



November 7, 2017

To: Illinois Power Agency, Mario Bohorquez

From: LendLease Energy Development LLC: Susannah Pedigo, Director of Origination

RE: IPA Long-term Procurement Plan Comments from Lendlease Energy Development LLC

Dear Mr. Bohorquez:

We are providing some feedback to the Long-Term Renewable Resources Procurement Plan. Please don't hesitate to reach out if I can answer any questions or clarify any of our comments. Thank you for your consideration.

Best regards,
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1. Please consider, for the sake of Illinois ratepayers, holding additional incremental forward utility-scale solar procurements prior to 2019 since the ITC begins to step down in 2019.
2. In reference to Section 2.3.3: Consider holding bundled (RECs and energy) long-term procurements similar to the 2010 procurement as the primary means to supply clean energy. Bundled procurements will lower the cost of RPS compliance for ratepayers. Under the proposed REC-only model, generators have to build in a risk premium for the uncontracted energy. This uncontracted energy has to be sold separately triggering expensive transaction costs that have to be accounted for in the risk-premium. Additionally, by selling the bundled REC and energy to the incumbent utilities, Illinois is ensuring that the clean energy developed in Illinois stays in Illinois.
3. General comment: For the long-term viability of the program and for successful and affordable financing, it is critical that contract terms for commercial and large-scale renewable energy projects be no less than 15 years in length for construction and long-term financing.
4. In reference to Section 5.9, 2018 and 2019 Spot REC Procurements: The Plan states, "A review of the public reports in GATS and M-RETS suggest that there may be significant quantities of RECs in Illinois and adjacent states that could be eligible for the Spot Procurements..." While it's clear that the IPA is taking careful steps to procure RECs of an appropriate vintage to fill a potential REC shortfall in the initial years of the new program, it is still concerning that the origin of those RECs is not a new or an additional renewable resource meeting the spirit of the Illinois RPS.