 billion in new rate relief over four years to residential and certain non-residential electric customers, buffering the impact of increased

prices. In addition to creating the Illinois Power Agency, which is charged with overseeing the procurement process for utility electric supply, the new law declared markets for large commercial and industrial customers as competitive, imposed new energy efficiency and demand response requirements on utilities, created a Renewable Portfolio Standard and further eased regulatory requirements relating to utility reorganizations, plant retirements, asset transfers and cost recovery mechanisms.

In September 2008, the IPA submitted a petition for the approval of its initial procurement plan to the ICC. The plan used a three year ladder approach to procuring electricity commodity and associated transmission services, plus required renewable energy assets, to meet the supply needs of those retail customers served by ComEd and Ameren Illinois that have not yet chosen alternative suppliers from 2009 through 2014. This procurement plan differed from the auction by procuring horizontal rather than vertical products. In this case, supply risk was borne by the IPA and customers, and bids by suppliers would not reflect this added risk component as was seen in the prior auction bids. Instead, the procurement hedged products to a limit that reflected forecasted demand, which exposed customers (potentially) to spot market prices when demand for energy was higher than the amount of energy procured. The IPA's initial procurement plan was approved by the ICC on January 7, 2009.

C. OTHER LEGISLATIVE ACTIONS

In addition to the IPA Act, two additional pieces of legislation have been passed since the Commission's 2006 Report to further develop the competitive market in Illinois.

First, the Retail Electric Competition Act (Public Act 94-1095) added Section 20-101 to the Act, creating the Office of Retail Market Development ("ORMD") within the Illinois Commerce Commission. The ORMD is directed to actively seek out ways to promote retail competition in Illinois that benefit all consumers by seeking input from all interested parties, monitoring existing competitive conditions, identifying barriers to entry, and proposing solutions to overcome those barriers. The ORMD was operational and staffed in 2008.

Second, in November 2007, Public Act 95-0700 became effective, which added Section 20-130 to the Act and modified Section 16-118 of the Act. Additions to Section 16-118 require ComEd and Ameren to offer a purchase of receivables program to suppliers for customers with non-coincident peak demand under 400 kilowatts, utility consolidated billing, and the purchase of two months of uncollectible receivables of power and energy for customers with non-coincident peak demand under 400 kilowatts. Section 20-130 gives the Commission the authority to establish retail choice and referral programs administered by an electric utility or the State that would provide incentives such as introductory rate offers for switching to participating electric suppliers to residential and small commercial customers.

II. ASSESSMENT OF THE WHOLESALE ELECTRIC MARKET AND WHOLESALE MARKET COMPETITION IN THE MIDWEST

The Federal Power Act provides the FERC with authority over all wholesale power sales by jurisdictional public utilities and all transmission of electricity by public utilities in interstate commerce.⁴ Since Order No. 888 was issued in 1996, FERC has worked to establish competitive wholesale markets that will facilitate just and reasonable electricity rates. Order No. 888 required all FERC-jurisdictional electric utilities, including ComEd, Ameren, and MidAmerican in Illinois, to provide open access to their transmission lines to allow wholesale customers to access alternative suppliers of electricity.⁵ In 1999, FERC issued Order No. 2000, which set forth criteria for transmission-owning electric utilities to voluntarily join an independent regional transmission organization (RTO) to enable all wholesale market participants, including the electric utility itself, to compete on an even footing and eliminate transmission rate pan-caking, or charging a toll for transmission service by every local utility control area.⁶

More recent efforts undertaken by the FERC to promote competition in wholesale electricity markets include the implementation of the Energy Policy Act of 2005 (“EPAAct 2005”) which strengthened the FERC’s regulatory tools. The FERC recognized that effective regulation is necessary to protect electricity consumers from exploitation, assure fair competition, and provide for the development of a stronger energy infrastructure. Ultimately, EPAAct 2005 resulted in the FERC promulgating several final rules, as well as a number of proposed rulemakings and reports to Congress. In 2007, the FERC issued Order No. 890, which sought to reform Order Nos. 888 and 889 to ensure electric transmission service is provided on a nondiscriminatory and just and reasonable basis, as well as provide for more effective regulation and transparency in the operation of the transmission grid.⁷ In 2008, the FERC issued Order No. 719 which finalized regulations intended to strengthen the operation and improve the competitiveness of organized wholesale electric markets through the use of demand response and by encouraging long-term power contracts, strengthening the role of market monitors and enhancing the responsiveness of RTO management to its stakeholders. In July 2009, FERC issued Order No. 719-A, a Final Rule further strengthening the competitiveness of organized wholesale electric markets.

While the FERC has worked to strengthen the operation and improve the competitiveness of organized wholesale electric markets and has strongly encouraged the use of demand response, demand response is primarily a retail issue that lies in the state public

⁴ Federal Power Act, Section 201, 16 U.S.C. §824(a).

⁵ *Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, 75 FERC ¶ 61,080 (1996)

⁶ *Regional Transmission Organizations*, 89 FERC ¶ 61,285 (1999).

⁷ *Preventing Undue Discrimination and Preference in Transmission Service*, (Order No. 890), FERC Stats & Regs. ¶ 31,241 (2007), *order on reh'g*, Order No. 890-A, 73 Fed. Reg. 2984 (Jan. 16, 2008), FERC Stats & Regs. ¶ 31,261 (2007).

service commissions' regulatory jurisdiction. One of the best and most effective means to discipline wholesale prices is to have retail rates that are dynamic and respond to changes in the wholesale price. That is, rates that reflect the cost of energy at the time at which the energy is consumed. Examples of dynamic rates are: Time of Use rates, Critical Peak Pricing, Peak Time Rebates and Real Time Pricing.

The following three issues are items that the Commission believes need to be addressed to enhance the competitiveness of retail and wholesale power markets and this report offers corresponding recommendations for each issue. We would look to the Illinois General Assembly for support in the Commission's efforts in these areas.

A. RETAIL CONSUMER EDUCATION REGARDING THE TIME VARIABILITY OF ENERGY PRICES

As noted above, the 1997 Amendments to the Public Utilities Act effectively required the Commission to rely on competition in the wholesale electric markets to discipline prices in retail markets. Wholesale electricity prices have a direct influence on retail electricity prices, so ensuring effective competition in the wholesale market is critical. A wholesale market susceptible to manipulation by market participants would result in unnecessarily high electricity prices for Illinois retail electricity consumers. Accordingly, the Commission has a direct interest in the identification of any improper market design, abuse of market power and/or anticompetitive behavior of wholesale market participants.

A significant portion of the volatility in capacity and energy prices and uncertainty in the amount of capacity needed in the wholesale market is a function of uncertainty in customer demand. Since customers are most able to control their demand levels, it would be sound policy to encourage that behavior through dynamic rate design. Traditionally, customers have had no exposure to the price volatility caused by the variance of their demand; instead, they paid a flat price for power no matter when they used it. This is now changing with the improvement in metering and communication technologies that allow for real time, two-way communication of usage and price information to customers and the introduction of dynamic pricing.

Section 16-101A(d) of the Public Utilities Act directs the Commission to "act to promote the development of an effectively competitive electricity market that operates efficiently and is equitable to all consumers." Consumer education was a key part of the Customer Choice Act in 1997, and the General Assembly provided the Commission funding to educate consumers on supply options that would be available through alternative providers. The Commission utilized that funding to support many consumer education initiatives at that time. However, for the reasons set forth earlier in this report, alternative providers have yet to engage residential and small commercial customers in a significant fashion to this date. That may be changing as metering infrastructure improves, the retail market matures and ARES begin to market to the residential and small commercial customers.

This is why it is imperative to revisit consumer education on energy choices at this stage of market development. With all of the changes in communication and metering technologies, the advent of programmable communicating thermostats, “smart” energy star appliances that have communication technologies that allow them to operate efficiently, the introduction of Plug-in Hybrid Vehicles, concern about fossil fuel supplies and prices, carbon emissions and renewable resources, educating and empowering residential and small commercial customers with regard to their use of electricity is paramount. To enable customers to become active rather than passive participants in the process of consuming and conserving energy is going to take significant resources to educate and inform them of how the industry is evolving and just what their options are in the 21st century.

B. RETAIL CONSUMER DYNAMIC RATE STRUCTURES

As noted previously in this report, the Commission has approved an AMI pilot project in ComEd’s service territory to test various combinations of technologies, products and dynamic rate designs that should enable us to better understand the functionality and capability these systems can provide for customers. Traditionally, residential and small commercial customers have had no exposure to the price volatility caused by the variance of their demand; instead, they paid a flat price for power no matter when they used it. This is now changing with the introduction of demand response and dynamic pricing. This pilot should provide valuable insight to the Commission into consumer reaction and acceptance of dynamic pricing options that allow customers to receive electricity at prices and terms better tailored to meet their needs. The Commission will continue to take carefully considered and measured steps to gauge customer response and acceptance of these options and would seek the General Assembly’s continued support and guidance in these efforts.

C. CONTINUED REGULATORY OVERSIGHT OF WHOLESAL MARKET AT FERC

While the Operating Agreements of both PJM and the Midwest ISO contain provisions that permit state commissions, under certain conditions, to request that the independent market monitors conduct analysis on particular market issues, the Commission is unable to obtain the confidential data underlying the Market Monitors’ reports. As such, the Commission cannot verify the analysis provided by the Market Monitors. Under such circumstances, the Commission has had to rely on publicly-available data to fulfill its market monitoring responsibilities.

The quality of publicly-available data has improved in recent years; however, it is not of the same quality as market participant transaction data and information in the possession of the RTOs and their Market Monitors. Accordingly, the Commission and numerous other state commissions in the PJM/Midwest ISO region have spent numerous years seeking FERC authorization granting access to data in the possession of both PJM/Midwest ISO and their respective market monitors. Unfortunately, these efforts have borne little fruit, with FERC having issued orders approving restrictive rules for PJM and the Midwest ISO with which the

Commission cannot comply due in large part to those Illinois state laws requiring the Commission to share such confidential documents with certain other agencies upon request.

Without access to adequate data and information, it will be difficult, if not impossible, for the Commission to comply with the Section 16-101A(d) directive. The Commission must have access to sufficient market data so that it can effectively monitor conditions in the electricity markets as envisioned by the 1997 Amendments. Also, the data access provisions of both PJM and the Midwest ISO require that a state commission meet the respective FERC-approved tariff language, including the Non-Disclosure Agreement (NDA) on file that was approved by FERC. This requirement is problematic, as referred to above, because Illinois statutes require the Commission, under certain circumstances, to disclose confidential information to the Attorney General and States Attorney for uses not permitted by the terms of the NDAs. In addition, the Illinois Freedom of Information Act (FOIA) and federal FOIA laws may make it difficult for the Commission to satisfy the terms and conditions of an NDA unless the exemptions under FOIA are determined by a court to apply to the confidential materials of wholesale power market participants.

Accordingly, the Commission believes that a State statute expressly exempting the confidential materials of wholesale power market participants from disclosure under the Attorney General Act and the Illinois Consumer Protection Law, as well as the Illinois FOIA, are necessary to enable the Commission to fulfill the market monitoring duties to ensure that rates in Illinois are just and reasonable. It should be noted that Section 7(1)(a) of the FOIA exempts “information specifically prohibited from disclosure by Federal or State law or rules and regulations adopted under Federal or State law and Section 7(1)(g) of the FOIA exempts trade secrets and commercial and financial information, where disclosure may cause “competitive harm.”

While the ability to sign the FERC-approved NDA with PJM/Midwest ISO would likely improve the ability of the Commission to obtain the data and information necessary to fulfill its market monitoring responsibilities, the Commission remains concerned about having to rely on the FERC to allow the Commission sufficient access to wholesale market data and information to effectively perform the Commission’s duties. Indeed, the FERC’s Order No. 719 could be interpreted as significantly reducing the amount of information and analysis that the RTOs’ market monitor would be obligated to provide state commissions and seems to be indicative of a trend to limit the role of state commissions in monitoring market abuses.⁸ Such a problem can be partly resolved by allowing the Commission to access information in the possession of Illinois generation companies that participate in markets operated by PJM and the Midwest ISO.

⁸ Wholesale Competition in Regions with Organized Electric Markets, 125 FERC ¶ 61,071(2008).

Accordingly, the Commission offers the following three legislative modifications to address some of the impediments to wholesale market data access discussed above. Modification (1) is a three part recommendation that would enable the Commission to keep confidential the information that it receives pursuant to an NDA with the Midwest ISO and PJM, under the (a) Attorney General Act, (b) Public Utilities Act, and (c) FOIA. Modification (2) would, subject to jurisdictional restraints, enable the Commission to access information, whether confidential or not, in the possession of the Midwest ISO and PJM. Finally, modification (3) would enable the Commission to access information in the possession of Illinois generating companies that participate in the markets operated by the Midwest ISO and PJM.

Modification 1(a): Section 6.5 (d) of the Attorney General Act, 15 ILCS 205 (“AG Act”) provides that the AG (i) shall have access to and use of all information in the possession or control of the ICC; (ii) may use such information obtained, including confidential information, which the AG shall maintain as confidential, for law enforcement purposes only; and (iii) may disclose such information to law enforcement personnel. The ICC proposes inserting the following language in 15 ILCS 205/6.5(d):

Omit period after: “and documents in the possession or control of the Commission” and add: “except that, any files, records data, and documents obtained by the Illinois Commerce Commission pursuant to the confidentiality provisions of a regional transmission organization’s non-disclosure agreement, or the equivalent, on file at the Federal Energy Regulatory Commission as a FERC Rate Schedule or tariff sheet, shall not be subject to such access, use or disclosure under this section.”

Modification 1(b): The ICC proposes modifying Section 220 ILCS 5/4-601(b) (2) of the Public Utilities Act as follows to allow the ICC to comply with requisite non-disclosure agreements:

[P]rovide any materials or documents already in the Commission’s possession requested by the [AG] or a State’s Attorney pertaining to the enforcement of consumer protection laws; any materials or documents that are proprietary shall not be made public unless the designation as proprietary has been removed by a court or legal body of competent jurisdiction, or the agreement of the parties except that, any materials or documents obtained by, or in the possession of, the Commission pursuant to the confidentiality provisions of a regional transmission organization’s non-disclosure agreement, or the equivalent, on file at the Federal Energy Regulatory Commission as a FERC Rate Schedule or tariff sheet, shall not be subject to such provision, access, use or disclosure under this section (b) (2).

Modification 1 (c), Section 7(1) of the Illinois Freedom of Information Act, 5 ILCS 140/7, should be modified to include an additional exemption that specifically covers confidential information provided by RTOs under an NDA.

Information and data provided to the Illinois Commerce Commission by a regional transmission organization or its independent market monitor concerning the market participant's market and transmission system data that will enable the Commission to perform market monitoring functions.

Modification (2): Modify Section 16-126(i) of the Public Utilities Act, to insert the underlined language, as follows:

(i) The Illinois independent system operator created under this Section, and any other independent system operator authorized by the Federal Energy Regulatory Commission to provide transmission services as a public utility under the Federal Power Act within the State of Illinois, shall be deemed to be a public utility for purposes of Section 5-101, 5-105, 8-503 and 8-509 of this Act.

Modification (3): Modify Section 5-101 of the Public Utilities Act, to insert the underlined language, as follows:

Every public utility and every entity owning a generator in Illinois that participates in markets operated by an independent system operator, as described in Section 16-126 of this Act, shall furnish to the Commission all information required by it to carry into effect the provisions of this Act, and shall make specific answers to all questions submitted by the Commission.

III. ASSESSMENT OF RETAIL ELECTRIC MARKETS IN ILLINOIS

The Customer Choice Act established the objective of creating competitive markets for electricity. In keeping with that goal, the General Assembly charged the ICC to “promote the development of an effectively competitive electricity market that operates efficiently and is equitable to all consumers.” In so doing, the General Assembly mandated that “[c]onsumer protections must be in place to ensure that all customers continue to receive safe, reliable, affordable, and environmentally safe electric service.” 220 ILCS 5/16-102(d). The first non-residential customers became eligible for choice in October 1999, and all non-residential customers were eligible by January 2001. Residential customers became eligible in May 2002.

The ICC has continued down the path set out by the General Assembly in 1997 – a measured program toward fully competitive markets with regulatory oversight that will result in

the greatest consumer benefits. Since passage of the Consumer Choice Act, thousands of non-residential customers have achieved savings by taking advantage of the opportunity to switch from bundled service to unbundled service. At the beginning, as expected, the largest-use customers have exhibited the highest switching rates, with the trend of switching rates dropping as customer size decreases. As of December 2008, from a non-residential population of about 500,000 customers, about 55,000 customers were purchasing power from an ARES or a non-incumbent Illinois utility selling power at retail via the incumbent's distribution system (collectively, retail electric suppliers or "RESs").

Competition for smaller commercial and industrial customers is also robust. Approximately 55% of ComEd's load for customers **under** 1 MW was provided by alternative suppliers. The same is true for approximately 38% of load of Ameren's below 1 MW customers, up from less than 4% in October 2005. In terms of customers, compared to October 2005, when less than half of one percent of Ameren's below 1 MW customers were receiving delivery service, recent data shows that number has increased to about 8% by the end of 2008. Many entities have been certified as ARES by the Commission to provide electric power to retail electric customers and today more than 50% of the **entire retail load in Illinois** is served by RES supply, up from 18% in October 2005.

The Commission notes that it took a number of proactive steps to encourage retail competition during the MTP. In particular, the Commission enacted an administrative rule that addresses internal utility disincentives by preventing utilities from actively competing with RESs for customers. The Commission also approved refinements to the market value calculation methodologies used to set transition charges, approved tariffs that enable customers to "lock-in" transition charges for a multi-year period, narrowed the differences between utilities with respect to business practices and delivery service tariff provisions, and it declared service to 3 MW and larger customers in ComEd's territory to be competitive.

In addition, and more recently, the Commission has taken several steps to allow stakeholders to better understand new developments in utility infrastructure and communications technologies commonly called "Smart Grid". Through various orders of the Commission, an Advanced Metering Infrastructure (AMI) Collaborative was formed as well as an Illinois Smart Grid Collaborative. The AMI collaborative led to a recent Commission approved AMI pilot project in ComEd's service territory to test various combinations of technologies, products and dynamic rate designs that should enable us to better understand the functionality and capability these systems can provide for customers. Traditionally, residential and small commercial customers have had no exposure to the price volatility caused by the variance of their demand; instead, they paid a flat price for power no matter when they used it. This is now changing with the introduction of advanced metering infrastructure, demand response and dynamic pricing. This pilot should provide valuable

insight into consumer reaction and acceptance of dynamic pricing options available to the Commission.

A. DELIVERY SERVICES TARIFFS AND TRANSITION CHARGES

Each Illinois utility filed and received approval from the Commission for cost-based delivery services tariffs that enable non-residential retail customers to purchase power and energy from alternative suppliers. According to Sec. 16-108 of the Act, the delivery services tariffs must be made available to all customers on the same terms and conditions without regard to a customer's choice of supplier. With the end of the MTP on January 1, 2007, utilities no longer collect transition charges.

B. PATTERNS OF ENTRY: RETAIL ELECTRIC SUPPLIERS

Sec. 16-120 (a) directs the Commission to report on patterns of entry to Illinois markets. This section describes the retail activities of the entities that are authorized to participate in customer choice by selling power and energy to customers. There are two types of such entities: (1) Retail suppliers that have obtained Alternative Retail Electric Supplier ("ARES") certification from the Commission; and (2) Illinois electric utilities, which, under Sec. 16-116 of the Act, are permitted to sell power and energy to customers outside their service areas. Collectively, suppliers serving retail electric customers under delivery services tariffs are termed "Retail Electric Suppliers" or "RESs".

1. APPLICATIONS FROM ALTERNATIVE RETAIL ELECTRIC SUPPLIERS

Sec. 16-115 of the Act establishes the standards that a prospective ARES applicant must meet to obtain certification from the Commission. Among other things, this section of the Act requires a successful applicant to demonstrate to the Commission its "technical, financial and managerial resources and abilities" to provide service to retail customers. The Commission adopted rules at 83 Ill. Adm. Code 451 ("Part 451") to implement Sec. 16-115 and to guide the ARES certification process.

Utility affiliates who wish to sell power and energy must also receive certified status as an ARES. Utilities and their affiliates are subject to 83 Ill. Adm. Code 450, the rule governing utility/affiliate relations that the Commission adopted pursuant to Sec. 16-121 of the Act.

A prospective ARES' application must identify each area in which it intends to serve. Most applicants have sought certification in each of the State's largest service areas. Also, each application must specify the customer groups that the ARES intends to serve. Based on Part 451, applicants may obtain certification to serve any of the following customer groups: (1) all non-residential customers; (2) all non-residential customers with greater than 15,000 kWh annual usage; (3) only customers with demand greater than one MW; or (4) residential customers. Most ARES have applied to serve all non-residential customers, although a few

applicants have sought certification to serve one MW or greater customers only. Eight ARES have received certifications to serve residential customers.

Prospective ARES have submitted 33 certification applications since January 2, 2006. Three applications were denied due to the suppliers' inability to demonstrate compliance with the former "reciprocity" provisions of the Act and Part 451, and three applications were withdrawn. Seven ARES have voluntarily surrendered their certificates and ceased operating in Illinois between January 2, 2006 and December 31, 2008.

Public Act 95-0130, enacted August 13, 2007, repealed Section 15-115(d)(5) from the Public Utilities Act, thus removing the reciprocity requirements for ARES certification. The repeal of this requirement enabled the ICC to amend Illinois Administrative Code 451 to eliminate references to the reciprocity mandate effective November 1, 2008. The removal of the reciprocity requirements eliminated a potential barrier to entry for ARES in Illinois.

2. ELECTRIC UTILITIES SERVING OUTSIDE THEIR SERVICE AREAS

When the retail market opened in 1999, AmerenCIPS, AmerenCILCO, AmerenIP, MidAmerican Energy Company and South Beloit Water, Gas and Electric Company expressed an interest in serving retail customers outside their home service areas. Currently, MidAmerican is the only electric utility that markets outside its service area.

Regulations adopted by the Commission governing supplier behavior are designed to ensure that the regulations apply equally to all RESs (except to the extent that certain statutory provisions may apply to only one or the other supplier category).

3. ACTIVE RETAIL ELECTRIC SUPPLIERS

To sell electricity in Illinois as a retail supplier, suppliers must be certified with the ICC, meeting requirements of Section 16-115 of the Public Utilities Act and Illinois Administrative Code 451. Suppliers must also register with each utility in whose territory they intend to sell services. The utility registration process includes, but is not limited to, completing agreements to follow all relevant tariffs, Electronic Data Interchange (EDI) agreements, meter data management agreements, credit applications, contact information and billing agreements. As Table 2 shows, the number of active retail electric suppliers has increased significantly since the end of the MTP in 2006. As of December, 31, 2008, a total of 40 alternative suppliers were certified with the ICC to sell power and energy to retail customers.⁹ Twelve suppliers had completed the registration process with the Ameren Illinois Utilities and eleven of those suppliers were actively selling electricity in the territory. Twenty-two suppliers had completed the registration process with ComEd and 19 of those suppliers were actively selling electricity

⁹ Data is taken from the Commission's list of Certified Alternative Electric Retail Suppliers posted to the Commission's website at <http://www.icc.illinois.gov/utility/list.aspx?type=ares>.

in the territory. Four of the active suppliers are either electric utilities or affiliates of electric or natural gas utilities. The Commission granted its first certificate to a RES applicant to provide alternative electric supply to residential customers in 2005. As of December 31, 2008, there are eight RESs certified to serve residential customers. A list of RESs both certified with the ICC and registered with either the Ameren Illinois Utilities or ComEd is available on the ICC's website at <http://www.icc.illinois.gov/pluginillinois/suppliers.aspx>.

Table 2: Number of Active Retail Electric Suppliers per Utility Service Territory (2000-2008)¹⁰

Utility Service Area / Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
AmerenCILCO	0	0	0	1	1	1	5	10	12
AmerenCIPS	3	2	4	5	5	4	6	10	13
AmerenIP	4	3	4	3	3	4	6	12	12
ComEd	8	7	8	8	8	9	10	18	19
MidAmerican	1	1	0						
All Others	0								

¹⁰ Data is taken from electric utility switching reports that are posted to the Commission's website at <http://www.icc.illinois.gov/electricity/switchingstatistics.aspx>

C. ALTERNATIVE SUPPLY OPTIONS

All customers may choose to remain on supply service with their utility company, or they may choose to purchase electricity from an alternative supplier. However, Public Act 95-481, which became effective in August 2007, removed the ability of certain customer classes to continue to receive fixed-price bundled service from the electric utility. Section 16-113(f) of the Act declared the provision of electric power and energy to retail customers of ComEd and Ameren Illinois with peak demands of 400 kilowatts and above to be a competitive service. The new law stated that after the end of the May 2008 billing period, ComEd was allowed to discontinue providing fixed-price bundled service to customers with peak demands that are greater than 400 kilowatts and Ameren Illinois was allowed to discontinue providing fixed-price bundled service to customers with peak demands of at least one megawatt. The legislation further provided that Ameren Illinois does not need to provide fixed-price bundled service to customers with peak demands of 400 kilowatts and above after the end of the May 2010 billing period.

In addition, new Section 16-113(g) gives both ComEd and Ameren Illinois the ability to declare the provision of power and energy to customers with peak demands of 100 kilowatts and above but less than 400 kilowatts to be competitive if certain conditions are met. In September 2007, ComEd did file such a petition and the Commission found that ComEd had satisfied the statutory requirements for a competitive declaration and therefore the provision of power and energy to ComEd's customers with peak demands of at least 100 kilowatts but less than 400 kilowatts has been declared competitive as of November 11, 2007.¹¹ The result of this competitive declaration is that ComEd is no longer required to offer fixed-price bundled service to those customers after the end of the May 2010 billing period. After that date, all competitively declared customers must choose power and energy supply from the utility on an hourly-pricing basis that reflects the underlying wholesale market cost to serve or from an alternative retail electric supplier.

Customers taking supply service from an ARES generally receive two bills: one from the supplier and one from the utility, though some suppliers have obtained Commission approval to offer single billing to their customers. This means that the supplier bills the customer for supply charges as well as the delivery charges that are due to the utility company. The three Ameren Illinois utilities filed tariffs in September 2008 to offer a combined utility consolidated billing and purchase of receivables ("UCB/POR") service pursuant to Sections 16-118 (c) and (d) of the Act.¹² The implementation of the UCB/POR program at the three Ameren Illinois utilities might provide incentives for additional suppliers to enter the Illinois electric market or for currently active suppliers to also offer services to small

¹¹ ICC Docket No. 07-0478.

¹² ICC Docket No. 08-0619, 08-0120, 08-0621, consolidated.

commercial and residential customers. The utility-combined billing allows for the customer to receive just one bill from the utility even if the customer takes supply service from an ARES.

Customers wishing to stay on bundled electric service with the utility also have the option of taking real-time pricing service. Section 16-107 of the Act requires electric utilities to offer real time pricing service to both residential and non-residential customers. As provided in the Act, real-time pricing is bundled service in which prices vary on an hourly basis throughout the day. The customers who are thought to have the greatest potential to benefit from a “real-time” pricing tariff are the customers with the capability to control electric consumption and take advantage of off-peak electric prices. The statutorily-required real-time pricing tariffs became effective in October 1998 for non-residential customers and in January 2007 for residential customers.

D. CUSTOMER SUPPLY SELECTIONS

The number of customers taking RES supply service has increased sharply since this report was last prepared. Table 3 below shows that about 55,000 customers were receiving RES supply services as of December 31, 2008, more than eight times the number of customers reported in the Commission’s 2006 report, not counting those delivery service customers on the then-existing PPO.

Among individual utilities, ComEd’s customers have been the most active in taking advantage of alternative supply options created by the Act. As of December 2008, a total of 42,135 ComEd non-residential customers (compared to 6,322 in 2005) and 173 residential customers were taking service from a RES. 2008 marks the first year in which there has been any switching among residential customers; all of which is due to a residential pilot program being offered by one supplier.

In terms of switching activity since the last report, the service territories of the three Ameren Illinois utilities saw the most dramatic increases. The total number of customers taking supply service from a RES soared from a mere 281 in 2005 to 12,578 by the end of 2008.

Table 3 shows the increase of customers taking RES supply service for the years 2005 through the end of 2008.

Table 3: Comparison of the Number of RES Supply Service Customers 2005 -2008¹³

Utility	Year			
	2005	2006 ¹⁴	2007	2008
Ameren CILCO	10	9	1,647	2,571
Ameren CIPS	104	70	2,267	3,899
Ameren IP	167¹⁵	184	3,722	6,108
ComEd	6,322¹⁶	10,786	39,283	42,308
Total	6,603	11,049	46,919	54,886

Table 4 below provides additional information about non-residential customers' selection of RES services. The table shows the percentage of customers and percentage of customer load that is taking RES supply services. The data is further disaggregated to show these categories for customers with a peak demand under one MW and also for customers with a demand that exceeds one MW.

The table shows that customer interest in RES supply services is related to the size of the customer load. In the ComEd service area, about 93% of the largest-use customers (with peak demands of over one MW) have switched to an alternative supply option, and an average of 91% of Ameren Illinois customers in that demand category have switched. Small- and medium-sized customers – that is, customers with a demand under one MW – have switched to alternative supply options at a lower rate than the largest non-residential customers. The data also reveals that it is the largest customers in the under one MW category that comprise the majority of switched customers. In both the ComEd and Ameren Illinois Utilities service areas, the percentage of customer load that switched to an alternative supplier is between 4.5 and 5 times higher than the percentage of customers that have switched. However, the switching statistics further show that, at the end of 2008, approximately 55% of the 100-400kW

¹³ Data is taken from electric utility switching reports located on the Commission's website at <http://www.icc.illinois.gov/electricity/switchingstatistics.aspx>

¹⁴ Data for years 2006 and 2007 are taken from the "Comparison of Electric Sales Statistics for Calendar Years 2006 and 2007" prepared by the Commission's Financial Analysis Division and available on the Commission's website at <http://www.icc.illinois.gov/publicutility/salesstatistics.aspx?t=e>

¹⁵ Excluding customers on PPO.

¹⁶ Excluding customers on PPO.

customers as well as almost 11% of the smallest commercial customers (0-100kW) in ComEd's service territory have been receiving power and energy services from a RES.

Table 4: Percentage of Non-Residential Customers and Customer Load Receiving Delivery Services, by Demand Class (2008)¹⁷

Utility / Demand Class	Percentage of Customers Receiving Delivery Services		Percentage of Usage Receiving Delivery Services	
	Under 1 MW	Above 1 MW	Under 1 MW	Above 1 MW
Ameren CILCO	10.1%	92.9%	46.1%	92.0%
Ameren CIPS	6.7%	87.9%	33.5%	97.5%
Ameren IP	8.5%	92.0%	38.3%	94.3%
ComEd	11.2%	93.2%	54.7%	96.7%
MidAmerican	0	0	0	0
Mt. Carmel	0	0	0	0

Table 5 illustrates the number of customers taking advantage of real time or hourly pricing options. At the end of 2008, 5,838 residential customers were taking service under ComEd's residential real-time pricing program and 3,147 residential customers were taking service under Ameren Illinois' real-time pricing program.

¹⁷ Data taken from electric utility switching reports located on the Commission website at <http://www.icc.illinois.gov/electricity/switchingstatistics.aspx>

Table 5: Number of Customers Taking Utility Hourly Priced Service, as of December 2008¹⁸

	Residential	Non-Residential	Total
Ameren CILCO	487	115	602
Ameren CIPS	413	80	493
Ameren IP	2,163	57	2,220
ComEd	5,838	2,626	8,464

IV. PROSPECTS FOR RETAIL COMPETITION

Retail competition, as measured by the percentage of customers and the percentage of load that has switched to RES service, has taken a strong hold in almost all non-residential customer classes in the Ameren Illinois and ComEd territories. The switch to RES service for the largest customers is approaching 100%. While switching rates for customers with a demand below 1MW is significantly lower, there has been a substantial increase in the number of those customers taking RES service, and the percentage of RES load is about 40% in Ameren Illinois’ service territory and more than half in ComEd’s service territory.

The legislature affirmed its commitment to competitive markets by stating that “for Illinois consumers to receive products, prices and terms tailored to meet their needs, a competitive wholesale electricity market must be closely linked to a competitive retail electric market.”¹⁹ It further stated that “the General Assembly reiterates its findings from the Electric Service Customer Choice and Rate Relief Law of 1997 that the Illinois Commerce Commission should promote the development of an effectively competitive retail electricity market that operates efficiently and benefits all Illinois consumers.”²⁰

Furthermore, Public Act 95-0700 modified Section 16-118 of the Act, requiring ComEd and Ameren Illinois to offer a purchase of receivables program to suppliers for customers with non-coincident peak demand under 400 kilowatts, utility consolidated billing, and the purchase of two months of uncollectible receivables of power and energy. The ORMD has held a series of workshops on the implementation of Public Act 95-0700. One outcome of the workshop

¹⁸ Data is taken from electric utility switching reports located on the Commission’s website at <http://www.icc.illinois.gov/electricity/switchingstatistics.aspx>

¹⁹ 220 ILCS 5/20-102(a).

²⁰ 220 ILCS 5/20-102(d).

process has been that the Ameren Illinois Utilities filed tariffs with the Commission to implement a utility consolidated billing and purchase of receivables program for residential and small commercial customers up to 400 kW. The Commission suspended and investigated the filed tariffs and a Commission Order was entered in August 2009.

The last time the Commission submitted this report there was one ARES that had received a certificate from the Commission to serve residential customers. As of December 2008, there are eight alternative suppliers certified to serve residential customers. Six of these suppliers have completed the electric utility's registration process, and one supplier is conducting a residential pilot program. The availability of a purchase of receivables program could lead to an increased supplier interest in serving residential and small commercial customers. If and when such a supplier interest materializes, the Commission could use the authority in Section 20-130 of the Act to establish retail choice and referral programs that would provide incentives such as introductory RES rate offers for residential and small commercial customers.

There remains little interest in delivery services among suppliers serving in the State's smallest service areas of MidAmerican Energy and Mt. Carmel. The end of the mandatory transition period has not had any effect on competition in these service areas.