

**RIDER CFRA  
CARBON-FREE RESOURCE 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 of the costs it incurs and/or provide bill credits to customers associated with the procurement of carbon mitigation credits to meet the requirements of subsection 1-75(d-10) of the Illinois Power Agency (IPA) 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.

**Carbon Mitigation Credit**

Carbon Mitigation Credit (CMC) means a tradable credit that represents the carbon emission reduction attributes of one megawatt-hour of energy produced from a carbon-free energy resource in accordance with subsection 1-75(d-10) of the IPA Act.

**Carbon-Free Energy Resource**

Carbon-Free Energy Resource (CFER) means a generating facility that: (1) is fueled by nuclear power; and (2) is interconnected to PJM Interconnection, LLC.

**DETERMINATION OF THE CARBON-FREE RESOURCE ADJUSTMENT.**

- \* Beginning in calendar year 2022, 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 in accordance with the provisions of subsection 1-75(d-10)(3) of the IPA Act (CMC Contracts), the Company must determine the Carbon-Free Resource (CFR) Adjustment associated with the Summer and Nonsummer Periods, as defined in the Definitions part of General Terms and Conditions of the Company's Schedule of Rates, in cents per kilowatt-hour (¢/kWh) rounded to the thousandths of a cent, in accordance with the following equation:

$$\text{CFR Adjustment} = \left[ \frac{P}{U} + \frac{OA}{OU} + \frac{BA}{BU} \right] \times \frac{100¢}{\$1}$$

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Issued by T. R. Donnelly, President and COO  
Post Office Box 805379  
Chicago, Illinois 60680-5379

**RIDER CFRA  
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(Continued from Sheet No. 388)

**DETERMINATION OF THE CARBON-FREE RESOURCE ADJUSTMENT (CONTINUED).**

Where:

P = Payments, in dollars (\$), equal to the sum of the expenditures the Company expects to incur or revenues the Company expects to receive associated with the procurement of CMCs during the months corresponding to the monthly billing periods during which the CFR Adjustment is applicable. Such expenditures include, but are not limited to, payments that the Company must make to CFERs during the delivery year beginning in calendar year X in accordance with applicable CMC Contracts and reasonable costs the Company expects to incur as part of the CMC procurement processes and to implement and comply with plans and processes approved by the Illinois Commerce Commission (ICC) to effectuate subsection 1-75(d-10) of the IPA Act. Such costs the Company expects to incur as part of the CMC procurement processes and to implement and comply with plans and processes approved by the ICC to effectuate subsection 1-75(d-10) of the IPA Act include but are not limited to costs of working capital used to arrange or procure CMCs, 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.

Including costs of working capital in the determination of the P provides for the recovery of costs the Company incurs for working capital used to arrange or procure CMCs, such as the funds required to finance the lag between the purchase of CMCs 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 CMC 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 rider. 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 the working capital component of the AP, as defined in this Determination of the Carbon-Free Resource Adjustment section, only for CMCs that become applicable after the date of such order or law, as applicable.

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**DETERMINATION OF THE CARBON-FREE RESOURCE ADJUSTMENT (CONTINUED).**

- U = Usage, in kilowatt-hour (kWh), equal to the electricity forecasted to be delivered to retail customers during the monthly billing periods during which the CFR Adjustment is applicable.
- 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 CFR 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 CFR 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 CFR 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.
- BA = Balancing Amount, in \$, equal to zero dollars (\$0.00) for CFR Adjustments applicable during June, July, and August monthly billing periods, otherwise equal to an amount determined in accordance with the following equation:

$$BA = [AP + BA_p + OA_p - CR] \times (1 + i)$$

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(Continued from Sheet No. 390)

**DETERMINATION OF THE CARBON-FREE RESOURCE ADJUSTMENT (CONTINUED).**

Where:

- AP = Actual Payments, in \$, equal to the total expenditures the Company incurred or revenue received during the delivery year that began in calendar year X-1 that were associated with the procurement of CMCs, including but not limited to (a) payments made to CFERs for the procurement of CMCs and reasonable costs the Company incurred as part of the CMC procurement processes and to implement and comply with plans and processes approved by the ICC to effectuate subsection 1-75(d-10) of the IPA Act; and (b) beginning with the June 2022 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.
- BA<sub>p</sub> = Prior Balancing Amount, in \$, equal to the BA used to determine the CFR 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.
- OA<sub>p</sub> = Prior Ordered Amount, in \$, equal to the OA or portion of the OA, as applicable, used to determine the CFR Adjustment(s) applicable during monthly billing periods corresponding to months in the delivery year that began in calendar year X-1.
- CR = Cost Recoveries, in \$, equal to the revenues billed or credits due to the application of CFR 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.
- 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).

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(Continued from Sheet No. 391)

**DETERMINATION OF THE CARBON-FREE RESOURCE ADJUSTMENT (CONTINUED).**

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

- \* Generally, CFR Adjustments are determined in May each calendar year for application during the monthly billing periods corresponding to the Summer and Nonsummer Periods defined in the Definitions part of General Terms and Conditions of the Company's Schedule of Rates. The CFR Adjustment applicable during the monthly billing periods corresponding to the Nonsummer Period may be updated in September to better match the Company's applicable expected costs and its recovery of those costs. Updates to such CFR Adjustments are subsequently determined in August of such calendar year to incorporate the BA, as applicable. In addition, a CFR Adjustment may be revised 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 CFR Adjustment may be revised by the Company in accordance with this Determination of the Carbon-Free Resource Adjustment section if the Company determines such revised CFR Adjustment results in a better match between the Company's applicable expected costs and its recovery of those costs.

**APPLICATION OF THE CARBON-FREE RESOURCE ADJUSTMENT.**

The CFR Adjustment is applicable to each kWh delivered to each retail customer during the monthly billing period during which the CFR Adjustment is effective. The amount resulting from such application of the CFR 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 Carbon-Free Energy Resource Adj.

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(Continued from Sheet No. 392)

**INFORMATIONAL FILINGS.**

- \* Beginning in 2022, in each calendar year X the values of CFR Adjustments determined in accordance with the provisions of the Determination of the Carbon-Free Resource 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 any such calendar year.

CFR Adjustment values determined in accordance with the provisions of the Determination of the Carbon-Free Resource Adjustment section of this rider that incorporate nonzero 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 period.

For a situation in which the Company revises a CFR 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 CFR Adjustment value, the resultant revised CFR 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 period during which such revised CFR Adjustment value becomes applicable.

- \* Any submission of a CFR Adjustment after the applicable deadline identified in this Informational Filings section but prior to the start of the period during which such CFR Adjustment is to be applicable only if such submission corrects an error or errors from a timely submitted CFR 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 CFR Adjustment value with the ICC for informational purposes, such filing must be accompanied by work papers supporting the determination of such CFR Adjustment, as applicable.

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Post Office Box 805379  
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(Continued from Sheet No. 392.1)

**ANNUAL REVIEW AND RECONCILIATION.**

Beginning in 2023, 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 CMC 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.

Beginning in 2023, 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 CMCs. Such audit must be conducted within four (4) months after the end of such delivery year and must examine whether (a) the CFR Adjustment is properly billed to customers, (b) costs recovered through this rider are properly reflected in the calculation of the CFR 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, 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.AccountingMgr@illinois.gov no later than November 1 of the calendar year in which such audit is conducted. Such report must be verified by an officer of the Company. In addition, the Company must file a petition with the ICC that requests the ICC initiate a CFR 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 CFR Adjustments determined in accordance with the provisions of the Determination of the Carbon-Free Resource Adjustment section of this rider in order to correct for errors in CFR 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 CFR 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 CFR Adjustments.

(Continued on Sheet No. 392.3)

**Commonwealth  
Edison Company**

**ELECTRICITY**

**ILL. C. C. No. 10**

**Original Sheet No. 392.3**

**RIDER CFRA  
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(Continued from Sheet No. 392.2)

**MISCELLANEOUS GENERAL PROVISIONS.**

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

Notwithstanding any other provision of this rider, such CFR Adjustments are included on monthly bills until all CMCs have been retired and associated costs have been reconciled.

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.

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