

Utility-Scale and Brownfield Site Photovoltaic Procurements Request for Stakeholder Feedback

November 12, 2021

Background

On September 15, 2021, Governor Pritzker signed the Climate and Equitable Jobs Act ([Public Act 102-0662](#)) into law. This Act includes significant changes to the Illinois renewable portfolio standard, with the requirement a new Long-Term Renewable Resources Procurement Plan be published no later than 120 days after the effective date of the Act.

The Illinois Power Agency (“IPA” or “Agency”) is seeking feedback on certain topics in preparation for publishing its updated Long-Term Renewable Resources Procurement Plan on January 13, 2022 in compliance with P.A. 102-0662. This feedback may be utilized by the Agency to help form the content of that draft Plan, with stakeholders having additional opportunities for comment after that draft Plan is published.

Section 1-75(c)(1)(C)(i) of the IPA Act, as modified by Public Act 102-0662, sets new procurement targets for the Agency, and furthermore states that the Agency shall “consider other approaches, in addition to competitive procurements, that can be used to procure renewable energy credits from brownfield site photovoltaic projects and thereby help return blighted or contaminated land to productive use while enhancing public health and the well-being of Illinois residents, including those in environmental justice communities.” Section 1-75(c)(1)(G)(v) also creates a new indexed REC price approach for competitive procurements.

Through this Request for Stakeholder Feedback, the Agency is seeking feedback on procurement targets, alternative procurement approaches for brownfield sites (if any) it should consider in its updated Long-Term Renewable Resources Procurement Plan, and considerations related to indexed REC price procurements. The questions on indexed REC price procurements will also be used to inform the development of the subsequent forward procurement that must be held within 240 days of the effective date of Public Act 102-0662 (which precedes the approval of the updated Long-Term Plan).

Responses to this Request for Stakeholder Feedback should be submitted to the IPA by December 3, 2021. Written responses should be emailed to IPA.Contactus@illinois.gov with the subject “Responder’s Name – Response to Utility-Scale and Brownfield Site Photovoltaic Procurement Comment Request.”

In general, responses will be made public and published on the [Illinois Power Agency](#) website. Should a commenter seek to designate any portion of its response as confidential and proprietary, that commenter should provide both public and redacted versions of its comments. Independent of that

designation, if the Agency determines that a response contains confidential information that should not be disclosed, the IPA reserves the right to provide its own redactions.

Stakeholder Feedback Questions

Utility-Scale Procurements

General Questions

Procurements of RECs from new utility-scale wind, utility-scale solar, and brownfield site solar, will be needed to meet the goal of 45 million RECs delivered annually contained in new provisions of Section 1-75(c)(1)(C)(i) of the IPA Act. While a subsequent forward procurement will be conducted by the Agency in the spring of 2022 to meet an interim 10 million REC goal (as discussed further in questions below), the Agency is interested in stakeholder feedback on the scheduling of future procurements.

1. Are annual procurements sufficient, or should procurements be more frequent? If procurements are conducted annually, is there a time of year that would be best to hold them?

Section 1-75(c)(1)(P) of the Act (as modified by Public Act 102-0662) includes a new provision requiring the Agency to optimize the procurement of RECs from utility-scale projects located in Energy Transition Community Grant areas.

2. What would be the most effective way to create that optimization? For example, the approach used for prioritizing RECs from Illinois and adjacent states prior to the enactment of the Future Energy Jobs Act could be used. In that approach, bid evaluation would first select projects (subject to the application of the confidential price benchmark) from those areas, then if volumes to be procured remain, would select bids from projects in other areas. Another approach could be to have different eligibility requirements for projects located in these areas. Another approach still could weight price versus other requirements.

Similarly, Section 1-75(c-10)(3) of the IPA Act (as modified by Public Act 102-0662) provides that the Agency shall develop application requirements and a “bid evaluation methodology” for its competitive procurements that may provide preference to bidders committing to utilize a higher percentage of equity eligible contractors on selected projects.

3. Should the Agency introduce an equitable eligible contractor scoring preference into bid evaluation? If so, what approaches should the Agency consider for scoring bids on the basis of price, EEC utilization, and possibly also the Energy Transition Community Grant preference outlined in the question above?

Prior competitive procurements conducted by the Agency seeking to support new utility-scale projects featured firm energization and initial REC delivery timetables.

4. How should the Agency balance seeking to receive RECs as quickly as possible to meet aggressive RPS targets, and adjusting procurement volumes to account for project attrition, with allowing developers needed time for project development? Should midstream milestones or increases in collateral requirements be considered as a means to ensure that selected projects are indeed on track for development? What lessons can be taken away from development delays extending from the COVID-19 pandemic?

Subsequent Forward Procurements (conducted prior to the approval of the updated Long-Term Plan)

Section 1-75(c)(1)(C)(i) of the IPA Act (as modified by Public Act 102-0662) sets a REC procurement target for the 2021 delivery year of 10,000,000 RECs, which has to be met from new wind and new solar projects with a 45% wind and 55% solar breakdown. The solar requirement is further broken down into 50 % from the Adjustable Block Program (“ABP”), 47% from utility-scale solar and 3% from brownfield site photovoltaic projects. Section 1-75 (c)(1)(G)(iii) of the IPA Act also requires the IPA to conduct a subsequent forward procurement for RECs from new utility-scale wind projects, new utility-scale solar projects, and new brownfield site photovoltaic projects within 240 days after the effective date of the Act, in quantities sufficient to meet the 10,000,000 REC target for the 2021 delivery year.

5. Since the 55% from solar includes RECs from the ABP, and the subsequent forward procurement will not procure RECs from the ABP, how should the IPA approach establishing its utility-scale solar and brownfield site photovoltaic project procurement targets for the subsequent forward procurements?

Section 1-75(c)(1)(C)(iii) of the IPA Act (as modified by Public Act 102-0662) provides an additional requirement for the subsequent forward procurements as follows:

For purposes of calculating whether the Agency has procured enough new wind and solar renewable energy credits required by this subparagraph (C), renewable energy facilities that have a multi-year renewable energy credit delivery contract with the utility through at least delivery year 2030 shall be considered new, however no renewable energy credits from contracts entered into before June 1, 2021 shall be used to calculate whether the Agency has procured the correct proportion of new wind and new solar contracts described in this subparagraph (C) for delivery year 2021 and thereafter.”

6. Should the IPA take into consideration previously procured RECs for utility-scale wind and utility-scale solar, which meet the requirement of “new wind project” and “new solar project”, in establishing the subsequent forward procurement targets? Or is “proportion” intended to refer only to the *ratio between* new wind and new solar contracts? In the alternative, should the IPA make a complete reset of the competitive procurements targets and attempt to procure the full 10,000,000 REC target (which could result in unmet procurement targets or insufficiently competitive procurement events)? Please provide analysis supporting your position.

Indexed REC Price Procurements

Section 1-75 (c) (1) (G)(iv)(6)(i)(1) of the IPA Act (as modified by Public Act 102-0662) requires that the price for Indexed RECs be calculated for each settlement period. Section 1-10 of the Act defines settlement period as the period used by MISO and PJM for settlement in the real-time energy market.

7. With both MISO and PJM using 5-minute real-time settlements, is a five-minute settlement period practical for the IPA to use, considering that the IPA would also have to request that bidders submit their strike prices in 5-minute periods? If a 5-minute period is not practical, what period would you consider a reasonable settlement period?

Section 1-75 (c) (1) (G)(iv)(6)(i)(4) of the Act states that to ensure that indexed REC prices remain predictable and affordable, the IPA may consider the institution of a price collar on REC prices paid under indexed REC procurements, establishing floor and ceiling REC prices applicable to indexed REC contract prices.

8. What types of price collars (floor and ceiling) should the IPA consider, to ensure that Indexed REC prices remain predictable and affordable?

Brownfield Site Proposed Approach

The IPA is inclined to utilize a traditional, price-based competitive procurement approach in brownfield site photovoltaic procurements proposed through its first Long-Term Plan developed in light of Public Act 102-0662's changes. The IPA hopes that between shifting to a floating REC pricing structure under Section 1-75(c)(1)(G)(v) of the IPA Act and a more expansive brownfield site photovoltaic project definition under Section 1-10 of the IPA Act, procurements should be first conducted consistent with these changes, with a subsequent analysis of what barriers were removed through these changes, before layering in additional changes to the brownfield site photovoltaic project procurement structure. The Agency plans to propose one brownfield site photovoltaic procurement for each of the successive two years covered by the updated Plan.

In the development of its next Long-Term Renewable Resources Procurement Plan thereafter (Summer of 2023), the Agency would reflect on observations from those procurement processes and determine whether alternative bid evaluation approaches should be considered.

9. What "other approaches," if any, should the IPA consider proposing as part of Plan development? Could this mean an administratively determined REC price as used in the Adjustable Block Program and Illinois Solar for All with a project selection protocol as used in Illinois Solar for All (and will be used for community-driven community solar)? Should the IPA first observe the results of one or more competitive procurements for brownfield site photovoltaic projects before considering alternative procurement approaches? What barriers would alternative procurement approaches be best-suited to solving?
10. To what extent, if any, do the changes to the competitive procurement REC pricing construct found in Section 1-75(c)(1)(G)(v) of the IPA Act address prior barriers observed in brownfield site photovoltaic project procurements?
11. In considering approaches other than a price-based competitive procurement, what attributes might the IPA consider valuing in determining which brownfield site photovoltaic projects should receive state-administered incentive funding? Some ideas could include strength of remediation commitments, environmental justice community status, population density of the project's surrounding area, equitable workforce hiring commitments; how would these and other ideas be demonstrated and measured for project selection?
12. New Section 1-75(c-10)(3) of the IPA Act calls on the Agency to "develop bid application requirements and a bid evaluation methodology for ensuring that utilization of equity eligible contractors, whether as bidders or as participants on project development, is optimized, including requiring that winning or successful applicants for utility-scale projects are or will partner with equity eligible contractors and giving preference to bids through which a higher portion of contract value flows to equity eligible contractors." Do stakeholders believe these requirements are limited only to utility-scale competitive procurements? Section 1-75(c-10) utilizes "competitive procurements" in some places but refers expressly to "utility-scale projects" in others. If applicable, how should new Section 1-75(c-10) guide the IPA's approach to bid eligibility, review, evaluation, and selection?

Next Steps

Stakeholder feedback received on the proposals discussed herein will be considered while developing the new draft Long-Term Renewable Resources Procurement Plan due to be published on January 13, 2021.