ILLINOIS POWER AGENCY

**Additional Forward Procurements**
**Request for Comments**
**June 15, 2018**

On June 12, 2018, the Illinois Power Agency ("IPA") held a workshop to discuss the upcoming Forward Procurements scheduled to be conducted in 2018. The Forward Procurements seek to procure two million RECs delivered annually from new utility-scale wind projects; two million RECs delivered annually from new utility-scale solar projects; and 80,000 RECs delivered annually from new brownfield site photovoltaic projects. All RECs are to be procured through 15-year fixed-price contracts. The workshop provided stakeholders with a review of the Initial Forward Procurements previously held by the Agency,[1] and an overview of the proposed eligibility requirements, key contract terms, proposal process and requirements for the upcoming Forward Procurements.[2]

Based upon the discussion at the workshop, the IPA is interested in receiving additional feedback from stakeholders on several topics. This feedback may be used by the IPA to update and refine the procurements. In addition to this Request for Comments, parties will be given the opportunity to comment on draft contracts for the procurements at a later date.

**Stakeholders are requested to send responses to this Request for Comments to Anthony.Star@illinois.gov by June 27, 2018**. Responses to this Request for Comments received by the IPA will be posted on the IPA's website.[3]

**Topic 1: Deadline for First REC Delivery**

The IPA's Long-Term Renewable Resources Procurement Plan targets the 2020-2021 Delivery Year for first REC deliveries under the Forward Procurements but does not indicate a specific date. With no specific date statutorily mandated or referenced in the Plan, the upcoming Forward Procurements may feature flexibility regarding the deadline for the first REC delivery. At the workshop, some attendees stated that it may be appropriate for the contract to specify events that could delay the initial REC delivery date but that would not lead to contract termination.

1. Given the timing of the procurement events, what would constitute a workable deadline for the first REC delivery? Would a deadline for the first REC delivery of the end of the 2020-2021 delivery year (May 31, 2021) provide developers with sufficient time to build, interconnect, and energize projects?
2. What are the circumstances or events under which a delay in the initial REC delivery should not lead to contract termination? What would be appropriate notification deadlines to trigger a request for a delay?

[1] See: https://www.ipa-energyrfp.com/2017-2018-initial-forward-procurements/ for more information on the Initial Forward Procurements including contracts used, information on the procurement process, and procurement rules.

[2] A copy of the workshop presentation is available at: https://www2.illinois.gov/sites/ipa/Documents/2018ProcurementPlan/Forward-Procurements-Workshop-Presentation.pdf

[3] Comments posted to the IPA website will be listed by naming the responding party. Any respondent wishing to provide the IPA with information it deems confidential and/or proprietary may submit both "public" and "confidential" versions of its written responses, with only the "public" version posted on the IPA website. Consistent with its duties under 20 ILCS 3855/1-120, the IPA will institute controls to protect against the disclosure of any confidential and/or proprietary information furnished by any respondent to this Request for Comments.

3. Should the contract name interim milestones that have to be met prior to first REC delivery? If so, what would these interim milestones be and what is the timeline associated with them? What penalties should be assessed for failure to meet interim milestones?

**Topic 2: Credit and Collateral Provisions**

The contract under the Initial Forward Procurements tied the amount of post-bid collateral to the annual REC quantity and the bid price. At the workshop, some attendees held the view that an alternative approach, whereby the post-bid collateral requirements would not be tied to the annual REC quantity and/or the bid price, may be a better approach.

1. Is there an alternative approach to determining the amount of post-bid collateral that will provide adequate financial assurances? Should this alternative be based on a dollar amount per MW or a dollar amount per REC? If a dollar amount per MW or per REC is recommended, what is an appropriate basis for determining this amount? Please provide any sample documentation from a jurisdiction that uses the proposed approach, if available.
2. Noting that the level of the pre-bid collateral is generally related to the amount of the post-bid collateral under the contract, should the approach suggested under 1 above have implications for the approach to be used when setting pre-bid collateral?
3. Should the amounts of pre-bid and/or post-bid collateral be the same for utility-scale wind, utility-scale solar, and brownfield site photovoltaic projects? If not, what factors should be considered in differentiating between the types of projects?

**Topic 3: Degradation of Solar Projects**

At the workshop, some attendees noted that solar installations typically degrade at a rate of 0.5% per year; this could lead to oversizing projects so that under a fixed annual quantity contract, sufficient RECs would be generated in the later years of the 15-year contract.

1. Are the banking provisions used in the Initial Forward Procurement sufficient to address degradation of solar projects given that the Seller can bank RECs at the beginning of the contract to be delivered at the end? If not, please explain why not and explain what additional measures should be included in the contract to address this issue.

**Topic 4: Assessment of Project Maturity**

Attendees at the workshop were generally satisfied with the requirements for project maturity used in the Initial Forward Procurements (that approach was to assess current project maturity based on a project having obtained an Interconnection Agreement or, if unavailable, providing proof of site control). Sufficient project maturity is considered a prerequisite for project eligibility because it helps to demonstrate the viability of a project and its likelihood of successful development.

1. Is requiring proof of site control an appropriate milestone to assess project maturity and assess the likelihood that a project will be developed in the desired timeframe?
2. What proof of site control is appropriate? Should the standard be different among wind, solar, and brownfield site photovoltaic projects?
3. Would an alternative milestone, such as a letter of intent from a lender to finance a portion of the capital cost of the project, provide greater assurances that the project will be developed in

the desired timeframe? If so, in responding, please provide sample documents, requirements, or templates for another jurisdiction, if available.

4. Is there another milestone in the project development process that is more appropriate to utilize for assessing project maturity?

**Topic 5: IEPA brownfield site eligibility requirements**

The Illinois Commerce Commission's Order approving the IPA's Long-Term Renewable Resources Procurement Plan requires that a brownfield site photovoltaic project on a site regulated by the IEPA's Site Remediation Program must show that such site previously featured or currently features "actual blight or contamination prior to remediation." The IPA is seeking input on how best to apply this requirement.

1. Is there an appropriate and measurable requirement that can be used to demonstrate that a site within the IEPA's Site Remediation Program currently features or featured actual blight or contamination prior to remediation? Please describe the proposed standard as well as what evidence could be used to satisfy the standard.