

Integrated Resource Plans (IRPs) & Empowering Communities in Energy Planning

Christine Nannicelli
Senior Campaign Representative
Sierra Club Illinois

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Introduction to IRPs

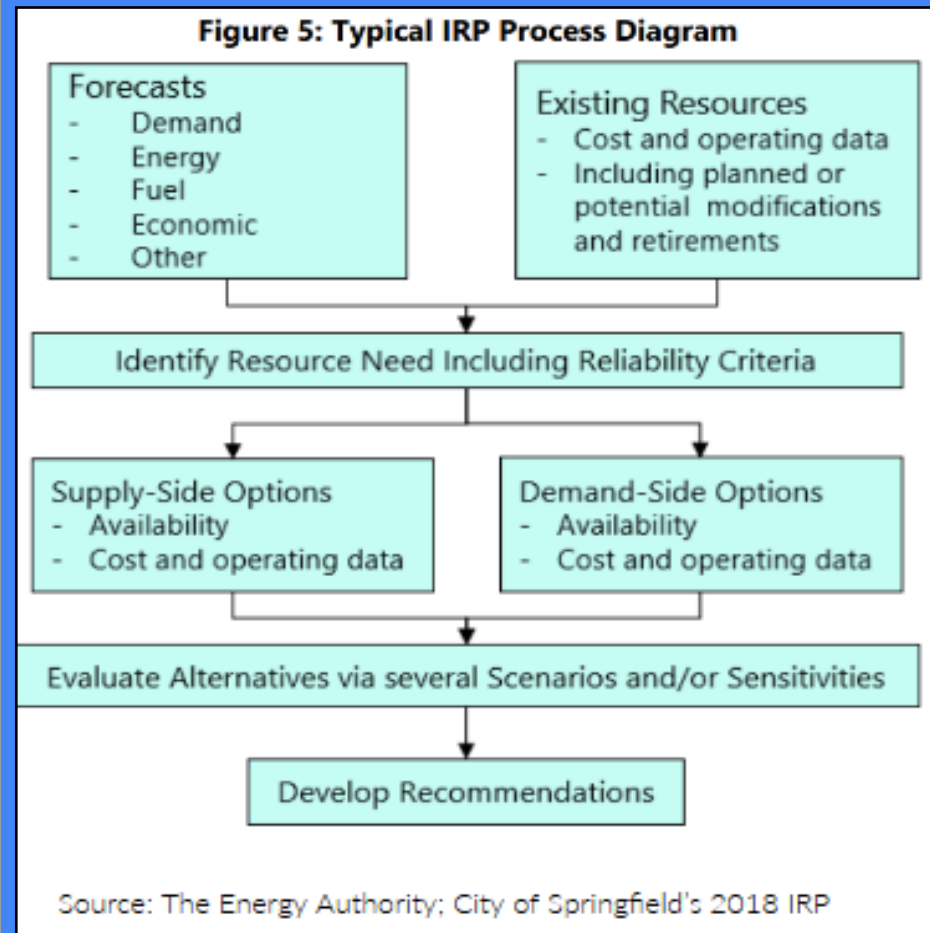
What is an Integrated Resource Plan?

- A long-term planning process conducted by utilities for energy resources.
- Emerged as a consumer protection tool in the 1980s after cost overruns with construction of nuclear plants
- Primary focus has been identifying the most cost-effective energy portfolio to meet future energy needs

Key Elements of an IRP

- Demand Forecasting: Estimating future energy needs
- Resource Planning: Identifying and evaluating resource options and scenarios to meet projected energy needs, reliability requirements and environmental compliance obligations
- Cost-Benefit Analysis: Assessing the Economic Feasibility of each option
- Risk and Uncertainty Analysis: Preparing for changes in policy, technology and market conditions
- Public engagement process
- Use of a qualified, independent expert

Typical IRP Process Diagram



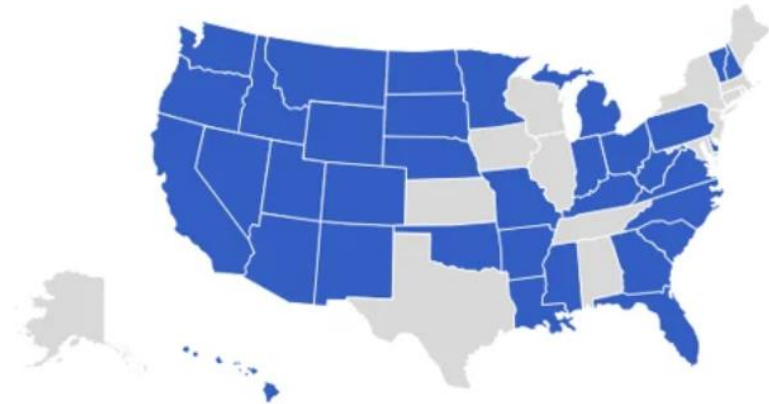
IRP Benefits: Consumer Interests

- IRPs can ensure that a utility is regularly assessing the most cost-effective energy portfolio to meet customers needs and avoid financially risky investment decisions
- Strong IRPs should include a rigorous assessment of “demand side resources” including energy efficiency measures to help customers reduce their demand and lower their utility bills

IRPs Today

- Over 35 U.S. states require utilities to file IRPs or equivalent planning documents
- The majority of these states require utilities to do every 2-3 years with a planning horizon of 20 years

Utilities Required to File an IRP with their PUC



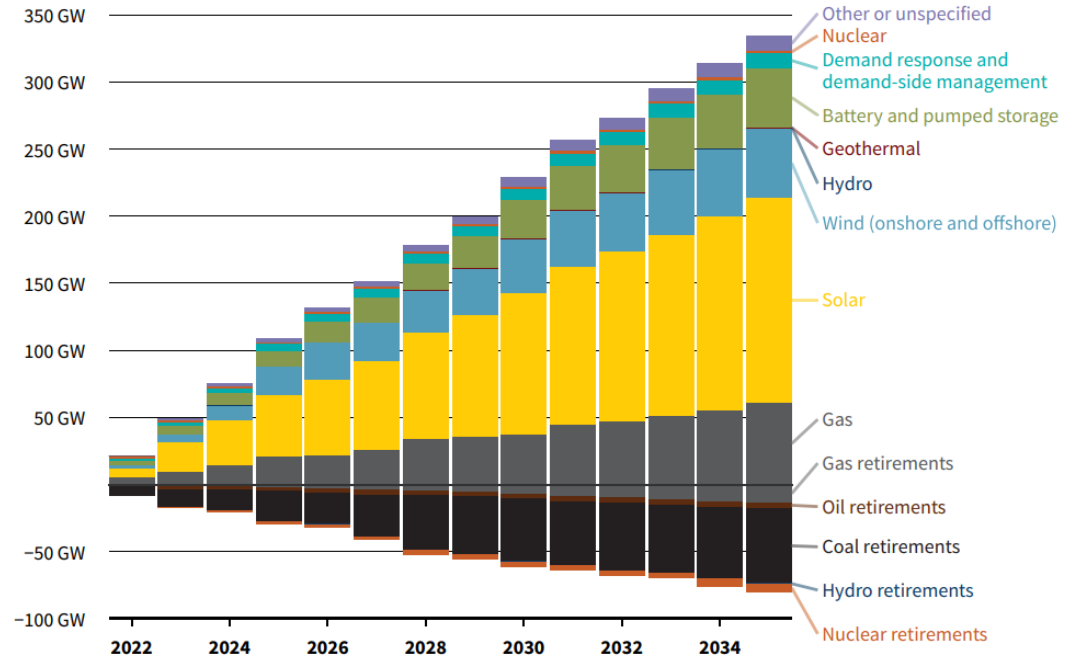
Source: Advanced Energy Economy, May 2020

IRPs Today

Utility trends are pretty clear:

- Coal unit retirements
- Majority of new capacity investments in renewables
- We're skeptical of new gas being able to recoup their investments

Exhibit 5 Cumulative capacity of projected retirements and additions in 104 utility resource plans, September 2022



Source: RMI analysis of EQ Research data as of September 2022

IRP Benefits: Strengthened Local Control & Oversight

- IRPs are uniquely important for municipal utilities and electric cooperatives in Illinois that own generation resources, have a “captive customer base” and rely on local (not state) oversight to ensure they are making the most prudent decisions for their ratepayers
- IRPs should provide a centralized, transparent and accessible process for ratepayers and city council members to identify their future energy needs and customer interests, understand different scenarios to meet those needs and a voice in the decisions the utility or joint action agency will take for its energy portfolio

Emerging Ideas in IRP Development

- Increasingly more inclusive stakeholder engagement processes that bring public participation into the several points of the IRP process (not just the end) -- creation of “IRP stakeholder advisory teams”
- Maximizing transparency and utilizing “open source modeling” to allow stakeholders full access to modeling assumptions and forecasts
- Incorporating equity and environmental justice analysis into IRPs
- Considerations of climate impacts beyond existing environmental compliance obligations

St. Charles Should Require its energy supplier to do IRPs

- The Illinois Municipal Electric Agency (IMEA) should commit to and ideally complete an IRP prior to community members deciding on whether to renew its power sales contract with IMEA
- Legislative proposals (HB5021, SB3637) are being considered to make IRPs a requirement of joint action agencies, municipal utilities and electric cooperatives
 - Federal grants have been secured for both state agencies and municipal utilities and cooperatives to conduct energy planning and modeling

Public Power Requires YOU

- Oversight within the public power and municipal utility model falls to City Councils and YOU as ratepayers
- IRPs are one of the most important tools to support your local communities in that oversight
- Get more involved tonight and stay involved!

