



HR0304

LRB095 11908 MJR 35139 r

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HOUSE RESOLUTION

2 WHEREAS, The 90th General Assembly passed the Electric
3 Service Customer Choice and Rate Relief Law of 1997, which
4 deregulated the electric industry and reduced and froze rates
5 for residential customers; and

6 WHEREAS, As a result of the Electric Service Customer
7 Choice and Rate Relief Law of 1997, the electric utilities that
8 were vertically integrated sold off their generating capacity
9 to become solely electric transmission and distribution
10 utilities; and

11 WHEREAS, Upon the conclusion of the freeze on electric
12 rates that was initiated in the 90th General Assembly and
13 extended in the 92nd General Assembly on January 1, 2007, the 2
14 largest electric utilities of the State were required to enter
15 into the marketplace and procure power; and

16 WHEREAS, The electric utilities chose a method known as a
17 reverse auction, where bidders submit bids to supply
18 electricity to the utilities at a set price and each subsequent
19 round results in lower prices for the electricity until 100% of
20 the electric needs of the utilities are met; and

21 WHEREAS, The commodity price of electricity reached a peak

1 coincident with the time of the reverse auction; and

2 WHEREAS, Because of uncertainty in whether the electric
3 utilities would actually purchase the megawatt hours per day
4 that the bidder submitted in the auction process, the bidders
5 built in a risk premium that resulted in extra costs passed on
6 to the customer; and

7 WHEREAS, Customers of the 2 largest electric utilities in
8 Illinois are allowed to switch to alternate suppliers for
9 electricity if that option is available in their service
10 territory, thereby reducing the electricity load of a electric
11 utility; and

12 WHEREAS, The General Assembly, the electric utilities, the
13 Illinois Commerce Commission, and consumer groups all seek
14 alternate ways to procure power for the customers of Illinois
15 that will result in a reduced price; therefore, be it

16 RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE
17 NINETY-FIFTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that we
18 encourage the 2 largest electric utilities in Illinois to
19 design a new procurement method that will result in the
20 electric utilities purchasing no more than 85% of the power
21 needs in an auction process; and be it further

1 RESOLVED, That it is recommended that the electric
2 utilities use the procurement method used by natural gas
3 companies to purchase natural gas as a model; and be it further

4 RESOLVED, That the electric utilities purchase the
5 remaining 15% or more on the open-spot market; and be it
6 further

7 RESOLVED, That the electric utilities shall submit the
8 procurement design to the Illinois Commerce Commission for
9 approval; and be it further

10 RESOLVED, That the Illinois Commerce Commission use the
11 same hearing process and standards used for the rate designs in
12 the procurement of natural gas.