To: Illinois Power Agency

From: Members of the ICJC Coalition

Subject: Long-Term Clean Energy Procurement Round 2 Answers

Date: May 14, 2026

We, members of the ICJC Coalition, appreciate the opportunity to provide additional comments on the Long-Term Clean Energy Procurement mechanism established by Section 16-111.5(b-10) of the Public Utilities Act, also known colloquially as the Clean and Reliable Grid Affordability (CRGA) Act. In the UCS-VS first response, they supported development of a procurement framework that can help address identified resource adequacy needs through long-term contracts for new, additive clean energy resources. These comments focus on the use cases, guidelines, and competitive-neutrality considerations that should inform the Agency's development of this mechanism.

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Responses to IPA Second Request for Comments

Long-Term Clean Energy Procurement Mechanism

At the outset, we emphasize that the Long-Term Clean Energy Procurement mechanism should be understood as one of several tools available to the IPA/ICC/IEPA to address resource adequacy and affordability concerns identified in the Integrated Resource Plan. Section 16-111.5(b-10) does not establish an open-ended procurement requirement. Rather, beginning with the procurement plan for the delivery year commencing June 1, 2027, the statute recognizes "the potential need to facilitate additional supply to address any resource adequacy challenges" through a "stable and competitively neutral cost allocation mechanism," and provides for procurement "upon an identification of need by the Commission in the resource adequacy report" and "as such need is updated by the integrated resource planning process."

Accordingly, the Agency should design the Long-Term Clean Energy Procurement mechanism as a tool that is available when the Commission identifies a need through the statutory resource adequacy and integrated resource planning processes. The threshold question of need will be addressed through those processes. Once such a need has been identified, the Agency's procurement plan should focus on how to address that need in a manner that is cost-effective, financeable, additive, and competitively neutral.

1. Guidelines for Use of the Long-Term Clean Energy Procurement Mechanism

The Long-Term Clean Energy Procurement mechanism should be used when the Commission identifies a need for additional supply to address resource adequacy challenges and when long-term procurement of new clean energy resources would be an appropriate tool to help meet that need.

The statute provides several important guideposts. Procurements under Section 16-111.5(b-10) must feature long-term contracts, must be structured to facilitate new and additive supply resources, and should consider the value of higher-capacity resources that aid in resource adequacy. Eligible facilities must be new clean energy resources and must qualify as accredited capacity resources within the service areas of PJM or MISO.

These requirements suggest that the mechanism should not be treated as a general renewable energy procurement or as a replacement for existing IPA REC procurements. Rather, it should be designed to address a different need: the development of new, clean, accredited resources that can contribute to resource adequacy and serve all retail customers.

The undersigned ICJC member organizations recommend that the Agency use the following guidelines in determining when and how to propose use of the mechanism:

- The mechanism should be considered when the Commission has identified a resource adequacy need that is not likely to be addressed adequately through existing markets, existing IPA procurements, utility procurement processes, or other near-term policy tools.
- The mechanism should be designed to procure resources or attributes that are directly relevant to the identified need, including energy, capacity, environmental attributes, resource adequacy attributes, or some combination thereof.
- The mechanism should prioritize new and additive resources that can provide accredited capacity value in PJM or MISO.

· The mechanism should complement, rather than duplicate or displace, existing IPA renewable energy procurements, the Energy Storage Procurement Plan, the Resource Adequacy Study, the mitigation plan, and the Integrated Resource Plan.
· The mechanism should be designed to preserve participation in regional wholesale markets where doing so can reduce net costs to customers and maintain resource adequacy value.
· The mechanism should include protections for customers, including competitive procurement, transparent evaluation criteria, independent oversight, and avoidance of double billing.

2. Competitive Neutrality

Competitive neutrality is an important statutory requirement, but it should be understood as a principle for fair implementation rather than as a barrier to using the mechanism when the Commission has identified a need.

Section 16-111.5(b-10) repeatedly addresses competitive neutrality in the context of cost allocation, contract structures, and responsibilities. The statute provides that the Commission shall prioritize contract structures that ensure "stable, reliable, and competitively neutral allocations of costs and responsibilities." It also provides that purchases made under contracts awarded through the mechanism shall be funded "in a competitively neutral manner," and authorizes collections from all retail customers or all load-serving entities, including ARES, to ensure fair and competitively neutral allocation of contract costs.

This statutory structure suggests that competitive neutrality should guide the allocation of costs, benefits, and obligations once the Commission has identified a need. It should not be used to revisit or narrow the threshold determination of need that the statute assigns to the Commission through the resource adequacy and integrated resource planning processes.

The undersigned ICJC member organizations recommend that the Agency distinguish between two separate questions:

· Has the Commission identified a need for additional supply to address resource adequacy challenges?
· If so, how should the costs, benefits, contract obligations, and implementation responsibilities associated with the procurement be allocated in a fair and competitively neutral manner?

This distinction is important because the Long-Term Clean Energy Procurement mechanism is intended to address a gap that existing markets may not fully resolve. The competitive retail market may offer customers a variety of supply products, including products marketed as renewable or clean energy. But those products are not necessarily equivalent to the long-term procurement of new, accredited clean capacity contemplated by Section 16-111.5(b-10).

In particular, mass-market clean energy offerings for residential and small commercial customers often appear to function primarily as retail supply products supported by environmental attribute matching. Such products may serve valid customer preferences, but they do not necessarily finance new resources, secure accredited capacity, hedge resource adequacy costs, or provide the long-term revenue certainty needed to develop new clean supply resources.

By contrast, very large commercial and industrial customers may have access to more customized clean energy procurement arrangements, including long-term contracts or participation in programs such as the IPA's Self-Direct Program. The existence of those large-customer opportunities illustrates the counterpoint to the lack of access to comparable products for residential and small commercial customers. In other words, project-backed long-term procurement may be available to customers with sufficient scale, sophistication, and credit support, while remaining unavailable to most retail customers.

Accordingly, competitive neutrality should not be interpreted to preserve a hypothetical market for long-term clean capacity products that has not developed at scale for most customers. Instead, competitive neutrality should ensure that customers and load-serving entities are treated fairly in the implementation of a procurement that the Commission has determined is needed.

The undersigned ICJC member organizations recommend that the Agency apply competitive neutrality through the following principles:

- The costs and benefits of resources procured to serve all retail customers should be allocated broadly and fairly.
- Customers should not be double-billed for the same service.
- Any adjustment for preexisting LSE contracts should be limited to contracts that are genuinely comparable to the product or service being procured through the Long-Term Clean Energy Procurement mechanism.
- Generic REC purchases or retail green-energy claims should not automatically be treated as equivalent to long-term procurement of new, accredited clean capacity.
- The procurement should be designed so that both utility and ARES customers receive the reliability, hedge, and clean-energy benefits of resources procured to serve all retail customers.
- Contract structures should avoid unnecessary interference with retail choice while still allowing the State to address an identified resource adequacy need.

This approach respects both aspects of the statute: the General Assembly's direction to provide a stable and competitively neutral cost allocation mechanism, and its recognition that long-term clean energy procurement may be needed to facilitate additional supply to address resource adequacy challenges.

3. Determining Procurement Targets

The Agency should base any procurement target on the need identified by the Commission in the resource adequacy study, as updated by the integrated resource planning process. The procurement target should be tied to the size, timing, and nature of the identified need.

Because Section 16-111.5(b-10) is intended to address resource adequacy challenges, procurement targets should be stated in terms that reflect capacity contribution and resource adequacy value, not simply nameplate capacity or annual energy production. Depending on the resource type, the Agency may need to translate the identified need into a procurement target using accredited capacity, expected seasonal accreditation, deliverability, location, commercial operation date, and other relevant reliability attributes.

The undersigned ICJC member organizations recommend that the Agency consider the following factors when developing procurement targets:

· The magnitude and timing of the resource adequacy need identified by the Commission.
· The seasonal and locational nature of the need, including whether the need is primarily in PJM, MISO, or a particular Illinois zone or delivery area.
· The accredited capacity value of eligible resources.
· Expected project development timelines.
· Interconnection status and deliverability.
· The contribution of existing IPA procurements, utility procurements, storage procurements, demand-side resources, and other resources already expected to come online.
· The need to avoid over-procurement and ensure that the substantial majority of any LSE's supply portfolio is not composed of contracts awarded under Section 16-111.5(b-10).

The procurement target should be sized to address the identified need, but it should not be so large as to make the mechanism the dominant source of any LSE's supply portfolio. The statute expressly requires that procurements be sized to ensure that the substantial majority of any LSE's supply portfolio is not composed of contracts awarded under this mechanism.

4. Procurement Frequency and Triggers

The undersigned ICJC member organizations recommend that the Agency consider a staged procurement approach rather than relying on a single large procurement. Annual or biennial procurements could allow the Agency and Commission to respond to changing resource adequacy needs while limiting the risk of over-procurement.

Staged procurements would also allow the Agency to adjust procurement quantities and product design as the Resource Adequacy Study, mitigation plan, and Integrated Resource Plan evolve. This is particularly important because resource adequacy needs may change over time due to load growth, generator retirements, resource accreditation changes, interconnection delays, fuel price changes, capacity market outcomes, and the pace of new clean resource development.

Potential triggers for considering or adjusting a procurement could include:

· A Commission finding of need in the resource adequacy study.
· Updates to that need through the integrated resource planning process.
· Material changes in load forecasts.
· Generator retirements or delayed replacement resources.
· Changes in PJM or MISO accreditation rules that materially affect the availability of accredited capacity.
· Persistent or significant capacity market price signals.
· Evidence that existing procurement mechanisms are not producing sufficient new, clean, accredited resources.
· Material changes in interconnection queue status or project development timelines.

The Agency should preserve flexibility to adjust procurement timing and volumes based on the best available information, subject to Commission review and approval.

5. Evaluation Criteria

The Agency should evaluate bids based on the extent to which they cost-effectively meet the identified resource adequacy need while advancing the statutory requirements for new, additive clean energy resources.

The undersigned ICJC member organizations recommend that the Agency develop evaluation criteria that include, at minimum:

- Net cost to customers.
- Cost per accredited MW-year.
- Accredited capacity value in PJM or MISO.
- Commercial operation date and ability to address the timing of the identified need.
- Project maturity, including site control, permitting, interconnection status, and financing readiness.
- Expected energy production and environmental attributes.
- Ability to reduce customer exposure to capacity market volatility.
- Deliverability into the relevant RTO market and Illinois load zone.
- Compatibility with RTO market participation.
- Development risk and contract performance protections.
- Equity, labor, and community benefits, where applicable.

The Agency should avoid evaluating projects solely on nominal price or nameplate capacity. Because the mechanism is designed to address resource adequacy challenges, the evaluation should consider the actual accredited capacity value and reliability contribution of the resource.

For storage and hybrid resources, the Agency should evaluate dispatchability, duration, accreditation, operational limits, and ability to provide capacity during relevant seasonal or peak-risk periods. For renewable resources, the Agency should consider the relationship between energy output, capacity accreditation, and resource adequacy value. For resources paired with transmission, including eligible high-voltage direct current transmission facilities associated with clean generation, the Agency should evaluate deliverability and ability to contribute to Illinois resource adequacy needs.

6. Contract Structures

The statute provides flexibility for contracts to take the form of a sourcing agreement, power purchase agreement, or other instrument approved by the Commission. It also allows fixed or variable pricing structures, including contracts for differences.

The undersigned ICJC member organizations recommend that the Agency preserve flexibility to consider multiple contract structures, but prioritize structures that provide revenue certainty sufficient to support financing of new resources while reducing net costs and risks to customers.

Contracts for differences may be particularly useful where the resource can participate in PJM or MISO markets and return market revenues to customers. A well-designed contract for differences can provide developers with stable revenue while allowing customers to benefit when market revenues are high. This structure may also help avoid unnecessary separation between state procurement and wholesale market participation.

The Agency should also consider whether different products require different contract structures. For example, a capacity-focused product may require different settlement terms than a bundled energy, capacity, and environmental attribute product. The procurement design should be tailored to the need identified by the Commission.

7. Cost Caps and Customer Protections

The undersigned ICJC member organizations support strong customer protections, but recommend caution in applying rigid cost caps that could prevent the mechanism from addressing a Commission-identified resource adequacy need.

The better approach is to use a suite of procurement guardrails, including:

- Competitive solicitation.
- Independent procurement administration and monitoring.
- Confidential benchmarks.
- Commission review and approval.
- Standardized bid forms and contract terms where practicable.
- Clear project qualification criteria.
- Performance security and development milestones.
- Staged procurement volumes.
- Transparent reporting of procurement results, subject to confidentiality protections.
- Evaluation of net costs and benefits.
- Protections against double billing.

These protections are consistent with the IPA's existing competitive procurement experience. The Agency should also consider using price benchmarks or maximum acceptable bid prices, but such benchmarks should be developed in a manner that reflects the product being procured. A long-term clean capacity product should not be benchmarked as though it were only a REC product or only a short-term energy product. The benchmark should reflect the value of long-term, new, additive, accredited clean capacity and any associated energy or environmental attributes.

8. Treatment of Preexisting LSE Contracts

Section 16-111.5(b-10) allows the Agency to propose and the Commission to approve adjustments for LSEs that have contracts entered into before the effective date of the amendatory Act for energy, capacity, or environmental attributes, to ensure customers are not double-billed for the same service.

The undersigned ICJC member organizations support this principle, but recommend that the Agency apply it carefully. Any adjustment should be based on a showing that the preexisting contract provides a service comparable to the product being procured through the Long-Term Clean Energy Procurement mechanism.

For example, if the Agency procures new accredited capacity, then an LSE seeking an adjustment should demonstrate that its preexisting contract provides comparable capacity or resource adequacy value, not merely environmental attributes. If the Agency procures a bundled product that includes energy, capacity, and environmental attributes, then any adjustment should reflect the specific components of the preexisting contract that overlap with the procured product.

This approach would protect customers from double billing while avoiding overbroad exemptions that could undermine the procurement's ability to address the Commission-identified need.

9. Conclusion

The undersigned ICJC member organizations recommend that the Agency continue developing the Long-Term Clean Energy Procurement mechanism as a contingent tool that can be used when the Commission identifies a need for additional supply to address resource adequacy challenges.

The mechanism should be capacity- and resource adequacy-oriented, structured around long-term contracts, limited to new and additive clean resources, and designed to provide stable revenues that support project financing. At the same time, it should include robust customer protections, competitive procurement discipline, careful treatment of preexisting LSE contracts, and fair allocation of costs and benefits.

Most importantly, competitive neutrality should be implemented as a principle of fair cost allocation and implementation. It should not be interpreted to prevent use of the mechanism where the Commission has identified a resource adequacy need and where long-term procurement of new clean resources is an appropriate tool to address that need.