ILL. C. C. No. 10
Commonwealth ELECTRICITY 4th Revised Sheet No. 235
Edison Company (Canceling 3rd Revised Sheet No. 235)

RIDER REA
RENEWABLE ENERGY ADJUSTMENT
Applicable to Rates BES, BESH, and RDS

APPLICABILITY.
This rider is applicable to all retail customers.

* PURPOSE.
The purpose of this rider is to effectuate provisions in subsection 16-108(k) of the Public Utilities Act (Act) to allow the Company to recover all the costs it incurs associated with the procurement of renewable energy credits (RECs) to meet the requirements of both subsection 1-75(c) of the Illinois Power Agency (IPA) Act and Section 16-111.5 of the Act.

* DEFINITIONS.
Generally, definitions of terms used in this rider are provided in the Definitions part of the General 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 annual period beginning June 1 in one calendar year and extending through May 31 in the next calendar year.

RRPP
RRPP means the renewable resources procurement plan developed by the IPA and approved by the Illinois Commerce Commission (ICC) in accordance with both 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 (RECs) in accordance with the renewable resources procurement plan (RRPP) and other applicable contractual agreements executed 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.

DETERMINATION OF THE RENEWABLE ENERGY ADJUSTMENT.
For the monthly billing periods beginning with the June 2017 monthly billing period and extending through the May 2018 monthly billing period, the Renewable Energy (RE) Adjustment is (a) 0.189 cents per kilowatt-hour (¢/kWh) for retail customers taking service under Rate BES - Basic Electric Service (Rate BES) and (b) 0.094 ¢/kWh for all other retail customers.

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DETERMINATION OF THE RENEWABLE ENERGY ADJUSTMENT (CONTINUED).

For the monthly billing periods beginning with the June 2018 monthly billing period and extending through the May 2019 monthly billing period, the RE Adjustment is (a) 0.189¢/kWh for retail customers taking service under Rate BES and (b) 0.142¢/kWh for all other retail customers.

For the monthly billing periods beginning with the June 2019 monthly billing period and extending through the May 2021 monthly billing period, the RE Adjustment is 0.189¢/kWh for all retail customers.

Beginning in 2021, for the monthly billing periods beginning 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 thousandths of a cent, in accordance with the following equation:

\[
\text{RE Adjustment} = \frac{0.189\text{¢}}{\text{kWh}} + \left[ \frac{\text{OA}}{\text{OU}} + \frac{\text{BA}}{\text{BU}} \right] \times \frac{100\text{¢}}{\$1}
\]

Where:

- **OA** = Ordered Amount, in $, equal to any adjustment (a) directed by the ICC or (b) determined by the Company that is to be refunded to or collected from retail customers to correct for errors associated with the computation of a previously applied RE Adjustment. Such amount includes interest at the rate established by the ICC in accordance with 83 Illinois Administrative Code Section 280.40(g)(1). Such interest is calculated for the period of time beginning on the first day of the effective period during which such RE Adjustment was applied and extending through the day prior to the start of the effective period in which the OA is applied. OA may be subject to amortization and incorporated into the determination of multiple RE Adjustments.

- **OU** = Ordered Usage, in kWh, equal to the electricity forecasted to be delivered to retail customers during the monthly billing periods during which the OA is ordered to be applicable.
DETERMINATION OF THE RENEWABLE ENERGY ADJUSTMENT (CONTINUED).

*  \( BA = \) Balancing Amount, in $, equal to zero dollars ($0.00) for RE Adjustments applicable during June, July, and August monthly billing periods, otherwise equal to an amount determined in accordance with the following equation:

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

Notwithstanding the previous provisions of this definition, no BA is determined in the delivery years that begin with the June 2017 monthly billing period and extend through the May 2021 monthly billing period. Notwithstanding the previous provision of this definition, the BA determined in August 2021 must include balancing amounts for the delivery years that began in June 2017 and extended through May 2021.

Where:

\( AC = \) Actual Costs, in $, 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 RECs, including but not limited to (a) payments made for the procurement of RECs 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 subsection 16-108.12(a) and Section 16-111.5 of the Act, as applicable; (b) costs of working capital used to arrange or procure RECs, with such costs determined in a manner consistent with the methodology used to determine costs of working capital approved by the ICC in its order in the Company’s most recent rate or Rate DSPP – Delivery Service Pricing and Performance (Rate DSPP) annual update case, or as otherwise provided by law, as applicable; and (c) beginning with the June 2021 monthly billing period, costs identified through the use of a wages and salaries allocator calculated as initially directed by the ICC in its Order in Docket No. 11-0721, dated May 29, 2012, with any subsequent value of such allocator as approved by the ICC in its order in the Company’s most recent rate or Rate DSPP annual update case, or as otherwise provided by law, as applicable. Notwithstanding the previous provisions of this definition, for the BA determined in August 2021, AC is equal to such total expenditures the Company incurred during the delivery years that began in June 2017 and extended through May 2021.

Notwithstanding the previous provisions of this definition, for a BA determined in calendar year X beginning with 2022, to the extent that actual costs for delivery years prior to the delivery year that began in calendar year X-1 were not able to be recovered due to the inability to set the RE Adjustment greater than its maximum allowed value identified in this Determination of the Renewable Energy Adjustment section, such unrecovered actual costs are included in the AC.
**DETERMINATION OF THE RENEWABLE ENERGY ADJUSTMENT (CONTINUED).**

Including costs of working capital in the determination of the AC provides for the recovery of costs the Company incurs for working capital used to arrange or procure RECs, such as the funds required to finance the lag between the purchase of RECs and the recovery of the costs of such resources from retail customers. Such costs are determined in a manner consistent with the methodology used to determine costs of working capital approved by the ICC in its order in the Company's most recent rate or Rate DSPP annual update case, or as otherwise provided by law, as applicable. Such methodology is applied using a cost of capital equal to that established by the ICC in its order in such most recent case or as otherwise provided by law, as applicable. All other data, including applicable leads and lags, are updated annually to reflect current renewable energy credit procurement working capital costs. Company representatives must review such calculated costs with personnel from the Accounting Department of the ICC Staff in accordance with the provisions of the Annual Review and Reconciliation section of this tariff. A cost of capital established by the ICC in its order in such most recent case or as otherwise provided by law, as applicable, is applied in determining the costs of working capital component of the AC only for RECs that become applicable after the date of such order or law, as applicable.

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(Continued from Sheet No. 235.3)

DETERMINATION OF THE RENEWABLE ENERGY ADJUSTMENT (CONTINUED).

\* \( BA_p \) = Prior Balancing Amount, in $, equal to the BA used to determine the RE Adjustment(s) applicable beginning with the September 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 August 2021, \( BA_p \) is (a) equal to zero (0) during the monthly billing periods beginning with the June 2017 monthly billing period and extended through the May 2019 monthly billing period; and (b) equal to the costs identified through the use of a wages and salaries allocator calculated as initially directed by the ICC in its Order in Docket No. 11-0721, dated May 29, 2012, with any subsequent value of such allocator as approved by the ICC in its order in the Company’s most recent rate or Rate DSPP annual update case, or as otherwise provided by law, as applicable, during the monthly billing periods beginning with the June 2019 monthly billing period and extended through the May 2021.

\( OA_p \) = Prior Ordered Amount, in $, 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.

\( CR_p \) = Prior Cost Recoveries, in $, equal to the sum of (a) 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 and (b) applicable interest earned on revenues received through the application of RE Adjustment(s) that are held in an interest bearing account as described in subsection 16-108(k) of the Act, minus the sum of (a) the administrative costs that the Company incurs to administer and manage such interest bearing account, (b) any taxes due on such funds in such interest bearing account, and (c) any taxes due on the interest earned on such funds in such interest bearing account. Notwithstanding the previous provisions of this definition, for the BA determined in August 2021, \( CR_p \) is equal to the sum of such revenues billed and applicable interest earned during the monthly billing periods beginning with the June 2017 monthly billing period and extended through the May 2021 monthly billing period.

\( i \) = 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).

\( BU \) = Balance Usage, in kWh, equal to the electricity forecasted to be delivered to retail customers during the monthly billing period during which the BA is applicable.

(Continued on Sheet No. 235.5)
DETERMINATION OF THE RENEWABLE ENERGY ADJUSTMENT (CONTINUED).
Notwithstanding the previous provisions of this Determination of Renewable Energy Adjustment section, the annual weighted average of RE Adjustments may not be greater than 0.189 ¢/kWh, with such average value determined based on the (a) annual period beginning with a June monthly billing period and extending through the following May monthly billing period and (b) weighting of kWh delivered.

Notwithstanding the previous provisions of this Determination of the Renewable Energy Adjustment section, for a retail 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 retail 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 $, 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 RECs supplied by such ARES divided by (d) such ARES’s target REC quantity.

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 the Alternative Retail Electric Supplier Supplied Renewable Energy Credits section of Rider RESS – Retail Electric Supplier Service (Rider RESS).

Generally, beginning in calendar year 2021, RE Adjustments are updated in May each calendar year to be applicable beginning with the June monthly billing period corresponding to the start of the delivery year beginning in such calendar year. Updates to such RE Adjustments are subsequently determined in August of such calendar year to incorporate the BA, as applicable. In addition, a RE Adjustment may be revised in order to incorporate a correction in an OA as determined by the Company or in accordance with an ICC Order issued in a proceeding as described in the Annual Review and Reconciliation section of this rider directing the Company to include an OA. 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.

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APPLICATION OF THE RENEWABLE ENERGY ADJUSTMENT.
The RE Adjustment is applicable to each kWh delivered to each retail customer, as applicable, 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 retail customer, as applicable. Such line item is designated as the Renewable Portfolio Standard.

INFORMATIONAL FILINGS.
Beginning in 2021, in each calendar year X, the value of the RE Adjustment determined in accordance with the provisions of Determination of the Renewable Energy Adjustment section of this rider for application beginning with the June monthly billing period in year X must be submitted by the Company to the ICC in an informational filing no later than May 20 in such calendar year X.

RE Adjustment values determined in accordance with the provisions of the Determination of the Renewable Energy Adjustment section of this rider that incorporate non-zero BAs for application beginning with a September monthly billing period must be submitted by the Company to the ICC in an informational filing no later than August 20 preceding such September monthly billing cycle.

As necessary, the Company must file a revised RE Adjustment with the ICC for informational purposes either (a) concurrently with the Company's filing made in compliance with the ICC's Order entered in accordance with the provisions of the Annual Updates section of Rate DSPP – Delivery Service Pricing and Performance (Rate DSPP) or (b) no later than December 20 in calendar year X in the event that no proceeding is initiated in accordance with the provisions of such Annual Updates section. Such revised RE Adjustment is to be applicable beginning with the immediately following January monthly billing period in calendar year X+1.

For a situation in which the Company revises a 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, at the conclusion of a reconciliation proceeding described in the Annual Review and Reconciliation section of this rider, orders or changes an OA to be included in the determination of a 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 twentieth day of the month prior to the monthly billing cycle during which such revised RE Adjustment value becomes applicable.

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INFORMATIONAL FILINGS (CONTINUED).
Any submission of a RE Adjustment after the applicable deadline identified in this Informational Filings section but prior to the start of the period during which such RE Adjustment is to be applicable is acceptable only if such submission corrects an error or errors from a timely submitted RE Adjustment for such period. Any other such submission made after such applicable deadline is acceptable only if such submission is made in accordance with the special permission provisions of Section 9-201(a) of the Act.

Each time the Company files a RE Adjustment value with the ICC for informational purposes, such filing must be accompanied by work papers supporting the determination of such RE Adjustment, as applicable.

* ANNUAL REVIEW AND RECONCILIATION.
In calendar year 2021 and thereafter, each year at least thirty (30) calendar days prior to the start of the June monthly billing period, internal administrative and operational costs and costs of working capital expected to be incurred by the Company as a result of its renewable energy credit procurement activities for retail customers beginning on the June 1 corresponding to such June monthly billing period must be reviewed by Company representatives with personnel from the Accounting Department of the ICC Staff.

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 in year 2017 and extending through May 31, 2021, during which period the Company procured RECs. Thereafter, beginning in 2022, in each year X the Company must conduct an audit of its costs and the recoveries associated with such costs for the delivery year beginning June 1 in year X-1 during which period the Company procured RECs. Such audit must be conducted within four (4) months after the end of such four (4) delivery year period or delivery year, as applicable, and must examine (a) the RE Adjustment is properly billed to customers, (b) costs recovered through this rider are properly reflected in the calculation of the RE Adjustment, (c) costs recovered through this rider are recorded in the appropriate accounts, (d) accounting controls are effectively preventing the double recovery of costs through this rider, (e) costs recovered through this rider are properly reflected in the annual reconciliation pursuant to this Annual Review and Reconciliation section of this rider, and (f) the Company's costs of working capital associated with expenditures for electric power and energy supply to ensure such costs were determined in a manner consistent with the methodology used to determine costs of working capital approved by the ICC in its order in the then most recent rate or Rate DSPP annual update case, or as otherwise provided by law, as applicable, using the cost of capital established by the ICC in its order in such most recent case or as otherwise provided by law, as applicable. The Company must prepare a report that summarizes the results of such audit. Such report must be submitted to the ICC in an informational filing, with copies of such report provided to the Director of the ICC Staff's Financial Analysis Division, and the Director of the ICC Staff's Office of Retail Market Development and e-mailed to ICC.AccountingManager@illinois.gov no later than October 1 of the calendar year in which such audit is conducted. Such report must be verified by an officer of the Company.

* (Continued on Sheet No. 235.8)
* ANNUAL REVIEW AND RECONCILIATION (CONTINUED).
In addition, each year beginning in calendar year 2021, the Company must file a petition with the ICC that requests the ICC initiate a RE Adjustment reconciliation proceeding. Such petition must be filed within thirty (30) calendar days after the Company submits to the ICC the report described in this Annual Review and Reconciliation section. 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 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.

ANNUAL REPORTING.
Each calendar year, beginning in calendar year 2018 and through calendar year 2020, on or before October 1, the Company must submit to the ICC an annual report that summarizes the operation of this rider for the most recent delivery year ending May 31. Such annual report must provide identification of the Company’s costs and revenues that are associated with providing service under this rider.

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

The Company’s Schedule of Rates, of which this rider is a part, includes General Terms and Conditions and other tariffs. Service hereunder is subject to the General Terms and Conditions and such other tariffs, as applicable.

Filed with the Illinois Commerce Commission on August 15, 2017.
Asterisk (*) indicates change.

Date Effective: September 29, 2017
Issued by A. R. Pramaggiore, President and CEO
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