



Blue Delta Energy

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May 27, 2018

Mr. Star,

In response to the IPA's Request for Comments for the upcoming Forward Procurements as detailed in the IPA's Long-Term Renewable Resources Procurement Plan, Blue Delta Energy, LLC respectfully submits the following comments:

Topic 2: Credit and Collateral Provisions

Regarding your request for documentation from another jurisdiction that uses an alternative approach to calculate both pre-bid and post-bid collateral amounts, we would suggest that the program that most closely resembles the IPA's Forward Procurement structure is the New York REC procurements administered by the New York State Energy Research Development Authority (NYSERDA). That program is also a "REC-only" long term procurement plan and uses a formula based on the MW of nameplate capacity in its calculations of security:

(RFP: <https://portal.nyserda.ny.gov/servlet/servlet.FileDownload?file=00Pt0000005uU55EAE>)

Pre-bid amounts - based on per MW of nameplate capacity

<u>Nameplate (MW's)</u>	<u>Pre-Bid Deposit</u>
Less than 5 MW	\$ 5,000.00
5 to 19.99 MW	\$ 20,000.00
20 - 49.99 MW	\$ 50,000.00
Greater than 50 MW	\$ 100,000.00

Post-bid - based on Annual Bid Quantity (ABQ)

\$9.00 per ABQ within 30 days of award

\$6.00 per ABQ by November 30, 2019

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Note that in the NYSERDA program post-bid collateral is returned upon the unit achieving commercial operation, and that a project can request 4 one-year extensions by posting an additional \$2*ABQ for each extension until it achieves COD.

While this collateral structure is designed to encourage units to achieve commercial operation, it does not continue thru actual operational performance. If a unit under performs for three consecutive years during its contract, NYSERDA may (at its option) reduce the ABQ, but there are no other financial penalties.

Additionally, we would like to comment on a point that was raised at the Workshop but was not specifically included in the Request for Comments, namely the criteria for wind projects to be “new”. The definition given in Public Act 099-0906 (20 ILCS 1-75) lists two different criteria for meeting the “new” threshold:

“New wind projects” means wind renewable energy facilities that are energized after June 1, 2017 for the delivery year commencing June 1, 2017 or within 3 years after the date the commission approves the contracts for subsequent delivery years”

As presented in the Workshop (NERA presentation slide 12) the Initial Forward Procurement had a First REC delivery “No earlier than June 1, 2019” and “No later than June 21, 2021”. Given that the first REC delivery was not to occur “for the delivery year commencing June 1, 2017”, we would initially conclude that winning projects would not be considered “new” under the first set of criteria if REC delivery was the basis of that condition. If that was in fact the case, we would expect that under the second set of criteria the winning projects would have to meet the 3 year deadline from the date of the Illinois Commerce Commission’s approval, which occurred on September 7, 2017. This would imply a deadline of September 7, 2020 for these projects to energized, though from the Workshop the only deadline presented was for REC deliveries to begin “no later than June 1, 2021”. Is this something that we might have missed?

Conversely, perhaps the meaning of “for the delivery year commencing June 1, 2017” is based on some other interpretation. For example, it could be read such that any wind project energized after June 1, 2017 and available to provide RECs for the Reporting Year commencing June 1, 2017 would qualify. It might also be the case that delivery year pertains to the date of the solicitation and not the REC delivery? If that were the case, given that this current RFP was issued on May 24, 2018 (during the delivery year commencing June 1, 2017), it could be argued that the first set of criteria would be appropriate to use for this solicitation as well. We respectfully request clarification and perhaps a further in-depth review of how this language is to be applied.

Respectfully submitted,



Kenneth R. Nelson
President

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