
Invenergy’s Response to IPA’s Request for Comments on a Long-Term Clean Energy Procurement

Invenergy appreciates the opportunity to provide responses to the Illinois Power Agency’s (“IPA’s”) request for comments on the development of a long-term clean energy procurement framework. As a company founded and headquartered in Illinois, and the nation's largest privately held developer, owner and operator of clean energy solutions, Invenergy is committed to supporting the state's goals and accelerating cleaner, more reliable, affordable energy. In response to the questions posed after the workshop, Invenergy provides the following responses.

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)?

Invenergy Response:

Due to capacity shortfalls in PJM Interconnection, LLC, (PJM) or Midcontinent Independent System Operator, Inc., (MISO) Illinois ratepayers are experiencing significant price hikes — ranging from 18-30% across the state. MISO’s auction in the spring of 2025 resulted in the highest seasonal capacity price to date, and PJM’s auctions in 2024 and 2025 have similarly set record highs. These prices will only increase as demand grows, and fossil fuel plants retire. To achieve stated decarbonization and resource adequacy goals and protect ratepayers from capacity auction volatility, Illinois must act now to secure new clean capacity.

Long-term energy and capacity contracts for new clean energy resources can serve as a hedge against capacity auction price volatility and support the facilitation of added resources to address resource adequacy concerns. Today, the state has no mechanism to benefit from the clean capacity potential of wind and solar—particularly from geographically diverse resources with high-capacity values. Furthermore, long-term energy and capacity contracts would provide the necessary incentive for new generation to be added to Illinois mix of generation resources to address future resource adequacy, and reliability needs as evidenced by the 2025 Resource Adequacy Study. Finally, long-term fixed price contracts can provide a known and stable price for Illinois ratepayers as electric bills continue to increase.

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 full?

Invenergy Response:

IPA's existing Block Energy and Capacity (BEC) procurements only procure energy and capacity resources under 3-year contracts. These contracts' short-term nature is insufficient to spur new clean energy development. Additionally, the energy and capacity resources procured have heavily relied on demand response or more broadly PJM and MISO ‘mix’ that is

dominated by out-of-state fossil resources. Without new tools, Illinois is limited in its ability to drive investment in the type of resources it needs for a cleaner, more reliable grid.

Additionally, the state's existing procurement mechanisms have geographic limitations that restrict the inclusion of certain resources that can provide enhanced reliability benefits. Specifically, existing procurements do not allow Illinois to contract with geographically diverse clean energy resources, such as wind and solar in non-adjacent states delivered via inter-regional HVDC transmission facilities. Geographically diverse clean energy resources in many cases yield better resource adequacy attributes when compared to localized resources in Illinois. Specifically, these resources hold their ELCC value better over time by retaining the ability to perform during the shifting RTO peaks. Increased penetration of local renewable resources, by contrast, has a declining capacity value over time.

For Illinois, the benefits of increasing the geographic diversity of resources serving load cannot be understated. An increase in resource diversity means a decrease in the vulnerability of the grid to common failures and a more resilient system. Additionally, tapping into these low-cost, high-capacity resources via interregional HVDC transmission lines may reduce the need to invest in additional local capacity resources as their capacity degrades over time, saving Illinois ratepayers money, while also adhering to the policy goals of CEJA and CRGA.

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?

Invenergy Response:

Long-term clean energy procurement should be limited to new, clean energy resources, as defined in Section 1-10 of the Illinois Power Agency Act. These resources would include, but not limited to, mature technologies such as solar, wind, standalone, hybrid and surplus battery storage, and eventually include emerging technologies such as long-duration energy storage. Eligible projects should qualify as an accredited capacity resource within the service areas of PJM or MISO. In addition, the state should reevaluate and revise the current geographic restrictions in Illinois' existing procurement rules and establish new or expand existing procurements for out-of-state resources given their unique resource adequacy value. The product to be procured should include energy, capacity, and renewable energy credits (RECs), as well as any resource adequacy attributes separately identified by an RTO. Furthermore, Invenergy believes there should be a minimum MW project size to maximize value, reduce costs, and promote resource adequacy.

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

Invenergy Response:

To properly incentivize the development of new clean capacity resources, the long-term contracts must have a term of 20 years as it provides the necessary certainty to secure the

financing of these projects. The 20-year term is a widely adopted and recognized model of commercial certainty to incentivize new generations. For example, in Illinois, indexed REC contracts are entered on behalf of Illinois ratepayers for 20 years and, recently, both IPA and ICC proposed a 20-year term for the newest procurement of indexed storage credits. In addition, Illinois' community solar and solar for schools' contracts are also 20 years. This contract term extends beyond Illinois and can be seen in NYSERDA's REC program as well as offshore wind contracts in New York, New Jersey, Maine, and Maryland. Further examples of the 20-year contract model can be found by looking at the number of investor-owned utilities that enter contracts of this length to purchase renewable power, such as Consumers Energy (Michigan), DTE (Michigan), Appalachian Power (West Virginia and Virginia), NIPSCO (Indiana), Dominion, and Duke (Indiana and North Carolina).