Draft 2026 Long Term Renewable Resources Procurement Plan
Comments of Clean Grid Alliance

September 29, 2025

Pursuant to the notice issued on August 15, 2025, Clean Grid Alliance ("CGA") submits the following comments on the Illinois Power Agency's ("IPA's") Draft 2026 Long-Term Renewable Resource Procurement Plan. ("2026 Draft Long-Term Plan" or "Draft Plan").

CGA is a membership-based nonprofit organization with a mission of advancing clean energy in the Upper Midwest. Our members include clean energy developers, clean energy and environmental nonprofit organizations, public interest advocates, farm groups, data centers, and businesses providing goods and services to the clean energy industry. Many of our members develop clean energy projects in Illinois and participate in the IPA's utility-scale Indexed-REC procurement process.

CGA appreciates the opportunity to provide these comments with the goal of helping IPA create a successful pathway for Illinois to meet its clean energy procurement and equity objectives. As the IPA is surely aware, Illinois's leadership in this area is critical to advancing clean energy development in the Midwest.

CGA is available to discuss these items at any time. Please do not hesitate to reach out.

Sincerely,

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1. RPS Budget and scheduled procurements

In the 2026 Draft Long Term Plan, Section 5.6, IPA proposes to conduct four competitive procurement events for utility-scale REC contracts, featuring annual REC procurement quantities of 2.5 million RECs from wind and hydropower, 1.5 million RECs from utility-scale solar, and 90,000 RECs from brownfield PV. To ensure its procurements can reach these quantities, IPA proposes to roll over any unallocated RECs from earlier procurements into future procurements. In addition, the agency proposes to roll over any unallocated RECs in the *same* procurement for other bids that clear the benchmark regardless of product type. Finally, IPA proposes to adjust procurement targets in a subsequent procurement event to adjust for RECs that will not be delivered under terminated contracts. CGA supports each of these proposals.

The procurement schedule outlined in Section 5.6 of the Draft Plan establishes REC targets to meet statutorily-required annual REC deliveries. By 2030, IPA is required to procure an annual REC delivery equal to 40% of utility load, which IPA predicts to reach over 53 million RECs.[1]

The 2026 Long-Term Plan documents an ongoing REC shortfall and shows that IPA is currently only half way (52%) to this goal. CGA supports rolling over any unallocated RECs as described above both within each procurement and also among procurement events within the Draft Plan, so as to fill as many annual RECs as possible and prevent any further backsliding on targets for these REC quantities.

Moreover, as described in the Petition to Reopen the 2024 Final Long-Term Plan in Docket No. 23-0714, time is of the essence for successful deployment of renewable energy projects that may utilize federal tax credits. Access to these tax credits will allow IL to stretch its limited budget further, and so adopting a procurement schedule that maximizes earlier REC procurements will be beneficial for all parties involved. Therefore, CGA encourages the IPA to move forward with expanded procurements under the 2024 Long Term Plan for all resource types while also front loading procurement opportunities within the 2026 Draft Long Term Plan.

2. Alternative Compliance Payment Funds

CGA supports IPA's proposal to roll unspent funds from the Alternative Compliance Payment Fund into the RPS budget to offset the projected deficit. These utility funds, initially intended to minimize the risk of payment deferrals on REC contracts, should be reallocated to offset budget shortfalls. CGA agrees that IPA's proposed use of these funds is appropriate.

[1] See Table 3-8: Statewide REC Shortfall, Current REC portfolio, 2026 Draft Long Term Plan, p. 64.

3. **Adjacent State Scoring Criteria**

CGA continues to believe that adjustments to the scoring criteria for projects in adjacent states could be modified to allow more projects that can reach equity investment eligible communities and their respective workforce(s) that are located along the Illinois border. In particular, scoring a project based on geographic criteria measured from the state border or an equity investment eligible community, as opposed to the geographically-weighted center of the state, would enable additional projects sited in Indiana, Missouri, and Kentucky that could access equity eligible workforces from communities located in downstate counties.

4. **Indexed-REC contract changes and Investment tax credit changes**

CGA appreciates IPA's continual modification of the indexed REC contracts to incorporate developer feedback and build in additional flexibility. Given the current volatility of federal tax policy, the inclusion of language allowing project withdrawal based on changes to the investment tax credit is critically important as a safeguard for project developers. However, the major risk posed by tariffs remains unaddressed.

Unlike general inflation which can be tracked through the use of available cost indices, and addressed through the inflation adjustment mechanism, tariffs such as those recently imposed on foreign goods at the federal level can effect immediate changes in the availability and cost of materials and have the potential to have an outsized impact on the renewable energy industry, which relies heavily on imports of both raw materials and manufactured components.[2] These costs are unlikely to be adequately captured by the inflation adjustment mechanism. Further these costs may far exceed the 15% inflation adjustment cap.

CGA also notes that Contract Section 11.3, which addresses available relief for projects affected by an elimination, reduction, or unavailability of the federal investment tax credit, production tax credit, or clean electricity investment credit, does so subject to the discretion of the IPA. CGA members have expressed concern that the language under this section does not provide adequate certainty that projects will be afforded necessary relief.

CGA suggests amending Section 11.3 of the Indexed REC contract to automatically allow a Seller to terminate the contract if the project becomes economically unviable due to the elimination of tax credits or the imposition of tariffs. The provision could be expanded to include the ability to negotiate other (non-price related) adjustments for projects in these circumstances, subject to the discretion of the IPA. To avail themselves of this remedy, the Seller would need to demonstrate how contract adjustments would address the detrimental impacts of the tariffs or changes to the tax incentives.

In addition, CGA believes it could be beneficial for the IPA, in order to facilitate REC delivery, to allow developers to replace contracted projects with projects with similar attributes

[2] https://www.mckinsey.com/industries/electric-power-and-natural-gas/our-insights/how-might-tariffs-affect-the-energy-transition

while maintaining the contracted strike price. This could resolve concerns where a development is facing either economic or timing challenges due to changes in tax credits, tariffs, materials availability, interconnection queues, or permitting delays.

5. **Use of Surety Bonds to Meet Seller's Collateral Requirement**

Article 7 of the IPA's Indexed REC contract currently provides that Seller may provide performance assurance through either posting a letter of credit or posting cash collateral with Buyer if Seller's collateral threshold is lower than the collateral requirement. Through Indexed REC contract development processes, the Agency has received requests from Sellers to include an option to use surety bonds as collateral instruments. The Agency seeks stakeholder feedback on the potential benefits or drawbacks to including surety bonds as a means for Seller to provide performance assurance.

CGA supports adding surety bonds as a payment option. Surety bonds have a significantly lower carrying cost than letter of credit and since it's a different source of capital, it alleviates constraints on letter of credit availability. Maximizing flexibility in this manner will enable project developers to utilize their preferred financing methods and increase project viability. More importantly, access to cheaper, more efficient capital will allow participants to reduce their bid price and pass those savings onto Illinois consumers.

6. **Minimum Equity Standard**

CGA supports the proposed ramp up of the Minimum Equity Standard in the Draft Plan. In addition to these proposed adjustments to the MES, CGA suggests that the IPA could increase its publicization and education about workforce programs, including providing opportunities for developers to access information regarding which workforce programs may be available to supply workers to projects and opportunities to directly connect developers with graduates of these programs through job fairs or similar opportunities. Given that many workforce programs are in the early and developing stages, IPA or sister agencies could conduct informational forums virtually or in-person to highlight the various programs across the state, perhaps focusing on different regions. In addition, IPA could host MES Compliance discussions involving developers, labor unions, workforce representatives and other stakeholders about how to address outreach and better engage with the equity eligible workforce and training programs. While there is a large amount of written information about the requirements and previously recorded presentations, there are real challenges faced by many developers and the EPCs they contract with about how to meet MES goals and comply with union hiring and labor requirements.

7. **Capacity procurements for new clean energy resources would mitigate ratepayer risk and facilitate increased renewable energy development.**

To further support its clean energy transition and provide additional ratepayers protections amidst increasing energy costs, Illinois should consider procuring long-term capacity contracts for clean energy resources. While the Long-Term Plan covers the Indexed Wind, Solar, Brownfield and Hydropower procurements, CGA recognizes that IPA also hosts Block

Energy and Capacity Procurements for IL's energy needs. Clean energy resources do not often participate in these procurements because the short-term nature of these contracts, 3 to 5 years, are financially prohibitive.

However, MISO and PJM capacity auctions, which IL utilities rely on to obtain a significant amount of their capacity requirements, have seen increasingly volatile pricing in recent years. PJM's Base Residual Auction cleared at $270 and $329/MW-day in 2025-26 and 2026-27[3] respectively and MISO's 2025 auction cleared at $217/MW-day.[4] Allowing for long-term capacity contracts, in tandem with the existing Indexed-REC contract structure, will reduce reliance on these capacity markets and hedge against this price risk, and simultaneously provide stronger financial incentives for renewable energy development in the state.

Accordingly, Illinois should develop a new procurement focused solely on procuring long-term capacity from clean energy resources via long term contracts. As with those procurements, IPA would procure capacity for Ameren, ComEd, and MidAmerican, respectively, that is located in or adjacent to pre-defined MISO and PJM zone resource and deliverability zones. A procurement open to both new and existing resources with preferences for resources promoting resource adequacy would stabilize capacity price for consumers while providing additional system benefits.

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[3] PJM 2026-2027 Base Residual Auction Report, https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2026-2027/2026-2027-bra-report.pdf.

[4] MISO's Planning Resource Auction indicates sufficient resources; *Improved pricing signal more accurately highlights reliability risk*
https://www.misoenergy.org/meet-miso/media-center/2025---news-releases/misos-planning-resource-auction-indicates-sufficient-resources/