



Long-Term Renewable Resources Procurement Plan Update

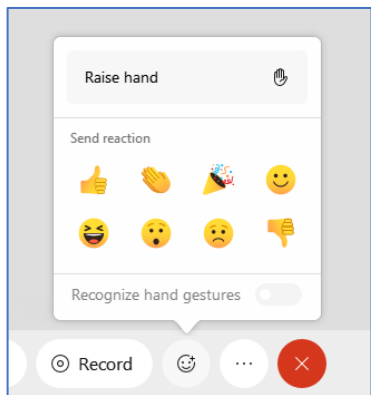
Workshop 1
June 25, 2021

Agenda

- **Legislative Update/Long-Term Plan Update Process**
- **Renewable Portfolio Standard Overview**
- **RPS Budget Update**
- **Strengthening equity, diversity, and labor standards in the renewable energy industry**
- **Utility-scale and brownfield site procurements**

- **Additional Workshops (New Dates)**
 - **Workshop 2: Wednesday, July 7, 2021; 1 pm – 4 pm**
 - Adjustable Block Program
 - Illinois Solar for All
 - **Workshop 3: Tuesday, July 13, 2021; 1 pm – 4 pm**
 - Community Solar
 - REC Pricing
- **Written requests for stakeholder feedback will follow after workshops**

- **This workshop is being recorded**
 - The presentation and the recording will be posted on the IPA website
- **To ask question or make a comment, use the “Q&A” option on the lower right of your screen.**
 - All participants are on mute to reduce background noise.
 - When submitting questions or comments, please select “All Cohosts”
 - If you would like to clarify a question or comment you have made, you can use the “Raise Hand” feature which can be found either next to your name in the participants list or at the bottom of your screen to request to speak. When this feature is used, the host will unmute you so you can speak. Once you are finished, please make sure to mute yourself.



Legislative Update/ Long-Term Plan Update Process

Status of Changes to the RPS

- **Legislation to make significant changes to the RPS is not yet adopted by the Illinois General Assembly**
 - Timeline for next steps is not clear at this time, could be in the next few weeks to one month
 - This timetable referenced by both Senate President and Governor
 - Reference in both House and Senate to being willing to convene should agreement be reached
 - Outstanding issues requiring negotiation do not generally involve core changes to Illinois RPS (issues primarily between labor and environmental organizations)
 - Both House and Senate have authorized remote voting

Changes to RPS in Draft Legislation *



- **ONLY highlighting changes to renewables items implemented by IPA**
 - Thus, nothing re: smart inverter rebate, net metering, etc. as part of these slides; or on nuclear, coal-to-solar, etc.
- **New Long-Term Plan Developed within 120 days of passage**
- **Changes to RPS budgeting**
 - From 2.015% of 2007 rates to 4.25% of 2009 rates
 - Additional flexibility under 16-108(k) across years
 - Provisions for exceeding budget in 1-75(c)(1)(E-5)?
- **Changes to RPS goals**
 - 45 million RECs by 2030 (inclusive of FEJA), but keep procuring up to budget limit
 - 55/45 Solar/Wind split; Solar is 50% ABP, 47% utility-scale, and 3% brownfield site projects

***all items subject to change – identified changes based on publicly available bill drafts**

Changes to RPS in Draft Legislation*

- **Pre-Plan approval activities**
 - Opening most ABP blocks within 90 days
 - Block opening size varies by category (10 MW to 75 MW)
 - Waitlisted projects prioritized
 - Agency endeavoring to have new REC delivery contracts prepared by reopening date
 - Community solar waitlist sorting
 - 250 MW total allocated proportionately based on existing waitlist share
 - 90 days for award size, additional 90 days for portfolio of projects to be presented
 - 150 days for new REC delivery contract development
 - Substitution rights without penalty in the case of excessive interconnection costs
 - New competitive procurements within 240 days
 - For utility-scale solar, utility-scale wind, and brownfield site solar
 - Utilization of Indexed REC structure (floating REC price based on market conditions)
 - Scale of procurement events is TBD

***all items subject to change – identified changes based on publicly available bill drafts**

Changes to RPS in Draft Legislation*



- **ABP Changes**

- 3 categories to 6 categories (corresponding changes in allocation between categories)
 - Small DG, Large DG, Community Solar, Community-Based Community Solar, Schools, and Equity Eligible Contractors (all project types)
- Small DG to changed from up to 10 kW to up to 25 kW, Max size to 5 MW
- Annual blocks, no discretionary capacity, contract length

- **Utility-Scale Procurement Changes**

- Indexed REC price structure
- Price collar on bids received?

- **Brownfield-Site Procurement Changes**

- Changes in definition to include former coal mine sites
- Flexibility around procurement approach (not necessarily via competitive procurements)

*all items subject to change – identified changes based on publicly available bill drafts

Changes to RPS in Draft Legislation*

- **Illinois Solar for All Changes**
 - Utility collection allocation up to \$50 million
 - Elimination of Community Solar Pilot Procurement
 - New Multifamily Building Subprogram
- **Diversity & Equity Changes**
 - Dedicated Equity Eligible Contractor ABP Block
 - 10% of work on program projects from equity eligible persons and equity eligible contractors (starting in 2023 delivery year, with climbing percentages thereafter)
 - Disparity and availability study to inform additional requirements
- **Labor-Related Changes**
 - Prevailing wage requirements
 - All utility-scale, brownfield, and community solar projects
 - Still open discussion re: DG threshold and exemptions
 - Project labor agreement requirements apply to all new utility-scale wind, utility-scale solar, & brownfield site photovoltaic projects

*all items subject to change – identified changes based on publicly available bill drafts

Current Plan Revision Timeline

- **June/July: Stakeholder workshops**
- **July: Requests for written stakeholder feedback**
- **August 16: Tentative date for release of draft Revised Plan (“at least every two years”)**
 - September 30: Comments on draft revised Plan due
 - October 21: IPA files revised Plan with ICC
 - Opportunities for Objections, Responses, and Replies through November and December
 - February 18, 2022: ICC deadline to approve revised Plan
- **Note that this timeline will change if new legislation is enacted**
 - New date for releasing draft of revised Plan expected to be 120 days after legislation takes effect
 - For example, if legislation takes effect July 15, current Revised Plan development scrapped, with new draft Revised Plan released for comments on November 12.

Impact of Legislation on Timeline

- **If legislation passes before the release of draft Revised Plan**
 - Release of draft Revised Plan will be postponed to accommodate new timeline and new legislative mandates
- **If legislation passes after release of draft Revised Plan but before Revised Plan is submitted to the ICC for approval (e.g., while draft Revised Plan out for stakeholder feedback)**
 - Agency would develop a second draft Revised Plan to include new legislative mandates
 - Original Revised Plan would not be filed with ICC
- **If legislation passes after Revised Plan is filed with the ICC**
 - Presumably Agency would petition ICC to withdraw filing of Revised Plan
 - Legislation would likely spell out any additional processes

Renewable Portfolio Standard Overview

- **Since 2017 most RPS activities guided by Long-Term Renewable Resources Procurement Plan**
 - Initial Forward Procurements conducted outside of Long-Term Plan
- **First Long-Term Plan**
 - Developed in 2017 and approved by the Illinois Commerce Commission in early 2018
- **Plan revised every two years**
 - Revised Long-Term Plan developed in 2019 and approved in early 2020
 - Plan further updated earlier this month to reflect ICC Order on Reopening to accommodate potential calendar year 2022 payment deferrals (to be discussed later in this workshop)
 - Now starting process for second revision

Plan Structure

1. Introduction
2. Legislative/Regulatory Requirements of the Plan
3. RPS Goals, Targets, and Budgets
4. Renewable Energy Credit Requirements
5. Competitive Procurement Schedule
6. Adjustable Block Program
7. Community Renewable Generation Projects
8. Illinois Solar for All Program

RENEWABLE RESOURCES



Long-Term Renewable Resources Procurement Plan

Modifications to Revised Plan Upon Reopening

Prepared to conform with the Illinois Commerce Commission's Order
on Reopening in Docket No. 19-0995, dated May 27, 2021.

June 7, 2021

Prepared in accordance with the
Illinois Power Agency Act (20 ILCS 3855), and the Illinois Public Utilities Act (220 ILCS 5).

RPS Goals and Targets

- **Percentage based goals**

- 2021-2022: 19.0%
- 2022-2023: 20.5%
- 2023-2024: 22.0%
- 2024-2025: 23.5%
- 2025-2026: 25.0%

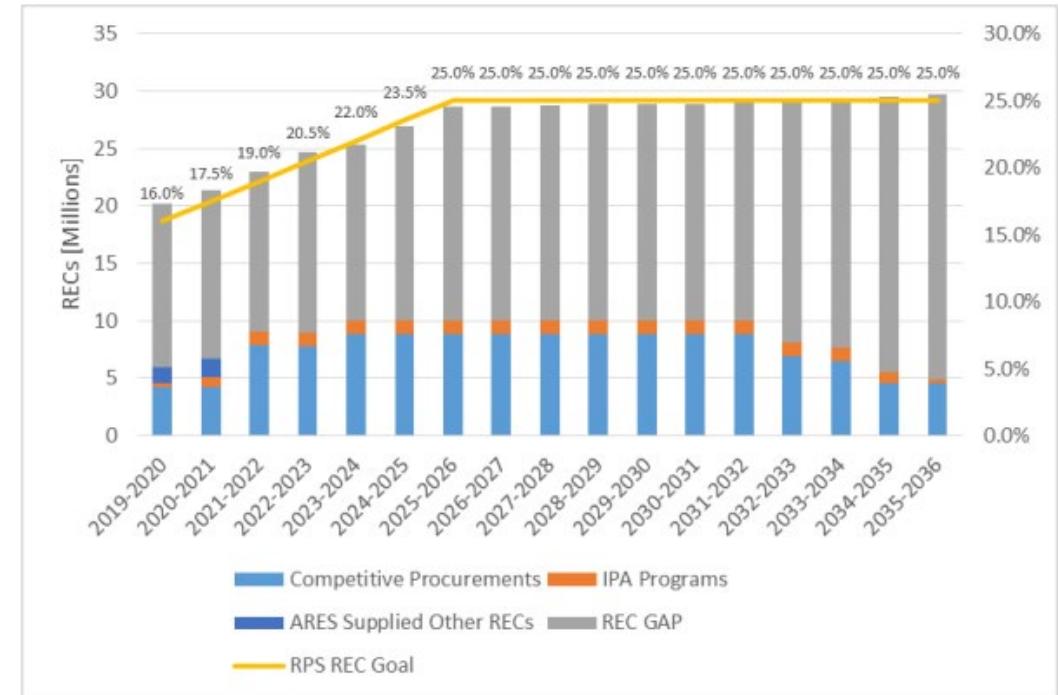
- **By end of 2020-2021 delivery year**

- Target: 2 million annual RECs from new wind

- Target: 2 million annual RECs from new solar (1 million from Adjustable Block Program)

- **By end of 2025-2026 delivery year (focus of next Revised Plan)**

- Target: 3 million annual RECs from new wind
- Target: 3 million annual RECs from new solar (1.5 million from Adjustable Block Program)



- **Initial Forward Procurements (2017-2018)**
 - 1 Million RECs (delivered annually) each from wind and solar
 - 3 wind, 5 solar projects selected
- **2018 Procurements**
 - 2 Million RECs (delivered annually) each from wind and solar
 - 4 wind, 9 solar projects selected
- **2019/2020 Procurements**
 - 2019 Brownfield site solar procurement, 2 projects selected
 - 2 wind procurements, no projects selected

Utility-Scale Procurement Observations

- **Project development takes a long time.**
- **No bids selected in 2019 and 2020 wind procurements. Have we hit the limitations of this procurement model?**

Adjustable Block Program

- **Block Capacity currently full**
 - Small Distributed Generation (≤ 10 kW)
 - 20,282 Projects (143 MW) energized
 - 3,238 Projects (26 MW) under development
 - **3,864 Projects (26 MW) on waitlists**
 - Large Distributed Generation (<10 kW – 2 MW)
 - 2,102 Projects (221 MW) energized
 - 303 Projects (71 MW) under development
 - **610 Projects (39 MW) on waitlists**
 - Community Solar
 - 32 Projects (60 MW) energized
 - 79 Projects (154 MW) under development
 - **659 Projects (1,298 MW) on waitlists**

- **Impact of COVID-19 related delays felt most strongly in Community Solar and Large DG categories; Small DG largely on track.**
- **Business models more varied than Agency had originally anticipated.**
 - Approved Vendor and Designee model designed to accommodate different arrangements but focused more on installation and financing.
 - Complex lead generation and sales models continue to be an area of interest to the Agency, particularly related to consumer protections

- **First three program years**
 - Distributed Generation (Residential)
 - 25 projects (2.2 MW) energized
 - 30 projects (0.5 MW) under development
 - Non-profit/Public Facilities
 - 23 projects (3.9 MW) energized
 - 25 projects (2.7 MW) under development
 - Low-Income Community Solar
 - 2 projects (0.05 MW) energized
 - 9 projects (12.6 MW) under development
- **Program Year Four**
 - Initial projects application window for Distributed Generation (residential) and Non-profit/Public Facilities sub-programs closed on Monday.
 - 48 Non-profit/Public Facilities applications received. Project selection will occur in August.
 - 1 multifamily application received. Distributed Generation sub-program has reopened for additional applications.
 - Project application window for low-income community solar opens on August 23.

- **Residential Distributed Generation sub-program developing slowly. Can soft costs and barriers to entry be reduced to increase participation?**
- **Most low-income community solar projects are over 1 MW; are there barriers to making small low-income community solar projects viable?**

RPS Budget Update

RPS Budget Structure

- Utilities collect approximately \$225 million/year
- Approximately \$100 million in Alternative Compliance Payments previously collected from Alternative Retail Electric Suppliers (will not be replenished)
- Funds could accumulate and roll-over for first four year (through May 31, 2021)
 - Starting June 1, 2021, only annual budgets available
- **Illinois Solar for All**
 - ~\$10 million/year from utilities
 - \$16.5 million/year from the Renewable Energy Resources Fund

- **Adjustable Block Program contracts front-loaded**
 - 15-year REC quantities
 - Small DG paid fully on energization
 - Large DG and Community Solar paid 20% of value on energization, rest over four years
 - Energization delays, particularly due to COVID-19 have disrupted assumed energization timelines

- **Biannual review taking into account energization deadline extensions received**
 - Updated tables from April 2020 Final Revised Plan and released based on observed application rates, energization rates, and trends
- **Demonstrated 2021-2022 delivery year shortfall even after alternative compliance payments are taken into account**
 - \$67 million shortfall identified even after ACPs
 - Product of later-than-anticipated energization timelines
 - Energization deadline extension requests due to COVID-19-related challenges

March 2021 Reopening of 19-0995



- **IPA filed to reopen plan in Docket No. 19-0995 to accomplish the following**
 - Avoid disruption in contract payment schedule to the extent possible (full payment for remainder of calendar year 2021)
 - Determine contract payment prioritization in the case of 2021-22 delivery year funding shortfall
 - Exempting contracts existing pre-FEJA, ILSFA contracts and program activity
 - Ensure that any payment reductions constituted payment deferrals to be paid at start of next delivery year
- **Commission Order on Reopening issued May 27, 2021**
 - Largely affirmed the IPA's proposed approach
 - Resulting processes/deadlines discussed in later slide

June 2021 Budget Update

	RPS Fund Balance at the start of DY			RPS Expenditures during DY				RPS Fund Balance at end of DY			Uncommitted ACPs		
DY	Start of DY Accumulated Funds (Deficit from Prior DY) (a)	DY Collections (b)	Available Funds at start of DY (c)=(a)+(b)	REC Spend Under Contract (d)	Approved RECSpend to be Contracted (e)	Set Asides (f)	Total Spend (g)=(d)+(e)+(f)	Balance before Using ACP Funds to Cover Shorts (c)-(g)	Balance after Using ACP Funds to Cover Shorts	Refund to Rate payers	ACP Balance at Start of DY	ACP Drawdown to Cover Budget Shorts	ACP Balance at End of DY
2020-21	381.1	225.2	606.3	273.4	-	15.8	289.2	317.1	317.1	317.1	100.5	-	100.5
2021-22	-	221.0	221.0	304.0	1.5	25.5	330.9	(109.9)	(21.1)	-	101.5	88.8	12.7
2022-23	(21.1)	224.1	203.0	217.7	1.0	15.7	234.4	(31.3)	(26.1)	-	12.7	5.3	7.4
2023-24	(26.1)	225.2	199.1	207.4	1.0	15.8	224.1	(25.0)	(25.0)	0.3	7.4	-	7.4
2024-25	(25.3)	225.0	199.7	181.0	1.0	15.8	197.7	2.0	2.0	10.3	7.4	-	7.4
2025-26	(8.3)	224.2	215.9	81.8	0.8	25.7	108.3	107.6	107.6	107.6	7.4	-	7.4
2026-27	-	223.7	223.7	33.1	-	15.7	48.8	174.9	174.9	174.9	7.4	-	7.4
2027-28	-	223.9	223.9	29.2	-	15.7	44.8	179.1	179.1	179.1	7.4	-	7.4
2028-29	-	224.5	224.5	29.2	-	15.7	44.9	179.6	179.6	179.6	7.4	-	7.4
2029-30	-	224.3	224.3	29.0	-	15.7	44.7	179.5	179.5	179.5	7.4	-	7.4
2030-31	-	224.4	224.4	29.0	-	15.7	44.7	179.7	179.7	179.7	7.4	-	7.4
2031-32	-	225.2	225.2	29.0	-	15.8	44.7	180.5	180.5	180.5	7.4	-	7.4

- **2021-2022 shortfall: \$21 million ComEd, \$0.1 million MidAmerican.**
- **Final determinations of shortfalls and deferral amounts will be based on the December 2021 budget update.**

June 2021 Energization By Category

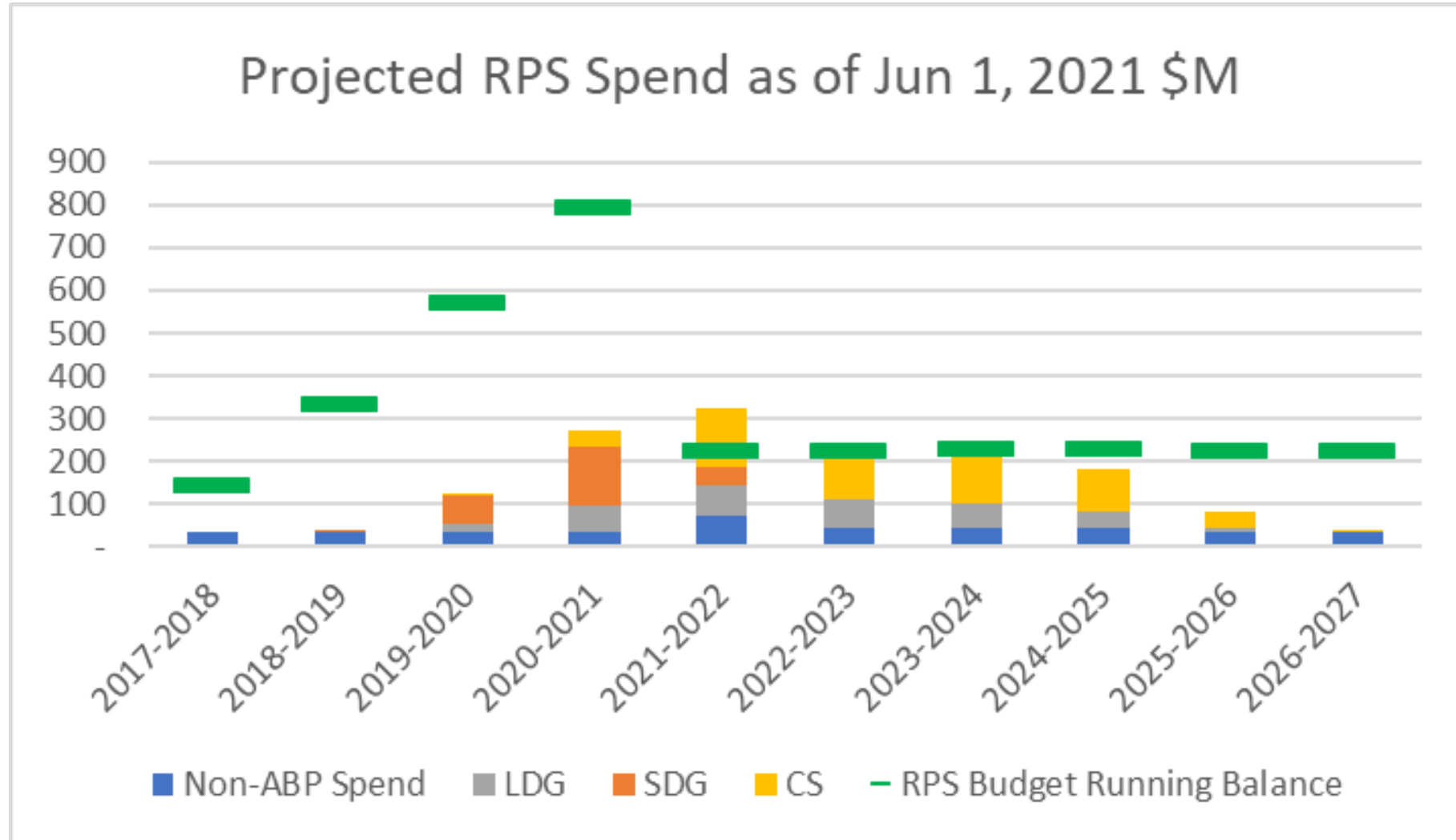
Changing ABP Energization Assumptions

Feb 27, 2020	SDG	LDG	CS
2019-2020	25%	25%	25%
2020-2021	65%	50%	50%
2021-2022	10%	25%	25%

Dec 18, 2020	SDG	LDG	CS
2019-2020	27%	21%	0%
2020-2021	32%	67%	28%
2021-2022	40%	12%	71%
2022-2023	0%	0%	1%

Jun 11, 2021	SDG	LDG	CS
2019-2020	26%	21%	0%
2020-2021	55%	55%	31%
2021-2022	18%	24%	67%
2022-2023	0%	0%	1%

June 2021 Budget Update



- **Absent legislative changes, significant delays until funds will be available again to support new program and procurement activities**
 - Adjustable Block Program on hold, projects remain on waitlists
 - Competitive procurements for utility-scale wind and solar can be considered but would need to have limitations on when REC deliveries can start
 - Legislation would change this situation

Existing REC Contract Payment Deferrals

- **If no legislation, what happens re: existing REC contracts?**
 - Approach determined in Docket No. 19-0995 governs
 - Payment deferrals would apply to ABP/utility-scale/brownfield PV contracts with remaining payment obligations
- **Contracts continue to be paid in full through end of Calendar Year 2021**
- **REC delivery contract amendment development process**
 - By August 31, 2021 (target date)
 - Announcements in coming weeks re: timing of various steps
- **Updated RPS budget/expense tables**
 - Filed with ICC by December 30, 2021
 - Will determine balance of payment reductions required across first half of 2022
 - See June 2021 budget update for projected amounts of payment deferrals
- **Illinois Solar for All remains fully funded**
- **2022-23/2023-24 delivery year approaches determined through upcoming Long-Term Plan**

Strengthening Equity, Diversity, and Labor Standards in The Renewable Energy Industry

Options for project/vendor requirements



- **Methods used to date**
 - Adjustable Block Program
 - Allowed for smaller initial block submittal from MWBE Approved Vendors. Very little uptake.
 - Solar for All
 - For 2020-2021 Program year additional points in project selection process for MWBE Approved Vendors or Approved Vendors who make commitment to MWBE sub-contracting.
 - 5 out of 18 non-profit/public facilities projects and 2 out of 3 selected community solar projects had MWBE commitments.
- **Legislative Proposals Include**
 - Prevailing wage and project labor agreement requirements.
 - Options for equity eligible individuals and contractors.
- **What other approaches can help remove barrier/encourage participation by MWBE firms?**

Reporting options

- **Starting in 2020 Adjustable Block Program Approved Vendors reported on workforce diversity**
 - Data self-reported
 - Different business models may impact reported data
 - Data reported on an annual basis

Workforce Diversity

	Direct (FTE)	Indirect (FTE)	Total (FTE)	Direct (%)	Indirect (%)	Total (%)
Race						
Black or African-American	191	345	536	10.5%	12.5%	11.6%
Hispanic or Latinix	230	693	923	12.6%	25.1%	19.9%
Asian	47	31	78	2.6%	1.1%	1.7%
American Indian or Alaska Native	4	6	10	0.2%	0.2%	0.2%
Native Hawaiian or Other Pacific Islander	9	11	20	0.5%	0.4%	0.4%
Total	481	1,086	1,568	26.4%	39.3%	33.8%
Two or more races	28	134	162	1.5%	4.8%	3.5%
Gender						
Female	270	351	621	14.8%	12.7%	13.4%
Non Binary	2	3	5	0.1%	0.1%	0.1%
Disabled	6	8	14	0.3%	0.3%	0.3%

Possible Additional Reporting Options

- **Approved Vendor and sub-contractor ownership diversity**
- **Project level reporting**
- **Other suggestions?**

Utility-Scale Procurements

Utility-Scale Procurements

- **Timeline for future procurements**
- **Updates to procurement requirements including REC price structure**
- **Project location and resource adequacy**
- **Public Interest Criteria for adjacent state projects**

Timeline for future procurements

- **Funding remains constrained**
- **Upcoming Plan covers procurements to be conducted in 2022 and 2023**
- **2025 Utility-scale targets met by prior procurements**
 - But project attrition will require additional procurements to maintain that level
- **Are there timing consideration for when to hold procurements in 2022 or 2023?**
 - RTO interconnection considerations
 - Identifying offtakers for energy
 - Changes in Federal Policy

- **Current model**
 - Contracts with all three utilities for prorated shares of RECs
 - 15-year fixed price REC contract
 - Replacement RECs not allowed
 - Project maturity requirements include demonstration of status in interconnection process/site control
 - Pre- and post-bid collateral requirements
 - REC delivery start date deadlines with extension options
- **Legislative Proposals include an indexed REC Price instead of fixed REC price**
- **Are there other changes to procurement requirements to consider?**

Project location and resource adequacy



- Ongoing closure of power plants, especially in MISO Zone 4, may create future resource adequacy concerns for Illinois
- While utility-scale procurements are for RECs only and not energy or capacity, are there considerations that could be added into the procurement process to value how new utility-scale projects could contribute to resource adequacy?

- **RECs from projects in adjacent states eligible if they meet a public interest criteria that includes:**
 1. Minimizing sulfur dioxide, nitrogen oxide, particulate matter and other pollution that adversely affects public health in this State
 2. Increasing fuel and resource diversity in this State
 3. Enhancing the reliability and resiliency of the electricity distribution system in this State
 4. Meeting goals to limit carbon dioxide emissions under federal or state law
 5. Contributing to a cleaner and healthier environment for the citizens of the state

- **Current Plan includes an approach that evaluates projects on a 100-point scale, 20 points for each of the five criteria**
 - Minimizing pollution score based on SO₂ and NO_x emissions and wind durations
 - Increasing fuel/resource diversity and enhancing reliability/resiliency scores based on RTO and distance from center of Illinois
 - Meeting CO₂ limits based on CO₂ emissions compared to a new natural gas plant
 - Contributing to cleaner and healthier environment average of minimizing pollution and meeting CO₂ limit scores
- **Does this approach need updating?**

Additional Questions?

Next Workshops:

Workshop 2: Wednesday, July 7, 2021; 1 pm – 4 pm

Adjustable Block Program

Illinois Solar for All

Workshop 3: Tuesday, July 13, 2021; 1 pm – 4 pm

Community Solar

REC Pricing