

NextEra Energy Resources' Responses to IPA RFI: MISO ERAS

Question 1: As referenced in the preceding section, requirements must be met by a generation project before it can be accepted and studied within MISO ERAS. What, if any, requirements pose a barrier to developers seeking to access the MISO ERAS process for generation projects being developed in Illinois? Please consider requirements in Illinois law, from agencies, from utilities, or from MISO or corresponding MISO tariffs. Particularly, the Agencies are seeking feedback on the 100% site control, issues around transparency or data asymmetries, and off-take agreement requirements to obtain feedback if these are hindering submission into ERAS.

NextEra Energy Resources, LLC (NextEra Energy Resources) generally supports the MISO Retail Choice ERAS construct and views it as a valuable mechanism to accelerate resource development that can support reliability needs in Illinois. In the experience of NextEra Energy Resources' subsidiaries, the most significant barrier to accessing the MISO ERAS process in Illinois is not the ERAS process itself, but rather the interaction between MISO ERAS eligibility requirements and Illinois' procurement framework.

MISO ERAS was designed to provide an expedited interconnection pathway that allows eligible projects to obtain a Generator Interconnection Agreement (GIA) much more quickly. Illinois procurement programs, however, utilize substantial bid security requirements and other risk-mitigation measures that naturally favor projects that have already achieved a higher level of development maturity and interconnection certainty. This creates a circular dependency whereby developers may need evidence of commercial viability to access ERAS, while simultaneously needing ERAS to obtain the interconnection certainty necessary to support commercial commitments.

The commercial letter requirement presents a particular challenge in Illinois. Unlike jurisdictions where utilities or load-serving entities may be positioned to provide indications of commercial interest early in the development cycle, Illinois relies heavily on competitive procurement mechanisms administered through the Illinois Power Agency (IPA). As a result, developers lack a clearly defined pathway to obtain documentation demonstrating commercial interest before participating in procurement programs. This uncertainty may limit participation by otherwise viable projects that could deliver reliability benefits to Illinois customers. An illustrative example of the ERAS-dependent procurement process for Illinois projects is provided in response to Question 4 below.

More broadly, there is a timing mismatch between the ERAS process and Illinois procurement timelines. ERAS was intended to accelerate interconnection and help projects obtain GIAs faster, while Illinois procurements generally occur at a stage when greater interconnection/project certainty is expected. Without a mechanism to bridge

NextEra Energy Resources' Responses to IPA RFI: MISO ERAS

those timelines, Illinois may not fully realize the benefits of the Retail Choice ERAS opportunity.

Question 2: Do other barriers, beyond that reference in Question 1, exist which may limit participation in MISO ERAS for projects being developed in Illinois?

Yes. While all projects face development risk associated with permitting, engineering, environmental reviews, interconnection, and financing, participation in the ERAS pathway introduces additional uncertainty. Currently in Illinois, developers are required to post significant bid security and make substantial development investments before there is clarity regarding whether an ERAS-qualified project will ultimately have a viable pathway to procurement through the IPA.

This uncertainty increases project exposure and capital at risk relative to traditional development pathways. For many otherwise viable projects, the combination of upfront security requirements and unclear procurement outcomes may make participation in ERAS difficult to justify, despite the potential reliability benefits those projects could provide to Illinois customers.

Question 3: What changes could be made to the MISO ERAS process to reduce or eliminate the current barriers identified in Questions 1 and 2, improving participation for projects being developed in Illinois?

We do not believe significant changes to the MISO ERAS process itself are necessary.

The ERAS framework appears to be functioning largely as intended and has successfully provided an expedited interconnection pathway for projects in other states. From our perspective, the primary challenge is not the design of ERAS, but rather ensuring that Illinois developers have a clear and practical pathway to utilize the opportunities that ERAS already provides.

Accordingly, we believe the greatest opportunity lies in aligning Illinois procurement structures with the accelerated development timeline contemplated by ERAS, rather than making substantive changes to the ERAS process itself.

NextEra Energy Resources' Responses to IPA RFI: MISO ERAS

Question 4: Are there additions, changes, refinements, or clarifications that could be made to the IPA's plans – Long-Term Renewable Resources Procurement Plan, recommendations for the forthcoming Energy Storage Procurement Plan, and/or renewable resources or energy storage system implementation processes and procedures – that could alleviate project barriers seeking to participate in the MISO ERAS processes? Please explain in detail.

Recommended Procurement Framework:

The IPA should consider targeted refinements to its renewable energy and energy storage procurement frameworks that account for the unique characteristics of ERAS-qualified projects.

Most importantly, Illinois should establish a pathway for ERAS-qualified projects to participate in procurements before obtaining a final Generator Interconnection Agreement (GIA). One potential solution is a phased security structure:

- ERAS-qualified projects would initially post reduced bid security reflective of their earlier-stage interconnection status.
- Security would increase to the standard performance-security requirement after the project successfully completes the ERAS process and executes a GIA.
- A project that fails to obtain a GIA within a defined period would be removed from the procurement and forfeit the applicable security.

This approach would preserve procurement discipline while eliminating the circular dependency between procurement eligibility and obtaining a GIA.

Illustrative ERAS-qualified Procurement Pathway:

1. Project submits into the REC or ISC RFP and identifies that it is relying on ERAS to reach COD. Project posts 20% of regular bid security.
2. IPA makes selections. If it selects an ERAS-reliant project, IPA provides the commercial support documentation needed for the developer's ERAS application and coordinates any required RERRA confirmation.
3. Developer submits the ERAS application within 5 days of selection and remains responsible for site control and MISO application obligations.
4. MISO confirms acceptance or issues deficiencies, typically within approximately one month. If deficiencies are not cured, applicable bid security is forfeited consistent with RFP rules.

NextEra Energy Resources' Responses to IPA RFI: MISO ERAS

5. Developer receives the ERAS GIA, generally within the ERAS timeline, and then decides whether to proceed and post the remaining security.
6. IPA may reserve a defined quota of ERAS slots for renewable REC procurements and storage procurements, recognizing that those procurements are run separately.

The IPA should also clarify which forms of commercial support or commercial interest satisfy ERAS eligibility requirements within Illinois' competitive procurement framework. Clear guidance would reduce developer uncertainty while preserving procurement integrity.

Additional Energy Storage Contract Refinements

The IPA could also address several storage contract provisions that affect project participation:

- **Section 2.5(c) - Round-Trip Efficiency COD Condition:** Remove round-trip efficiency as a condition precedent to COD. Projects are already commercially incentivized to improve efficiency to meet daily arbitrage obligations.
- **Section 2.6(a)(iii) - Round-Trip Efficiency Event of Default:** Remove round-trip efficiency as an operational requirement. Poor round-trip efficiency already reduces arbitrage value and provides a strong market incentive to correct performance issues.
- **Section 2.6(a)(iv) - Availability Operational Requirement:** Serial defects can arise outside a developer's control and may take longer than six months to resolve. Replace the current 4,320-hours-per-year framework with a minimum operational requirement of 8,640 hours across consecutive delivery years.
- **Exhibit F-2 - Reference Energy Arbitrage Price Calculation:** The TB4 standard may not align with actual battery dispatch constraints because top and bottom hours do not always occur in operable charge/discharge windows. IPA should update the Reference Energy Arbitrage Price Calculation to use a Perfect Knowledge Day-Ahead (PKDA) Market methodology that better reflects battery dispatch limitations.

Conclusion:

NextEra Energy Resources' Responses to IPA RFI: MISO ERAS

These refinements would allow Illinois to make better use of the limited Retail Choice ERAS opportunity while maintaining the accountability and risk-management principles underlying its existing procurement programs.