

## CGA FEEDBACK ON THE LONG-TERM CLEAN ENERGY PROCUREMENT FRAMEWORK

APRIL 28, 2026

Question 1: What do stakeholders see as the purpose of this procurement mechanism in the context of the other IPA procurement mechanisms (i.e. the IPA's Electricity Procurement Plan, Long-Term Renewable Resources Procurement Plan, and forthcoming Energy Storage Procurement Plan)?

- The purpose of the procurement mechanism is to:
  - Incentivize development of new renewable energy projects in furtherance of Illinois's clean energy goals as articulated in CEJA by offering financial stability for new renewable energy projects that can be used to meet capacity requirements in MISO and PJM;
  - Insulate Illinois ratepayers from capacity market volatility in MISO and PJM; and
  - Ensure reliability;

Question 2: What gaps exist in the current IPA procurement mechanisms, or in the competitive market structures, that this procurement mechanism could address in part or in full?

- None of the above-listed mechanisms offers the type of long-term capacity and energy commitments that would benefit the utilities and ratepayers while providing adequate financial stability for renewable energy projects, especially those needed for meeting capacity requirements. While the current electricity procurement plan provides a partial offset of capacity market volatility, it does not go far enough to insulate Illinois utilities and ratepayers from capacity market volatility in PJM and MISO.
- None of the above-listed mechanisms allow the state to tap into clean capacity from geographically diverse renewable resources, which are constrained from participation in existing programs.
- None of the above-listed mechanisms consider the state's reliance on out-of-state fossil resources for energy and capacity, misaligned with the state's clean energy goals.
- Procurement of Zonal Resource Credits (ZRCs) does not necessarily bring new renewable resources online, so while this may provide some hedge against capacity auction prices, it does not simultaneously help to achieve CEJA and CRGA goals, as direct clean energy capacity and energy procurements via bilateral agreements would.

- The ability for developers and IPPs to sell bundled energy, capacity, and RECs will incentivize clean energy development in the state while enabling developers and IPPs to provide more competitive pricing to utilities, benefiting them and their ratepayers. In addition to fully bundled products, the new procurement mechanism should also allow for power purchase agreements that are financially settled at the project busbar, as opposed to the relevant market hub. This would allow for better project financing terms due to less basis risk, providing further economic benefits for utilities and ratepayers.

Question 3: What resources (including specific technologies and characteristics such as fuels or emissions) or products (energy, capacity, renewable energy credits (RECs), etc.) should be targeted within this procurement mechanism and why?

- Eligible resources should be limited to new, clean resources in furtherance of state goals, and those resources that are accredited capacity resources in MISO and PJM.
- A procurement that combines the products of energy, accredited capacity, and RECs for renewable resources would most efficiently address all the gaps identified above.
- Hybrid and co-located renewable energy + BESS projects should be required to provide capacity as well as energy or any operating reserve or other ancillary services that MISO/RTOs allow (including but not limited to short term reserve and ramp capability).
- For storage, a tolling agreement, as an alternative to the indexed storage mechanism, would capture the capacity product more directly. Because accredited capacity values for energy storage are relatively high, this product would be a particularly valuable option for meeting planning reserve margin requirements.
- Beyond the specific resources or products that should be targeted in this procurement, the IPA should also consider the importance of flexibility when selecting resources in individual procurements (i.e. avoid rigid wind/solar/storage target splits). The recent uncertainty regarding the availability of federal permits required for some renewable energy projects emphasizes the need for resource flexibility when considering the best path forward to meet IL's clean energy goals. The IRP should consider the long-term effects of the permitting backlog created by this permitting uncertainty when determining the preferred resource plan and should prioritize meeting the clean energy goals above maintaining specific resource splits between certain clean energy resources, as reflected in the recent rule changes to the IPA's REC procurement mechanism allowing for undersubscribed categories to be filled by excess RECs in other categories.

Question 4: What contract lengths should be considered for the targeted resources or products and why?

- The focus of this procurement should be long-term contracts that are appropriate for long-term resource planning, 20-30 years. This is the length that will provide long term stability for buyers and sellers in furtherance of the goals set forth under Q1, above. Long term (20+ year) contracts are the only mechanism by which to finance the construction of new clean resources, with shorter timelines inviting uncertainty and risk, and thereby driving costs up. Further, Illinois procurements (and procurements for energy and capacity in other states) have traditionally relied on a 20-year timeframe.

Submitted this 28<sup>th</sup> day of April, 2026:

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