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While Earthrise appreciates the IPA's openness to this concept, Earthrise is concerned by the particular implementation mechanism proposed by the IPA. Specifically, Earthrise is concerned that the current proposal would require a REC reduction to be traced back to a single triggering event. Specifically, section c.2. of the Request for Comments states in relevant part:

For a seller to request this contract change, the IPA proposes that the seller will be required to formally submit such a request to the IPA in writing within six months of the event giving rise to the request and prior to the date of first operation of the project to update the REC quantities that were bid and approved by the ICC at the time of the procurement event.

(emphasis added). Earthrise does not object to requests for reduction taking place before first operation but is very concerned by the proposed limiting language which focuses on “the event giving rise to the request.”

The use of “event”, singular, referring to one event within one of the three specified key development categories (land area being considered for the project, interconnection costs, and transmission upgrade costs), is not sufficient to cover common development scenarios. Typically, early-stage projects are subject to design revisions, from factors such as changes in land availability (based on site assessments and diligence), equipment availability and price, and financial modeling as part of financing. Frequently, there will not be a discrete, singular event but a combination of multiple events, including but not limited to reactions from stakeholders attempts to negotiate, and interactions with complex external events.¹

For example, after the start of construction a developer may be engaged in ongoing discussions with financing parties about financial modeling while also negotiating a change of the land area for the project and attempting to find modules that will arrive in a timely fashion and the interconnection process identified a large upgrade that could be avoided with a size reduction. Thus, it is foreseeable that projects will have difficulty pinpointing the singular “triggering event” leading to the need for a REC reduction. This risk increases when there is only a one-time reduction option. This places countervailing stresses on developers who would be required to make a request within six months of the first possible “event” while also bearing the risk that future events necessitate a further reduction.

A straightforward solution to this issue of multiple factors impacting development over protracted periods of time would be to set a deadline for requesting a REC reduction, assuming good cause shown. Pointedly, such good cause should not be limited to a specific event trigger. Under this approach, the totality of the development process—some of which may support greater production, some of which may require lowering targets—can be taken into account. While this may lead to some reduction in total REC deliveries, it is far superior to winning bidders terminating their REC Contracts because the one-time reduction was determined to be insufficient.

Earthrise does not participate in Illinois Shines, but notes that Illinois Shines contracts (specifically the 15-year Illinois Shines REC Contracts) allow a Seller to notify the Buyer and the IPA that the system is underperforming and request a reduction in REC delivery quantities. While the 15-year

¹ For instance, a project that may have been viable with lower interest rates (all other factors being equal) will need to scale down if interest rates climb after bidding but prior to securing construction or term debt financing.

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Illinois Shines REC Contract may look different in many ways from the Indexed REC Contract, both have severe penalties—default under the Indexed REC Contract, clawbacks for the 15-year Illinois Shines contract—for under-delivery. The same issues from the Illinois Shines contracts are present for Indexed REC Contracts but to a greater degree, because termination for under-delivery is far more severe than a clawback. If it is allowable for the 15-year Illinois Shines REC Contract participants to reduce REC delivery targets, it should be as well for Indexed REC Contracts given that both programs face risks from exogenous variables.

Earthrise notes that such an approach would not encourage project “gaming.” Generally speaking, a developer’s interest is in delivering the maximum number of RECs, so it is not in the developer’s interest to reduce the delivery quantity (which caps total REC Contract payment) *except* to secure financing and ensure project viability. If the IPA is worried about gross inflation of bid REC amounts, the IPA could put a floor on reductions, such as 25%, to make a reasonable compromise between integrity of the bidding process and ensuring winning bidders are able to fully develop their projects and deliver RECs.

B. Proposed Mechanism for Modification of Site Characteristics

Earthrise recognizes that the IPA apparently did not adopt a general right to modify the non-price terms and conditions of the Indexed REC Contract. While the REC Contract does have an amendment provision that could be rewritten to allow direct negotiation between the IPA and the winning bidder, Earthrise understands that IPA may prefer as a matter of policy to not renegotiate the portions of the standard terms.

However, like REC quantity, there are other components of the Product Order that can force an otherwise financially viable project to terminate its REC Contract and deprive ratepayers from having RECs retired on their behalf paid for by their RPS fund contributions. According to the RFP Rules (taking the Summer 2024 RFP as an exemplar), as part of the Part I application:

The Bidder must provide a map of the Project site that clearly shows the site location. The Procurement Administrator may request additional information regarding the Project site. If the Project is selected by the evaluation in this RFP and approved by the Commission, the map of the Project site provided by the Bidder in its Proposal will become part of the Indexed REC Contract. **With each REC delivery, the Seller will be required to represent that at least 50% of the Project is located within the physical location identified in the Proposal.** The Project site map must be provided by email or by upload to the application website.

(§ IV.4.4 (emphasis added); *see also* § 2.2 of the REC Contract.) This is required even for projects that demonstrate maturity through interconnection—even where a point of interconnection is defined because the planned interconnection is seeking approval through Surplus Interconnection Service through MISO or PJM.

Project physical layouts change based on availability of land and rights of way, especially for the 100+ MW projects that frequently bid into the Indexed REC RFP. **To avoid over-control of land to game the system but to also prevent speculative bids replaced by unrelated projects, the Agency should allow any project that is demonstrating project maturity through**

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interconnection to amend their “project site map” upon good cause shown to the IPA. While the latter is a particular example that Earthrise has encountered, the Company is open to other amendments of other portions of the Product Order so long as (i) price is unaffected, (ii) there are sufficient guardrails in place to ensure that a developer cannot simply bid in a speculative project and completely change to a new project, and (iii) there remains enough flexibility to make a meaningful responsive change to evolving site and other physical and engineering conditions and obstacles. **Earthrise specifically recommends that the IPA allow amendment of the project site for projects that demonstrate maturity through interconnection milestones related to the utility queue generally or surplus interconnection.**²

Earthrise notes that if the RFP Rules and REC Contract change to allow alternative standards for overlap of the original site plan and the as-built site plan, the need to amend the Product Order may be mitigated (the extent of the mitigation depends on the flexibility allowed). For instance, the as-built site plan should be provided flexibility with respect to an established percentage of the land area of the original site plan (for instance 50%), **rather than a requirement that 50% of the as-built system must be within the original site plan.** Earthrise appreciates that the IPA is seeking project-specific bids, but cautions that typical development often requires revision of site plans—sometimes substantially—from early site plans. Whether this is accomplished by REC Contract and RFP Rules flexibility or amendment, it is a critical issue to address.

III. Conclusion

Earthrise believes that its proposed enhancements to the post-award portion of the IPA’s Indexed REC Procurement process, as detailed below, will lead to a greater percentage of winning bidders successfully energizing and delivering RECs (even if a somewhat reduced quantity) under the Indexed REC Contract. In turn, Earthrise believes that its proposed modifications below will inure benefits to the State’s goals, the environment, and ratepayers alike—even in the face of challenging and volatile economics due to inflation and federal regulatory upheaval. The recommendations here are offered in the spirit of least-cost planning. The company’s proposal will reduce inefficiencies and enhance the competitiveness of future procurement events. Successful development of projects selected by procurements must be more resilient to evolving physical and economic challenges. Greater flexibility (while preserving the integrity of the procurement) will improve the likelihood that projects will be completed, energized, and deliver RECs to satisfy the State’s RPS goals. Pricing-in reduced risk will also likely reduce the overall cost of obtaining such RECs while delivering more of them on behalf of all ratepayers, better reaching CEJA’s goals.

² Earthrise believes that submission of an application for surplus interconnection should be a sufficient indication of project maturity as well, but project maturity criteria are outside of the scope of this Request for Comments.