

# New Procurement Mechanism Public Workshop 2

June 4, 2026



Energy+Environmental Economics

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# Agenda

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- + Overview
- + Stakeholder Commentary & IPA Discussion
- + Additional Stakeholder Questions & Next Steps

# Disclaimer

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*These slides and their contents are intended for informational and discussion purposes only and do not represent a legal interpretation or statement of policy by the IPA, its Staff, or their consultants.*

*Content presented and any views or opinions expressed during the webinar do not represent a legal interpretation, statement of policy, or statement of fact by the IPA, its Staff, or their consultants.*

*The objective of this webinar is to provide information and elicit participation from a variety of stakeholders to inform the Agency on the potential use(s) of the Long-Term Clean Energy Procurement mechanism.*

# Stakeholder Session Guidelines

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**+ This session will be sequenced as follows:**

1. Overview of key considerations for the new procurement mechanism defined by CRGA
2. Overview of stakeholder comments received to-date and framing for stakeholder discussion
3. Introduction of additional stakeholder questions
4. Open discussion for stakeholder questions and comments

**+ Throughout the presentation, participants may raise their hand if they have clarifying questions or comments directly related to what is being actively presented and you will be called upon, OR you are welcome to add questions in the chat at any time.**

**+ We will pose questions to the audience for discussion at various points throughout the presentation. Please raise your hand to be called upon or use the chat function.**

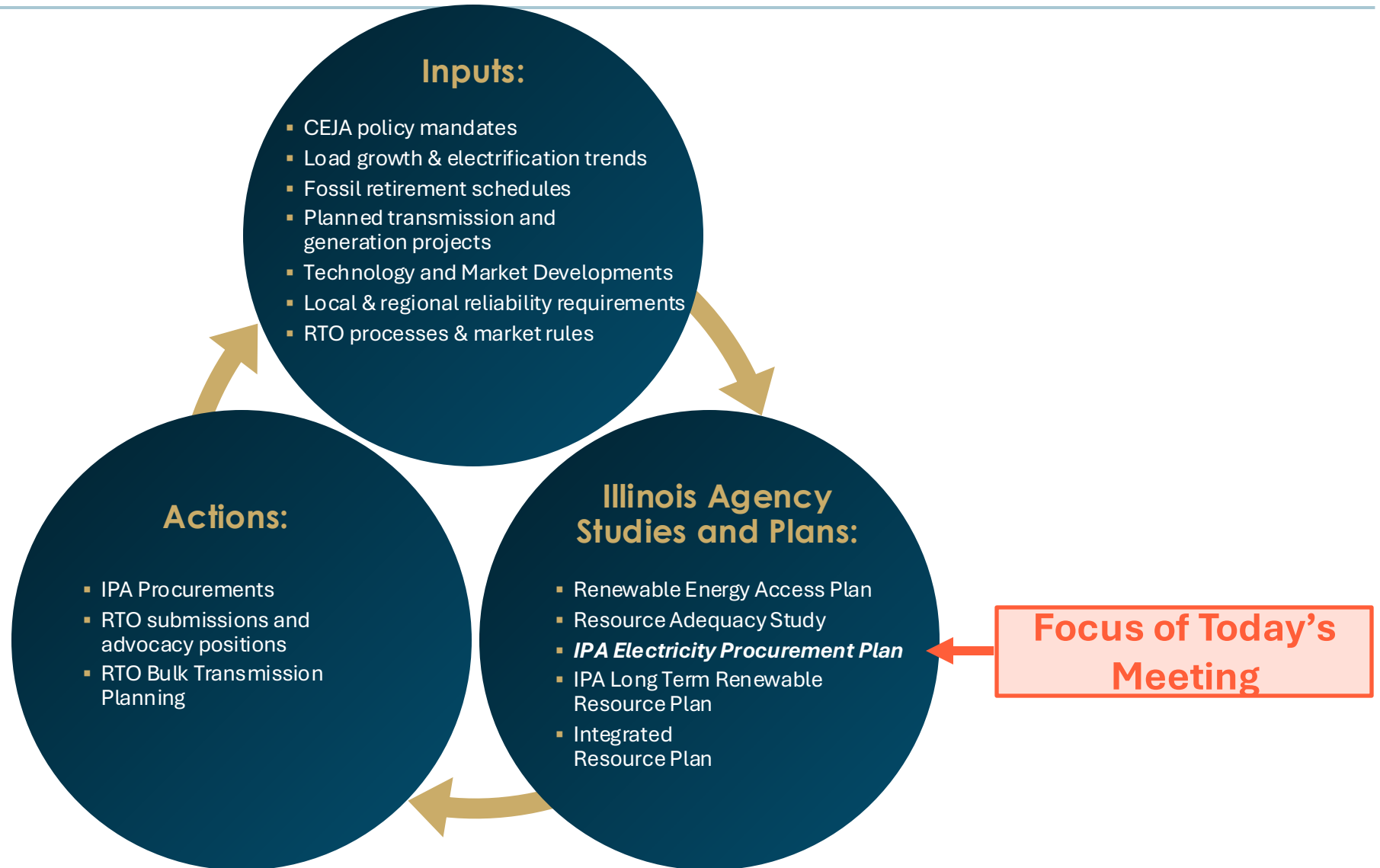
**+ Please hold broader discussion questions or comments until the end of the presentation.**

- We will take questions in order.
- To ensure all participants have an opportunity to contribute, we will first cycle through one question per participant before returning to additional questions.



# Overview

# Landscape of Energy Studies & Processes in Illinois



# Legislation Initiating the New Procurement Mechanism

## Key Clarifications

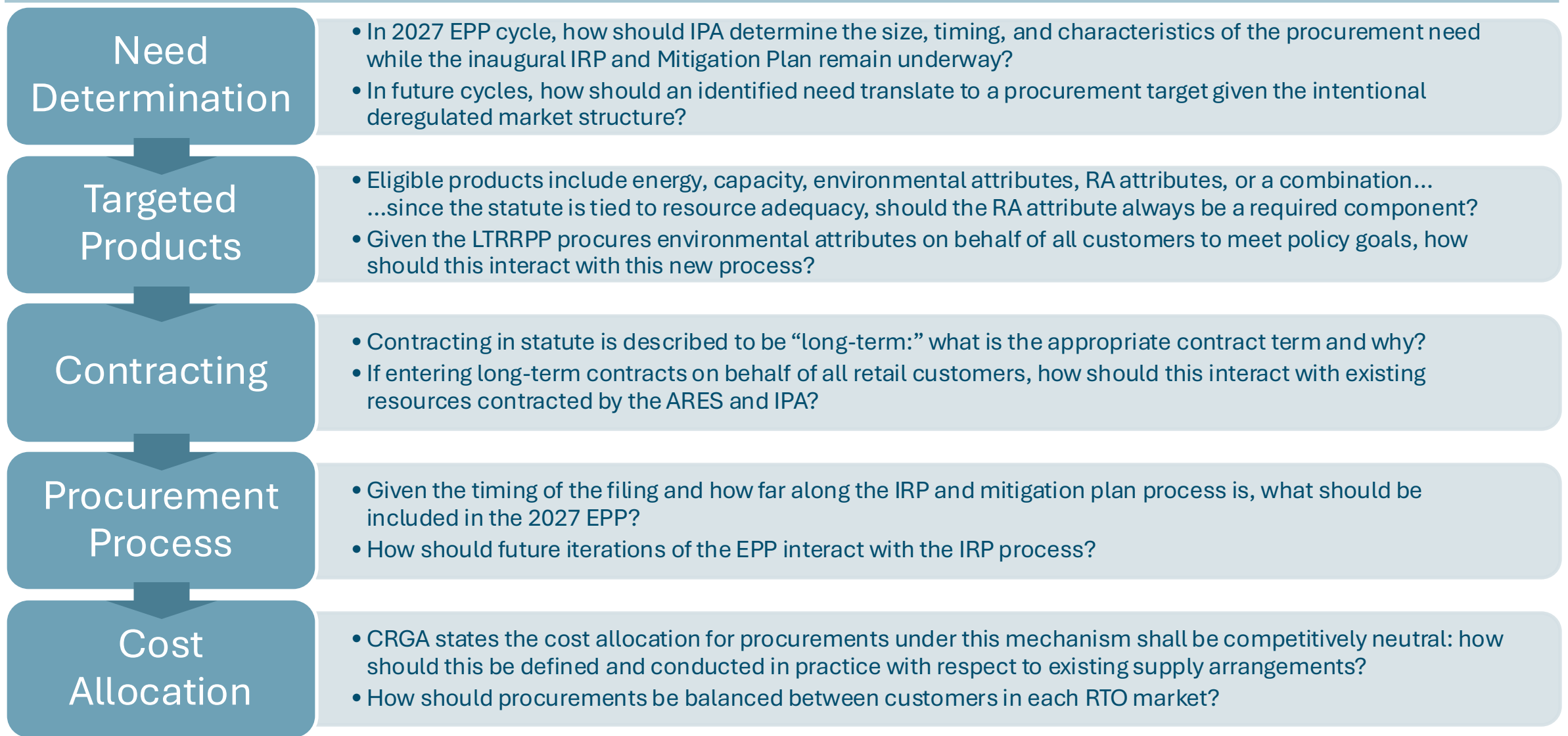
**Summary of Language from CRGA - details the mechanism (See exact text in Appendix):**

*Beginning with the procurement plan for the delivery year commencing on June 1, 2027, in recognition of a potential need to facilitate additional supply to address resource adequacy challenges... upon an **identification of need** ... **in the resource adequacy report** ... as updated by the **integrated resource planning process** ... the procurement plan shall also include the procurement of **energy, capacity, environmental attributes, resource adequacy attributes, or some combination thereof** ... intended to serve **all retail customers**.*

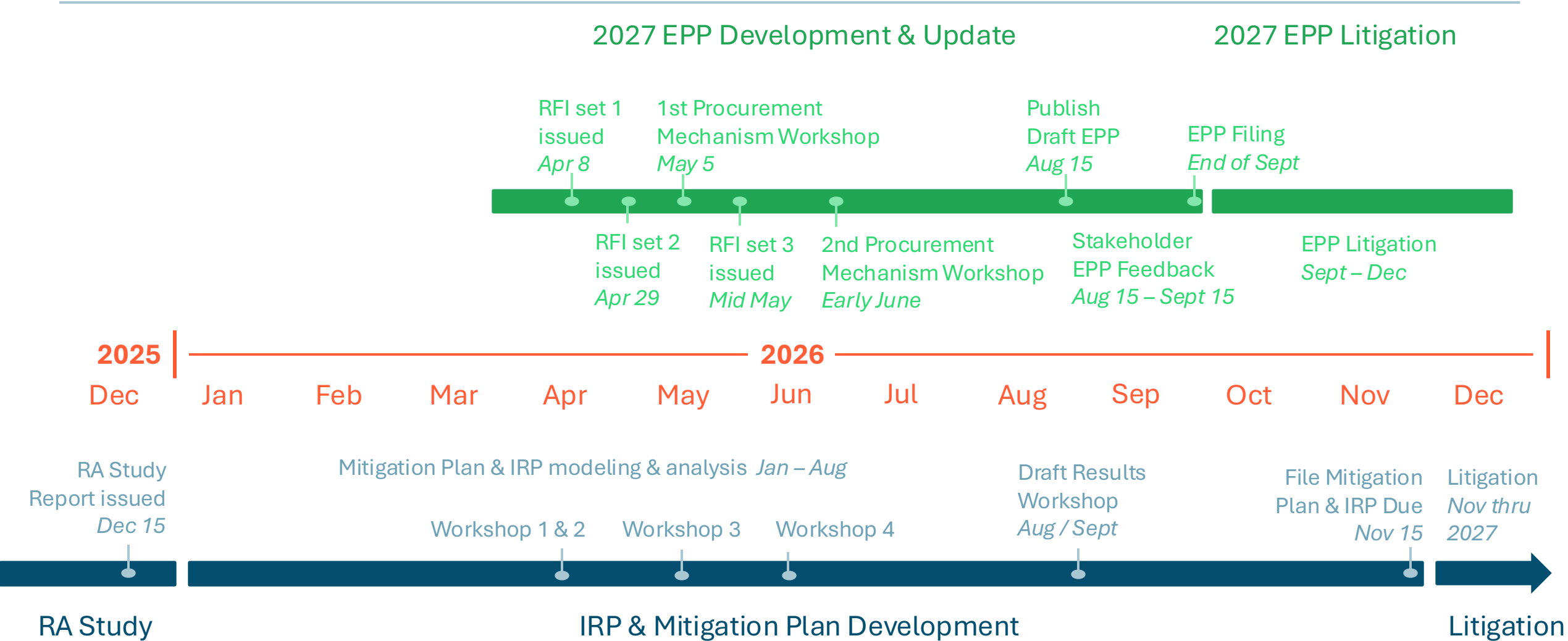
### Important clarifications:

- 1. Consideration of this mechanism is a component of the IPA's Electricity Procurement Plan update and litigative proceeding before the ICC, and not a component of the IRP or RA Study/Mitigation Plan.**
- 2. This mechanism is informed by the RA Study (issued December 15, 2026) and prospectively by the Mitigation Plan and IRP (*IRP expected November 2026*)**
- 3. This mechanism may not need to be utilized—it's meant to solve an identified need (not a requirement)**
- 4. While the definition and use of this mechanism will be included in the Electricity Procurement Plan, it is distinctly different and separate from procurement for default service**
- 5. Contract awards are intended to utilize structures that ensure stable, reliable, and competitively neutral allocations of costs and responsibilities through collections from all retail customers or all LSEs**

# Remaining Gaps to Address in Detail beyond the Legislative Text



# The Development Timelines of the IRP and Mitigation Plan Occur Alongside the 2027 EPP





# Initial Stakeholder Commentary & IPA Discussion

# Approach to Second Set of RFI Questions & Discussion

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- + On April 30, 2026, the IPA issued an [announcement](#) communicating: (1) the presentation materials for this first workshop on the new procurement mechanism were posted, (2) [stakeholder responses](#) from the first "request for comments" were posted, and (3) a second "request for comments" was issued, seeking to gather additional stakeholder input.
  
- + On the next slide, we will review the second set of "request for comments" questions, which were meant to go one level deeper into considerations of the new procurement mechanism
  
- + In this portion of the workshop focused on these questions, we're going to go through each individually as follows:
  1. Read the question
  2. Summarize key comments, recommendations, and take-aways from stakeholders
  3. Provide brief IPA comments
  4. Open discussion on the topic - seek live input

# Second Set of RFI Questions Issued

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- + What guidelines should govern the design and use of this new procurement mechanism to balance the priorities and needs identified by the state agencies with the ongoing functioning of the regional markets (including the PJM and MISO capacity markets) and Illinois's competitive retail market structure?**
- + How should the need or procurement target of eligible resources or products be determined (i.e. stemming from need identified in IRP process or mitigation plan)?**
- + How frequently should these procurements be conducted and what would trigger and justify a procurement event?**
- + How should the resources or products be evaluated in isolation and against one another to meet the need or procurement target described above? Respondents may consider differences in resource type, cost, contract length, or commercial operation date.**
- + Should there be any cost caps or other guardrails on the procurements to protect Illinois customers from increased rates? If so, please describe.**

# Overall Themes from Stakeholder Comment

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+ The IPA received 9 responses to the second set of stakeholder questions

+ Several themes emerged repeatedly:

- Reliability & accredited capacity should be central to the procurement mechanism with quantities and resource types stemming from the RA Study / IRP process
- The procurement should facilitate new, additive resources
- The mechanism should remain compatible with PJM & MISO markets and also preserve the deregulated structure in Illinois of retail competition and market participation
- Procurements should use competitive solicitations like those in all-source RFPs with the goal of gathering broad responses to meet any identified need
- Most stakeholders suggest procurements on an annual or biennial basis
- Many stakeholders emphasized the importance of avoiding over-procurement and ensuring customer protections

+ Some stakeholders disagreed upon the following topics:

- Whether procurements should happen ahead of the IRP finalization or happen sooner
- Whether cost caps should exist and how to design them

# Key Takeaways

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- 1. The procurement mechanism should be a supplemental tool to fill in gaps and reliability & accredited capacity should be the focus with existing market structures preserved and a competitively neutral structure**
- 2. Despite debate over initial procurement timing and quantities, there was broad consensus around the IRP and RA Study being the foundation for need determination and the target meant to fill a residual need**
- 3. Broad support for annual or biennial procurements with triggering events generally stemming from need identified in the IRP and RA Study (though flexibility was strongly supported under various conditions)**
- 4. Alignment with RTO processes to ensure capacity is evaluated on an accredited basis was a commonality with many evaluation frameworks focused on cost-benefit, portfolio-based evaluation with consideration of many other project characteristics (i.e., COD, contracts, project viability, etc.)**
- 5. Nearly all stakeholders supported customer protections but there was no consensus around implementation of cost caps**

# Question 1: Governing Guidelines

*What guidelines should govern the design and use of this new procurement mechanism to balance the priorities and needs identified by the state agencies with the ongoing functioning of the regional markets (including the PJM and MISO capacity markets) and Illinois's competitive retail market structure?*

## + Comments discussing first procurement considerations

- Should stem from RA Study & IRP process and suggest that no major commitments should occur before IRP is finalized
- Consider pilot procurement capped at quantity & budget to inform mechanism scalability

## + Comments that discussed interrelations with RTOs

- Ensure alignment with PJM & MISO capacity requirements and/or follow industry-standard financial hedges for energy & capacity
- Should correct structural gaps in markets while preserving the functioning of PJM, MISO, & Illinois's retail choice framework

## + Comments that discussed types of resources to prioritize in the context of existing programs

- Should result in physically deliverable, reliability-valued resources and favor accredited capacity during expected times of need
- Should not be general renewable procurement or replacement of existing IPA REC procurements; it should be complementary to the existing processes
- Should prioritize new and additive resources that are directly relevant to the identified need
- Resources delivered into Illinois via interregional transmission should be treated on equal footing with in-state resources

## + Comments that discussed competitive neutrality

- Apply to all LSEs including both utilities & ARES but ensure neither are disadvantaged nor required to assume long-term risks
- Cost allocation & compliance framework should be designed to avoid duplicative procurement
- Competitive neutrality requires each LSE has procurement opportunities and ensure allocation between utilities and ARES is fair

# Question 2: Need Determination

*How should the need or procurement target of eligible resources or products be determined (i.e. stemming from need identified in IRP process or mitigation plan)?*

## + Comments discussing how need should be determined from existing processes

- Magnitude and timing should be informed by RA Study, Mitigation Plan, & IRP via a calculated portfolio of resources to determine resource types and quantities
- Should align with the Illinois clean energy goals under CEJA & CRGA
- While many suggested waiting until IRP is complete, a minority of perspectives suggested that Illinois should not wait until after initial IRP process given near-term needs identified in the RA study

## + Comments discussing considerations of RTO alignment

- Should account for any RTO efforts of backstop procurement
- Ensure terminology aligns with resource adequacy standards (accredited capacity) as opposed to energy or nameplate capacity

## + Comments discussing specifics on developing a need target

- Only procure the residual need after evaluation of existing generation, prior or planned procurements for the same product or policy purpose, and commitments demonstrated from market participants to avoid over-procurement
- Apply uncertainty and scenario analysis to determine range of need, possibly a floor and ceiling amount
- Seasonality and locational nature of the need should be considered
- Project development timelines, interconnection status, and deliverability should be considered

# Question 3: Triggering Procurement Events & Frequency

*How frequently should these procurements be conducted and what would trigger and justify a procurement event?*

## + Comments discussing when frequency and procurement events would be triggered and how

- To be determined within RA Study, Mitigation Plan, & IRP processes (not appropriate to determine at this time)
- Staged approach rather than single large procurement

## + Comments discussing frequency of procurement events

- Broad consensus around frequency of every year or every two years
- Minimum of one procurement per year considering when resources can come online and RA obligations appear in a delivery year
- Regular schedules provide developers ability to plan and align with procurement windows whereas irregular opportunities may result in risk premiums – predictability is valuable

## + Comments discussing other times in which procurements may be triggered

- If procurement targets are not met may be valuable to trigger additional ones
- Evidence of insufficient market response to capacity needs
- Significant changes in load forecasts or resource retirements
- Persistent projected market price volatility
- Shortfalls in clean energy procurement goals that can be met in a way that also supports RA
- Changes in PJM or MISO accreditation rules that materially affect availability of accredited capacity
- Material changes in IX queue status or development timelines

# Question 4: Resource or Product Evaluation

*How should the resources or products be evaluated in isolation and against one another to meet the need or procurement target described above? Respondents may consider differences in resource type, cost, contract length, or commercial operation date.*

## + General comments around evaluation approach

- Based on ability to facilitate clean energy goals and meet Illinois' resource adequacy needs
- Within resource types, costs & benefits should be evaluated
- Avoid one-off, highly specialized technologies with no competitive alternatives
- Allow ability for ARES to demonstrate self-procurement and adjustment of target
- Focus on technologies that can attract many bidders to create competition & depth of bids
- Alignment with the PJM & MISO capacity requirements
- Consider resource performance in combination – portfolio-based approach
- Prefer integrated or bundled offerings of energy, capacity, & environmental attributes

## + Comments that discuss specific characteristics that should be evaluated

- COD timing in relation to need and COD executability / project feasibility
- Contract length and terms, project owner experience & background, and risk profile
- Customer affordability and cost effectiveness are top priorities
- Assess resources based on capacity contribution, how the resource type meets the needs identified, and deliverability to Illinois load
- Equity, labor, and community benefits

# Question 5: Cost Caps or Guardrails

*Should there be any cost caps or other guardrails on the procurements to protect Illinois customers from increased rates? If so, please describe.*

## + Comments discussing implementation of cost caps or guardrails

- Majority of stakeholders responded with yes, it's important to protect Illinois customers from unreasonable rate increases (i.e. limits to bill increases)
- Minority of stakeholders responded with no, and suggested pricing should be determined through all-source RFP that allows for competitive, market-based pricing based on available projects / resources

## + Comments discussing nature of guardrails

- Instead of rigid cost caps, potential multi-layered set of protections (portfolio-level cost targets/benchmarks, competitive procurement processes, value-based evaluation, consider SCC, staggered procurement volumes, periodic program review, all-source solicitation)
- Transparency is important and communication of decisions impacting rates and cost controls are applied
- Independent procurement administration and monitoring
- Confidential benchmarks, Commission review & approval, standardized bid forms and contract terms, clear project qualification criteria, performance security & development milestones
- Encourage establishing cost caps / floors and discourage use of price adjustments at time of bidding (as adopted for REC contracts)
- Rate impact or affordability tests should be applied



# Additional Stakeholder Questions & Next Steps

# Approach to Next Set of Questions & Discussion

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- + On May 28, 2026, the IPA issued an announcement communicating: (1) the presentation materials for this second workshop on the new procurement mechanism were posted, (2) stakeholder responses from the second "request for comments" were posted, and (3) a third "request for comments" was issued, seeking to gather additional stakeholder input.
- + On the next slide, we will review the questions, which were meant to solicit explicit feedback on use of the new procurement mechanism ahead of the IRP and contents to be detailed in the 2027 EPP
- + We invite initial discussion of these questions during this stakeholder session; however, this set of questions remains open for feedback: written comments requested by 5 p.m. Central on June 11, 2026

# Next Set of Questions to Stakeholders

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- + What components of the new procurement mechanism framework should be detailed in the 2027 EPP, and why? What components should be deferred to being detailed in the 2028 EPP or 2029 EPP, after the first IRP will have been released and litigated, and why?**
- + Are there any adjustments or refinements to the statutory framework that would better align the mechanism with its intended policy objectives?**
- + Aside from need determination, in what other ways should this procurement mechanism link to the IRP or Resource Adequacy Study / Mitigation Plan processes?**
- + How should costs be allocated to Illinois customers and via what type of mechanism(s)? Should different procurement products warrant different cost allocation approaches? Should existing contracts and position be considered, and if so, how?**
- + Given the IRP and mitigation plan studies will not be completed ahead of the 2027 EPP, should there be any procurement conducted under this mechanism in advance of the final studies? If so, why? How should the need be determined? What considerations (if any) should be part of this procurement decision and process that may differ from future procurements performed after subsequent planning processes such as IRP and Mitigation Plan?**

# Next Steps in Process

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- + Responses to the third set of stakeholder questions due by June 11, 2026 at 5 p.m. Central
- + The draft 2027 EPP will be published on August 15, 2026, which will include a new chapter focused on the new procurement mechanism



# Thank You

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# Appendix

# Legislation Initiating the New Clean Capacity Procurement Mechanism

## Language from CRGA that details the mechanism:

- *Beginning with the procurement plan for the delivery year commencing on June 1, 2027, in recognition of the potential need to facilitate additional supply to address any resource adequacy challenges through a stable and competitively neutral cost allocation mechanism, upon an identification of need by the Commission in the resource adequacy report prepared pursuant to subsection (o) of Section 9.15 of the Environmental Protection Act, and as such need is updated by the integrated resource planning process outlined in subsection (b), the procurement plan shall also include the procurement of energy, capacity, environmental attributes, resource adequacy attributes, or some combination thereof intended to serve all retail customers.*
- *Any procurements proposed under this subsection (b-10) shall feature long-term contracts, shall be structured to facilitate new and additive supply resources, and shall be sized to ensure that the substantial majority of any load-serving entity's supply portfolio is not composed of contracts awarded under this subsection (b-10).*
- *Any procurement should consider the value of higher capacity resources that aid in resource adequacy. The Agency shall propose contract structures that do not create contractual obligations on utilities that are not contingent on full and timely cost recovery, that avoid negative financial impacts on the utilities, and that are implemented through contracts that are agreed upon by the utilities.*

# Legislation Initiating the New Clean Capacity Procurement Mechanism (Continued)

- *Facilities eligible for long-term contracts under this subsection (b-10) must be new clean energy resources, as defined in Section 1-10 of the Illinois Power Agency Act, including clean generation associated high voltage direct current transmission facilities, and must qualify as an accredited capacity resource within the service areas of PJM Interconnection, LLC, or Midcontinent Independent System Operator, Inc. For purposes of this subsection (b-10), "new" means energized on or after the effective date of this amendatory Act of the 104th General Assembly*
- *Contracts may take the form of a sourcing agreement, power purchase agreement, or other instrument as determined by the Commission in approving the plan, and may feature fixed or variable pricing structures, including utilization of a contract for differences in pricing structure. Contracts may feature both electric utilities and alternative retail electric suppliers as counterparties. In approving the contract structure utilized for any contract awards made pursuant to this subsection (b-10), the Commission shall prioritize structures that ensure stable, reliable, and competitively neutral allocations of costs and responsibilities.*
- *Purchases made under contracts awarded through this subsection (b-10) shall be funded in a competitively neutral manner as determined by the Commission in approving the plan. To meet contract obligations, the Commission may order collections from all retail customers or from all load-serving entities, including alternative retail electric suppliers as defined in Section 16-102 of this Act, as a means of ensuring a fair and competitively neutral allocation of contract costs. In establishing collections, the Agency may propose and the Commission may approve adjustments for load-serving entities that have contracts entered into before the effective date of this amendatory Act of the 104th General Assembly for energy, capacity, or environmental attributes to ensure customers are not double-billed for the same service.*
- *The Agency may propose and the Commission may approve additional terms, conditions, and requirements applicable to this procurement process through development and approval of the Agency's annual electricity procurement plan.*
- *The manner and form for developing contracts, qualifying potential counterparties, and awarding contracts shall be proposed as part of the annual electricity procurement plan described in this subsection (b-10). However, to the extent practicable, the proposed approach for contract development and award should endeavor to follow the provisions of subsections (c) and (e) through (i) of this Section.*
- *As further outlined in Section 16-115A, compliance with any procurement process proposed under this subsection (b-10) shall be considered a condition of service for alternative retail electric suppliers.*

# Links to Other Ongoing Initiatives

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1. IPA RA Planning Hub: <https://ipa.illinois.gov/electricity-procurement/ra-planning.html>
2. ICC IRP webpage: <https://www.icc.illinois.gov/informal-processes/Integrated-Resource-Plan>
3. IPA EPP page: <https://ipa.illinois.gov/electricity-procurement/electricity-procurement-plan.html>
4. IPA Long-Term Plan: <https://ipa.illinois.gov/renewable-resources/long-term-plan.html>
5. IPA Energy Storage: <https://ipa.illinois.gov/renewable-resources/energy-storage.html>
6. IPA Stakeholder Engagement RE: 2026 Long-Term Clean Energy Procurement process: <https://ipa.illinois.gov/renewable-resources/stakeholder-engagement.html>

# Legislation Initiating the New Procurement Mechanism

## *Intentions & Opportunities*

**Summary of Language from CRGA - details the mechanism (See exact text in Appendix):**

*Beginning with the procurement plan for the delivery year commencing on June 1, 2027, in recognition of a potential need to facilitate additional supply to address resource adequacy challenges... upon an **identification of need** ... **in the resource adequacy report** ... as updated by the **integrated resource planning process** ... the procurement plan shall also include the procurement of **energy, capacity, environmental attributes, resource adequacy attributes, or some combination thereof** ... intended to serve **all retail customers**.*

- + This new procurement mechanism presents an opportunity to facilitate deployment of new resources to support the needs of the State's electric grid**
- + The mechanism will act as another tool in the toolbox that can be deployed when it is deemed useful**
- + This creates an important need to further define the use-cases and guidelines for use of the mechanism, following the statute which states that the Agency may include further details of the procurement process in its 2027 Electricity Procurement Plan**

# Legislation Initiating the New Procurement Mechanism

## Key Clarifications

**Summary of Language from CRGA - details the mechanism (See exact text in Appendix):**

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### Important clarifications:

- 1. Consideration of this mechanism is a component of the IPA's Electricity Procurement Plan update and litigative proceeding before the ICC, and not a component of the IRP or RA Study/Mitigation Plan.**
- 2. This mechanism is informed by the RA Study (issued December 15, 2026) and prospectively by the Mitigation Plan and IRP (*IRP expected November 2026*)**
- 3. This mechanism may not need to be utilized—it's meant to solve an identified need (not a requirement)**
- 4. While the definition and use of this mechanism will be included in the Electricity Procurement Plan, it is distinctly different and separate from procurement for default service**
- 5. Contract awards are intended to utilize structures that ensure stable, reliable, and competitively neutral allocations of costs and responsibilities through collections from all retail customers or all LSEs**

# Legislation Initiating the New Procurement Mechanism

## Current Status

### Summary of Language from CRGA - details the mechanism (See exact text in Appendix):

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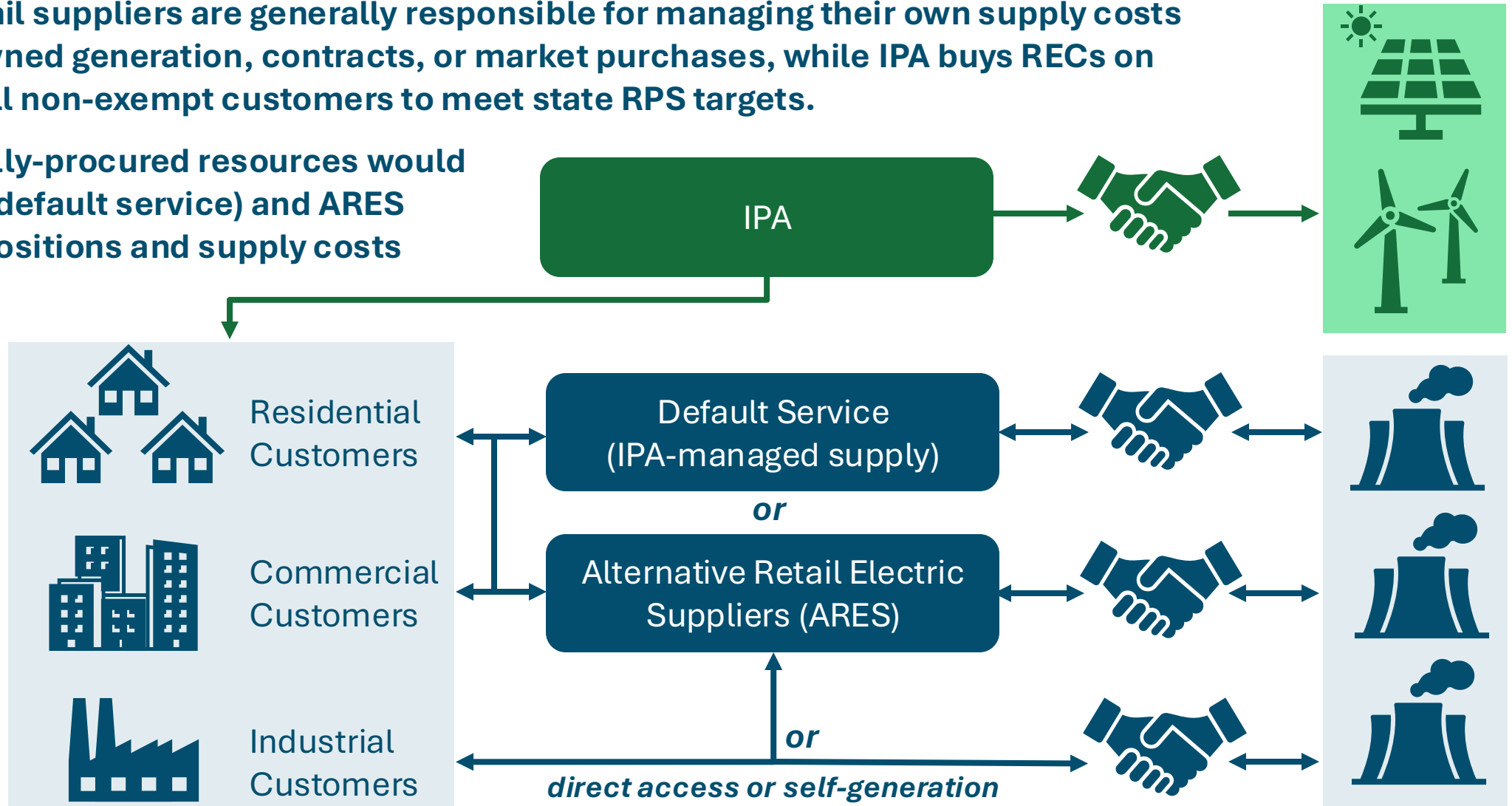
1. Was there an identification of need in the RA Report? ... ***A risk of RA shortfall was identified.***
2. Is the IRP process completed and/or does it provide insights for consideration? ... ***No, the IRP is to be filed in November 2026 and litigated into 2027.***
3. Is a procurement of these products/attributes advisable? ... ***To be determined and discussed***



**While the IRP is not yet complete, the statutory language provides an opportunity to utilize this mechanism resulting from the RA Study. The IPA needs to: 1) identify potential resource adequacy gaps from reports, 2) determine if a procurement should be conducted & why, and 3) define guidelines for future use.**

# Considerations for the Role of Central Procurement in Illinois

- + Illinois retail suppliers are generally responsible for managing their own supply costs through owned generation, contracts, or market purchases, while IPA buys RECs on behalf of all non-exempt customers to meet state RPS targets.
- + Any centrally-procured resources would affect IPA (default service) and ARES resource positions and supply costs



# Key Considerations for Using the New Procurement Mechanism

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## Critical questions to guide the design and use of this mechanism:

- + Is there a gap in the market that is not being addressed by another plan or process, potentially validating the use of this procurement mechanism?*
- + Could this procurement appropriately mitigate any resource adequacy challenge identified?*
- + Does this procurement benefit Illinois customers?*
- + Is the cost of the procurement justifiable, understanding that these costs will be allocated in a competitively neutral manner?*