
RIDER REA – RENEWABLE ENERGY ADJUSTMENT

APPLICABILITY

This Rider is applicable to all Customers taking service under this Electric Service Schedule.

PURPOSE

The purpose of this Rider is to provide for the recovery of all of the costs associated with the purchase of renewable energy credits to meet the renewable energy resource standards of subsection 1-75(c) of the Illinois Power Agency Act (IPA Act) and Section 16-111.5 of the Act.

DEFINITIONS

Generally, definitions of terms used in this Rider are provided in the Definitions section of Customer Terms and Conditions of the Company's Schedule of Rates. The following definitions are for use in this Rider:

Delivery Year

Delivery Year means the 12 consecutive month Billing Periods beginning June and ending May of the following year.

RRPP

RRPP means Renewable Resources Procurement Plan developed by the IPA and approved by the Illinois Commerce Commission (ICC) in accordance with Section 1-56 and subsection 1-75(c) of the IPA Act.

RE Contracts

RE Contracts mean contractual agreements under which the Company is obligated to procure renewable energy credits in accordance with the RRPP and other applicable contractual agreements existing prior to June 1, 2017, under which the Company has been obligated to procure renewable energy resources in accordance with Section 16-111.5 of the Act.

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DETERMINATION OF RENEWABLE ENERGY ADJUSTMENT

Beginning with the July 2017 Billing Period and extending through the May 2018 Billing Period, the Renewable Energy (RE) Adjustment is (a) 0.196 cents per kWh (¢/kWh) for Customers taking service under Rider BGS – Basic Generation Service (Rider BGS) and (b) 0.098 ¢/kWh for all other Customers. These values are derived by escalating the value determined in subparagraph 1-75(c)(1)(E) of the IPA Act, or 0.18054 ¢/kWh , by the ratio of projected electricity sales for the twelve months of June 2017 through May 2018 divided by projected electricity sales for the eleven months of July 2017 through May 2018 for each respective group.

For the June 2018 Billing Period and extending through the May 2019 Billing Period, the RE Adjustment is (a) 0.181 ¢/kWh for Customers taking service under Rider BGS and (b) 0.135 ¢/kWh for all other Customers.

For the June 2019 Billing Period and extending through the September 2021 Billing Period, the RE Adjustment is 0.181 ¢/kWh for all Customers.

Beginning in 2021, starting with the October monthly Billing Period and extending through the May 2022 monthly Billing Period, and thereafter for the monthly Billing Periods starting with the June monthly Billing Period in calendar year X and extending through the May monthly Billing Period in calendar year X+1 associated with the Delivery Year starting in calendar year X, the Company must determine the RE Adjustment, in ¢/kWh rounded to the thousands of a cent, in accordance with the following formula:

$$\text{RE Adjustment} = \frac{0.181\text{¢}}{\text{kWh}} + \left[\frac{\text{OA}}{\text{OU}} + \frac{\text{BA}}{\text{BU}} \right] \times \frac{100\text{¢}}{\$1}$$

Where:

OA = Ordered Amount, in dollars, equal to an amount (a) ordered by the ICC or (b) determined by the Company that is to be refunded to or collected from Customers to correct for errors associated with the computation of a previously applied RE Adjustment. Such amount includes interest charged at the rate established by the ICC in accordance with 83 Ill. Adm. Code 280.40(g)(1) from the end of the applicable review period through the start of the monthly Billing Period during which the OA is included in the determination of the RE Adjustment or as specified by an ICC Order. OA may be subject to amortization and incorporated into the determination of multiple RE Adjustments.

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OU = Ordered Usage, in kWh, equal to the electricity forecasted to be delivered to Customers during the monthly Billing Periods during which the OA is applicable.

BA = Balancing Amount, in dollars, equal to zero dollars (\$0.00) for RE Adjustments applicable during the June, July, and August monthly Billing Periods, and only in 2021, the September Billing Period, otherwise equal to an amount determined in accordance with the following equation:

$$BA = (AC + BA_p + OA_p - CR_p) \times (1 + i)$$

Where:

AC = Actual Costs, in dollars, equal to the total expenditures the Company incurred during the Delivery Year that began in calendar year X-1 that were associated with the procurement of renewable energy credits, including but not necessarily limited to payments made for the procurement of renewable energy credits and reasonable costs the Company incurred as part of the renewable energy procurement processes and to implement and comply with plans and processes approved by the ICC to effectuate subsection 1-56(b) and subsection 1-75(c) of the IPA Act and Section 16-111.5 of the Act, as applicable. Notwithstanding the previous provisions of this definition, for the BA determined in September 2021, AC is equal to such total costs the Company incurred during the four Delivery Years that began in June 2017 and extended through May 2021.

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- BA_p = Prior Balancing Amount, in dollars, equal to the BA used to determine the RE Adjustment(s) applicable beginning with the October monthly Billing Period in 2021 and thereafter beginning with the September monthly Billing Period in calendar year X-1 and extending through the May monthly Billing Period in calendar year X.
- OA_p = Prior Ordered Amount, in dollars, equal to the OA or portion of the OA, as applicable, used to determine the RE Adjustment(s) applicable during monthly Billing Periods corresponding to months in the Delivery Year that began in calendar year X-1.
- CR_p = Cost Recoveries, in dollars, equal to the revenues billed due to the application of RE Adjustment(s) during the period beginning with the June monthly Billing Period in calendar year X-1 and extending through the May monthly Billing Period in calendar year X. Notwithstanding the previous provisions of this definition, for the BA determined in September 2021, CR_p is equal to such revenues billed during the monthly Billing Periods beginning with the July 2017 monthly Billing Period and extending through the May 2021 monthly Billing Period, and, in accordance with Section 16-108(k) of the Act, shall also include interest earned from depositing funds collected during Delivery Years commencing June 2017, June 2018, and June 2019 into an interest bearing account, provided that the Company shall first be reimbursed from the interest for the administrative costs incurred to administer and manage the account. Also, any taxes due on the funds in the interest bearing account or interest earned on said funds will be paid from the account, or if insufficient monies are available in the account, from monies subsequently collected under this Rider.

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i = Interest, in decimal format, equal to the applicable interest rate established by the ICC in accordance with 83 Illinois Administrative Code Section 280.40(g)(1) which will commence from the end of the applicable Delivery Year to the date in which the BA is included in an informational filing

BU = Balance Usage, in kWh, equal to the electricity forecasted to be delivered to Customers during the monthly Billing Period during which the BA is applicable.

- * Notwithstanding the previous provisions of this Determination of the Renewable Energy Adjustment section, for a Customer that obtains electric power and energy supply service from an Alternative Retail Electric Supplier (ARES) that meets the requirements of items (i) through (iii) in subsection 1-75(c)(1)(H) of the IPA Act, the RE Adjustment applicable to such Customer in delivery year, X, is reduced in the following delivery year, X + 1, by a credit provided to such customer's ARES in an amount, in dollars, such that the RE Adjustment for delivery year X is equivalent to (a) the otherwise applicable RE Adjustment determined in accordance with the previous provisions of this Determination of the Renewable Energy Adjustment section multiplied by (b) 1 minus the following quotient: (c) the quantity of renewable energy credits supplied by such ARES and divided by (d) such ARES's target renewable energy credit quantity.

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- * Such credit provided to such customers' ARES must be determined by the Company by multiplying (a) the otherwise applicable RE Adjustment determined in accordance with the previous provisions of this Determination of the Renewable Energy Adjustment section by (b) the total ARES customer usage for delivery year X and multiplying (c) the quotient of (d) the quantity of RECs supplied by such ARES divided by (e) such ARES's target REC quantity. The total ARES customer usage for delivery year X must be the meter usage for such ARES. The Company must electronically provide the total credit to each ARES that meets the requirements of items (i) through (iii) in subsection 1-75(c)(1)(H) of the IPA Act by September 1 in delivery year X+1. Such ARES customers' supply charges and any adjustments to supply charges must account for the value of the RECs supplied by an ARES that meets the requirements of items (i) through (iii) in subsection 1-75(c)(1)(H) of the IPA Act such that the otherwise applicable RE Adjustment is the maximum such ARES customer would pay on a kilowatt-hour basis for the applicable renewable portfolio standard, as described in subsection H, ARES Supplied Renewable Energy Credits, of Section 13, Miscellaneous General Provisions, of the Company's Supplier Terms and Conditions tariff provisions.

Generally, in accordance with subsection 16-108(k) of the Act and the Informational Filing section below, RE Adjustments are updated to incorporate the BA and OA, as applicable.

Moreover, the RE Adjustment may be revised by the Company in accordance with this Determination of the Renewable Energy Adjustment section if the Company determines such revised RE Adjustment results in a better match between the Company's applicable expected costs and its recovery of those costs.

APPLICATION OF THE RENEWABLE ENERGY ADJUSTMENT

The RE Adjustment is applicable to each kWh delivered to each Customer during the monthly Billing Period during which the RE Adjustment is effective. The amount resulting from such application of the RE Adjustment must be shown as a separate line item on each electric service bill for each such Customer, as applicable. Such line item is designated as the Renewable Energy Adjustment.

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ANNUAL REVIEW AND RECONCILIATION

Annual Audit Report

In calendar year 2021, the Company must conduct an audit of its costs and the recoveries associated with such costs for the four (4) Delivery Years beginning June 1, 2017 and extending through May 31, 2021, during which period the Company procured renewable energy credits. Thereafter, beginning in 2022, following the completion of a Delivery Year, the Company will conduct an internal audit of its costs and recoveries of such costs pursuant to this Rider. The audit shall determine if 1) the Renewable Energy Adjustments are properly billed to Customers; 2) the costs recovered through the Renewable Energy Adjustment Rider are properly reflected in the calculation of Renewable Energy Adjustments; 3) costs recovered through the Rider REA – Renewable Energy Adjustment are recorded in the appropriate accounts; 4) accounting controls are effectively preventing the double recovery of costs through Rider REA – Renewable Energy Adjustment and through other means; and 5) costs recovered through Rider REA – Renewable Energy Adjustment are properly reflected in the annual reconciliation. The above list of determinations does not limit the scope of the audit. Such report must be submitted to the ICC and provided to AccountingMgr@icc.illinois.gov. The audit report shall be submitted no later than October 31, beginning in 2021 following the completion of the Delivery Year and annually thereafter. Such report must be verified by an officer of the Company.

Reconciliation

In calendar year 2021, the Company must file a petition with the ICC that requests the ICC to initiate a Renewable Energy Adjustment reconciliation proceeding after August 31 of such calendar year for the four (4) Delivery Years beginning June 1, 2017 and extending through May 31, 2021, in accordance with Subsection 16-108(k) of the Act. Thereafter, beginning in 2022, following the completion of a Delivery Year, the Company shall file a petition on or before August 31 of such calendar year with the ICC requesting that the ICC initiate a reconciliation proceeding. At the conclusion of such proceeding, the ICC determines the amount and timing of an OA, if any, to include in the determination of subsequent RE Adjustments determined in

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accordance with the provisions of the Determination of the Renewable Energy Adjustment section of this Rider in order to correct for errors in RE Adjustments applied during the June through May monthly Billing Periods addressed in the proceeding. Any such OA is determined to the extent that any such error has not been already reflected in an applicable BA or OA determined by the Company. After any such OA is determined by the ICC, the Company must reflect such OA in the determination of RE Adjustments in accordance with an order entered by the ICC that provides the terms under which the OA is to be reflected in the determination of RE Adjustments.

Moreover, the Company shall also provide the Staff of the ICC annual reports in August of 2018, 2019, and 2020 showing Actual Costs and Cost Recoveries. Such report must be submitted to the ICC in an informational filing, with copies of such report provided to AccountingMgr@icc.illinois.gov.

INFORMATIONAL FILING

The amount of Renewable Energy Adjustment, as applicable, shall be shown on an informational filing supplemental to this Rider. The first informational filing shall be filed coincident with the filing seeking approval of this Rider. The second informational filing will be submitted prior to the October 2021 Billing Period to incorporate any nonzero BAs. Thereafter, an informational filing will be filed with the ICC at least once annually prior to the Delivery Year and prior to the September monthly Billing Period, and shall not be filed later than the 20th day of the month immediately preceding the period during which such RE Adjustment is to be applicable.

If the Company revises an RE Adjustment to provide for a better match between the Company's applicable expected costs and its recovery of those costs or to incorporate a corrective value in an OA, or the ICC orders or changes an OA to be included in the determination of an RE Adjustment value, the resultant revised RE Adjustment value must be submitted by the Company to the ICC in an informational filing no later than the 20th day of the month prior to the monthly Billing Period during which such revised RE Adjustment value becomes applicable.

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An informational filing submitted after the 20th day of the month immediately preceding the Billing Period during which such RE Adjustment is to be applicable but prior to the first day of the Billing Period will be accepted only if it corrects an error or errors for a timely filed report for the same Billing Period. Any other informational filing submitted after that date will be accepted only if submitted as a special permission request under the provision of Section 9-201(a) of the Act. The informational filing shall be accompanied by work papers showing the calculation of the applicable Renewable Energy Adjustments. Unless otherwise required, each Renewable Energy Adjustment shall become effective as indicated on the informational filing and shall remain in effect for all kWh billed during the Delivery Year or remainder of Delivery Year, as applicable.

TERMS AND CONDITIONS

Revenue associated with the application of RE Adjustments must be recorded separately by the Company.

Customer's bills for service under this tariff shall be rendered and payments due in accordance with the Payment of Bills and Late Payments section of the Customer Terms and Conditions.

Service hereunder is subject to the Customer Terms and Conditions, Standards and Qualifications for Electric Service, Tax Additions, and Supplemental Customer Charge Tariffs of this Schedule, as well as any other applicable Rates, Riders, taxes, adjustments, fees or charges that may be approved by the ICC from time to time and are in effect.