RIDER ZEA
ZERO EMISSION 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 associated with the procurement of zero emission credits (ZECs) to meet the requirements of subsection 1-75(d-5) 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.

ZE Contracts
Zero emission (ZE) contracts mean the ten (10) year contractual agreements under which zero emission credits (ZECs) are procured for the Company by the IPA with zero emission facilities in accordance with subsection 1-75(d-5) of the IPA Act.

DETERMINATION OF THE ZERO EMISSION ADJUSTMENT.
Beginning with the June 2017 monthly billing period, the Zero Emission (ZE) Adjustment is equal to 0.195 cents per kilowatt-hour (¢/kWh).

Beginning in calendar year 2018, 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, after the IPA determines the payments the Company must make to zero emission facilities in accordance with applicable ZE contracts and publishes the associated payment calculations in accordance with the provisions of subsection 1-75(d-5)(1)(D) of the IPA Act, the Company must determine the ZE Adjustment, in ¢/kWh rounded to the thousandths of a cent, in accordance with the following equation:

\[ \text{ZE Adjustment} = \left( \frac{C}{U} + \frac{OA}{OU} + \frac{BA}{BU} \right) \times \frac{100c}{\$1} \]

(Continued on Sheet No. 236.1)
*DETERMINATION OF THE ZERO EMISSION ADJUSTMENT (CONTINUED).

Where:

\[ C = \text{Costs, in dollars ($), equal to the sum of the expenditures the Company expects to incur associated with the procurement of ZECs during the months corresponding to the monthly billing periods during which the ZE Adjustment is applicable. Such expenditures include, but are not limited to payments that the Company must make to zero emission facilities during the delivery year beginning in calendar year X in accordance with applicable ZE Contracts and reasonable costs the Company expects to incur as part of the zero emission procurement processes and to implement and comply with plans and processes approved by the Illinois Commerce Commission (ICC) to effectuate subsection 1-75(d-5) of the IPA Act. Such costs the Company expects to incur as part of the zero emission procurement processes and to implement and comply with plans and processes approved by the ICC to effectuate subsection 1-75(d-5) of the IPA Act include but are not limited to costs of working capital used to arrange or procure zero emission credits, 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 \( C \) provides for the recovery of costs the Company incurs for working capital used to arrange or procure ZECs, such as the funds required to finance the lag between the purchase of ZECs 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 zero emission 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 the working capital component of the AC, as defined in the Determination of the Zero Emission Adjustment section of this rider, only for ZECs that become applicable after the date of such order or law, as applicable.

(Continued on Sheet No. 236.2)
RIDER ZEA
ZERO EMISSION ADJUSTMENT

(Continued from Sheet No. 236.1)

DETERMINATION OF THE ZERO EMISSION ADJUSTMENT (CONTINUED).

\[ U = \text{Usage, in kWh, equal to the electricity forecasted to be delivered to retail customers during the monthly billing periods during which the ZE Adjustment is applicable.} \]

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

\[ OU = \text{Ordered Usage, in kWh, equal to the electricity forecasted to be delivered to retail customers during the monthly billing periods during which the OA is ordered to be applicable.} \]

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

\[ BA = \left( AC + BA_p + OA_p - CR - R \right) \times \left( 1 + i \right) \]

(Continued on Sheet No. 236.3)
ILL. C. C. No. 10
Commonwealth
Edison Company
ELECTRICITY
5th Revised Sheet No. 236.3
(Canceling 4th Revised Sheet No. 236.3)

RIDER ZEA
ZERO EMISSION ADJUSTMENT

(Continued from Sheet No. 236.2)

DETERMINATION OF THE ZERO EMISSION ADJUSTMENT (CONTINUED).

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 ZECs, including but not limited to (a) payments made to zero emission facilities for the procurement of ZECs and reasonable costs the Company incurred as part of the zero emission procurement processes and to implement and comply with plans and processes approved by the ICC to effectuate subsection 1-75(d-5) of the IPA Act; and (b) beginning with the June 2019 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 a BA determined in calendar year X 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 ZE Adjustment greater than its maximum allowed value identified in this Determination of the Zero Emission Adjustment section, such unrecovered actual costs are included in the AC.

\( BA_p \) = Prior Balancing Amount, in $, equal to the BA used to determine the ZE 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.

\( OA_p \) = Prior Ordered Amount, in $, equal to the OA or portion of the OA, as applicable, used to determine the ZE 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 due to the application of ZE 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.

\( R \) = Reimbursement, in $, equal to the total amount received by the Company from zero emission facilities during the delivery year that began in calendar year X-1 for payments made by the Company to such zero emission facilities to procure ZECs that exceeded the applicable average ZEC payments as described in subsection 1-75(d-5) of the IPA Act.

\( i \) = 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).

(Continued on Sheet No. 236.4)
DETERMINATION OF THE ZERO EMISSION 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.

Notwithstanding the previous provisions of this Determination of the Zero Emission Adjustment section, the annual weighted average of ZE Adjustments may not be greater than 0.195 ¢/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.

Generally, ZE Adjustments are determined in May each calendar year following the publication of applicable ZEC payment calculations by the IPA, as approved by the ICC, as applicable, for application during the monthly billing periods corresponding to the months in the delivery year starting in calendar year X. Updates to such ZE Adjustments are subsequently determined in August of such calendar year to incorporate the BA, as applicable. In addition, a ZE 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 ZE Adjustment may be revised by the Company in accordance with this Determination of the Zero Emission Adjustment section if the Company determines such revised ZE Adjustment results in a better match between the Company’s applicable expected costs and its recovery of those costs.

* Each year on or before April 30, the Company must also determine if the ZE Adjustment determined in accordance with the aforementioned equation in this Determination of the Zero Emission Adjustment section must be reduced for application to kWhs delivered by the Company to retail customers to which the Exempt Group or Opt-out Group, as defined in the Definitions part of the General Terms and Conditions of the Company’s Schedule of Rates, is applicable in order to limit the annual estimated average net increase in electric service costs for the prior calendar year due to future energy investment costs, as determined in accordance with subsection 16-108(m)(2) of the Act, to no more than 0.07774 ¢/kWh. The Company must provide the results of such determination to the ICC no later than May 1 in such year.

(Continued on Sheet No. 236.5)
APPLICATION OF THE ZERO EMISSION ADJUSTMENT.

The ZE Adjustment is applicable to each kWh delivered to each retail customer during the monthly billing period during which the ZE Adjustment is effective. The amount resulting from such application of the ZE 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 Zero Emission Standard.

APPLICATION OF THE ZERO EMISSION ADJUSTMENT REDUCTION.

Notwithstanding the aforementioned provisions of this Application of the Zero Emission Adjustment Reduction section, each year the Company determines the ZE Adjustment determined in accordance with the equation in the Determination of the Zero Emission Adjustment section of this rider must be reduced for application to kWhs delivered by the Company to retail customers to which the Exempt Group or Opt-out Group, as defined in the Definitions part of the General Terms and Conditions of the Company’s Schedule of Rates, is applicable in order to limit the annual estimated average net increase in electric service costs for the prior calendar year due to future energy investment costs, as determined in accordance with subsection 16-108(m)(2) of the Act, to no more than 0.07774 ¢/kWh, such reduction must be shown as a separate line item on each electric service bill for each such retail customer in the Exempt Group or Opt-out Group, as applicable. Such line item is designated as the Zero Emission Standard Adjustment.

INFORMATIONAL FILINGS.

In each calendar year X the values of ZE Adjustments determined in accordance with the provisions of the Determination of the Zero Emission 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 five (5) business days after the IPA determines the payments the Company must make to zero emission facilities during the delivery year beginning in calendar year X in accordance with applicable ZE Contracts and publishes the associated payment calculations, as approved by the ICC. Notwithstanding the previous provisions of this paragraph, such informational filing must be submitted no later than May 29 in any such calendar year.

ZE Adjustment values determined in accordance with the provisions of the Determination of the Zero Emission 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 cycle.

As necessary, the Company must file a revised ZE 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 the event that no proceeding is initiated in accordance with the provisions of such Annual Updates section. Such revised ZE Adjustment is to be applicable beginning with the immediately following January monthly billing period.
INFORMATIONAL FILINGS (CONTINUED).

For a situation in which the Company revises a ZE 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 ZE Adjustment value, the resultant revised ZE 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 ZE Adjustment value becomes applicable.

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

* ANNUAL REVIEW AND RECONCILIATION.

Beginning in 2018, 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 zero emission 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.

Beginning in 2018, 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 ZECs. Such audit must be conducted within four (4) months after the end of such delivery year and must examine whether (a) the ZE Adjustment is properly billed to customers, (b) costs recovered through this rider are properly reflected in the calculation of the ZE 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 the 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. 236.7)
ANNUAL REVIEW AND RECONCILIATION (CONTINUED).
In addition, the Company must file a petition with the ICC that requests the ICC initiate a ZE 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 ZE Adjustments determined in accordance with the provisions of the Determination of the Zero Emission Adjustment section of this rider in order to correct for errors in ZE 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 ZE 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 ZE Adjustments.

MISCELLANEOUS GENERAL PROVISIONS.
Revenue associated with the application of ZE 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.