



CLEAN GRID ALLIANCE's RESPONSE
to ILLINOIS POWER AGENCY 1st ROUND OF REQUESTS for
STAKEHOLDER FEEDBACK on TOPICS RELATED to the
2024 LONG TERM RENEWABLE RESOURCES PROCUREMENT PLAN

Clean Grid Alliance ("CGA") appreciates the opportunity to respond to questions posed by the Illinois Power Agency about the 2024 LTRRPP. Clean Grid Alliance submits these comments with the intent of helping the IPA increase participation in future procurements.

CGA's answers focus on questions related to Chapters 3, 4, 5, and 6 of the 2024 LTRRPP.

CGA reserves the right to change its position in response to comments made by others or new information presented during the formal hearing approval of the 2024 LTRRPP. The lack of a response to a question should not be interpreted as CGA not having a position on that topic, or waiving its right to comment in future workshops or litigation on the matter.

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Table of Contents

Chapter 3: REC Portfolio, RPS Goals, Targets, and Budgets.....2
 TOPIC 1: RPS Information Presentation..... 2
 TOPIC 2: RPS Planning Assumptions Background 2
Chapter 4: REC Eligibility.....3
Chapter 5: Competitive Procurements4
 TOPIC 1: RPS Budget Rate Impact Cap..... 4
 TOPIC 2: Post-Award Contract Negotiation 5
 TOPIC 3: Collateral Requirements, Including Possible Buyer-Side Collateral..... 6
 TOPIC 4: Utility-Scale Wind Project Participation..... 7
 TOPIC 5: Brownfield Site Photovoltaic Project REC Procurements..... 8
 TOPIC 6: Labor Requirements in the Agency’s Competitive Procurements..... 9
 TOPIC 7: Minimum Equity Standard Requirements 10
 TOPIC 8: Non-Photovoltaic Community Renewable Generation..... 11
 TOPIC 9: Procurement Quantities and Timing..... 12
Chapter 6: Self-Direct Program..... 12
 TOPIC 1: Common Parent..... 12
 TOPIC 2: Labor and DEI Requirements..... 13
 TOPIC 3: Contract Term 14
 TOPIC 4: Self-Direct Program Size and Selection..... 15

Chapter 3: REC Portfolio, RPS Goals, Targets, and Budgets

TOPIC 1: RPS Information Presentation

Chapter 3 of the 2022 Long-Term Plan contains a detailed description of the Renewable Portfolio Standard (RPS) goals, targets, budget, and estimates of future expenditures through 2031. In April 2023, the Agency released updates of tables and figures from Chapter 3.1 That update extended the charts and tables from Chapter 3 out to the year 2042.

Questions

- 1. How can the Agency improve the presentation of information addressed Chapter 3? This can be through refinements or clarifications to the narration, additional analyses, added charts, or visuals not currently included in the Chapter.*
- 2. Can the Agency better elaborate or explain on the information or analysis presented in Chapter 3 that could be added to aid stakeholders in understanding current and future progress towards RPS goals and targets?*

ANSWER

CGA has no recommended changes to Section 3, subject to CGA's Answer to Ch. 3 Topic 2 question 2, below.

TOPIC 2: RPS Planning Assumptions Background

The April 2023 budget update included a sensitivity analysis that looked at ten scenarios where the forward energy price used for calculating indexed REC prices and future strike prices were changed to demonstrate the impact on those variables on future RPS budget availability. The analysis demonstrated the potential for future budget shortfalls. the Agency is further updating its the RPS analysis with refreshed data and estimates, including an updated forward price curve, as well as clarifications of categories of projects and expenditures.

Questions:

- 1. Should the Agency use different assumptions for changes over time to REC prices for both indexed RECs and the Adjustable Block Program, as well as for the timelines for project energization rates?*
- 2. Should the Agency include a scenario analysis in Chapter 3 comparable to the April 2023 budget update? If so, would a high-low method be sufficient or would a regression analysis be preferred?*

ANSWER

- 1. CGA has no suggested changes to the assumptions used for the sensitivity analysis of ten scenarios presented in the IPA's "Renewable Portfolio Standard Budget Update" dated April 14, 2023. CGA also notes that the sensitivity analysis was helpful in understanding potential RPS Budget risk over the tenure of indexed REC contracts and recommends they be used in future reports produced outside of formal dockets.*

2. A sensitivity analysis could be included in chapter 3 of the 2024 LTRRPP, but it should not supplant or replace the single forward price curve required by subsection 1-75(c)(1)(G)(v)(3) of the Illinois Power Agency Act (25 ILCS 3855/1-75(c)(1)(G)(v)(3)) - an “industry-standard, third-party forward price curve for energy at the appropriate hub or load zone, including the estimated magnitude and timing of the price effects related to federal carbon controls.” Further, that single forward price curve is to be “revised on an annual basis as updated forward price curves are released . . .” by third parties.

Chapter 4: REC Eligibility

TOPIC 1: Adjacent State Project Eligibility

Background

Chapter 4 contains information on eligibility of Renewable Energy Credits (“RECs”), including those arising from utility-scale projects located in states adjacent to Illinois. In its first Long-Term Plan, the Agency developed a methodology for scoring projects in adjacent states to determine if the projects met the statutory requirement that they “maximize the State’s interest in the health, safety, and welfare of its residents, including but not limited to minimizing sulfur dioxide, nitrogen oxide, particulate matter and other pollution that adversely affects public health in this State, increasing fuel and resource diversity in this State, enhancing the reliability and resiliency of the electricity distribution system in this State, meeting goals to limit carbon dioxide emissions under federal or State law, and contributing to a cleaner and healthier environment for the citizens of this State.”

In the 2020 Revised Long-Term Plan and the 2022 Long-Term Plan, the Agency maintained that methodology and only updated inputs (e.g., updated emissions and weather data). For the 2024 Long-Term Plan, the Agency plans to again update inputs but not make any substantive changes to this methodology, believing that the approach has been effective to date (2 out of 13 utility-scale wind and solar projects selected in the 2022 procurements were located in adjacent states).

Questions

- 1. Should changes be considered to the methodology for adjacent state project eligibility that go beyond updating of inputs? For example, are there scoring changes that could be made that would more closely or precisely align the criteria with the policy goals cited above?*
- 2. Given the large geographic size of projects, particularly utility-scale wind projects, what is an appropriate standard for determining the location of the project? The current standard is geographic center of the project. For simplification, for new requests should the geographic point of reference for the project be changed to the interconnection point of the project?*
- 3. Adjacent state projects that participate in Indexed REC procurements are required to comply with the Minimum Equity Standard, which has a focus on the Illinois workforce. What eligibility requirements can be modified for adjacent state projects that could help ensure projects in adjacent states are held to the same standards as in-state projects?*

4. Are there any aspects of the application process for adjacent state projects that could be improved?

ANSWER

CGA has no comments on this Topic.

Chapter 5: Competitive Procurements

TOPIC 1: RPS Budget Rate Impact Cap

Background

The Agency's procurement of renewable energy credits ("RECs") is subject to budgetary limitations determined by IPA Act Section 1-75(1)'s rate impact cap. That cap that limits the annual average net increase paid per kilowatt-hour by eligible customers, thus providing a maximum renewable portfolio standard ("RPS") budget once multiplied by the prior year's retail electricity sales. Although prior years' collections can be carried over for up to five years, this capped budget appears to be an awkward fit with Indexed REC contracts featuring variable REC costs (especially given that when those costs are highest, stresses on the RPS budget from the large customer Self-direct Program and administratively-set REC prices are likely to be the greatest).

Questions

1. How has the RPS budget impacted participation in procurement events?
2. What suggestions do you have for how the Agency can administratively limit Seller risk given a capped RPS budget?
3. Contracts featuring a price collar offer more RPS budget certainty, but also carry an acute contract risk for non-payment at the strike price should wholesale energy prices be extraordinarily low or high.

A. Are there appropriate price collar structures that would result in more stable/predictable budget estimates for the Agency while minimizing cost/risk premiums for future participants in the IPA's procurement events? If so, what are those structures?

b. If utilizing a price collar, how should the Agency determine the most appropriate/least costly ceiling and floor? Symmetrically or asymmetrically distributed around the strike price? Should the ceiling and floor be set as a percentage of the strike price, or perhaps as stated in a predetermined \$/MWh?

ANSWER

1. The RPS Budget cap creates uncertainty around a project being fully compensated under an IPA indexed REC contract. Proposals to defer payments for RECs delivered in the instant delivery year to the subsequent year is still viewed by project financiers as being an insufficient guaranty of payment over the 20 year contract term, particularly given the number of different REC products that are paid from the RPS fund.

2. Project financiers need certainty regarding payment on contracts if the RPS Budget is exceeded. Therefore, in the 2024 LTRRPP the IPA should clarify its interpretation (or its intended application) of the REC prioritization provision set forth in Section 1-75(c)(1)(F) of the Illinois Power Agency Act. Section 1-75(c)(1)(F) has grouped REC products into 4 groups and projects awarded IREC contracts in 2022 or later would fall into one of two groups: new wind and new solar procurements in 1-75(c)(1)(C)(i) through (iii), or any other REC procurement not defined in credits needed to meet the remaining requirements of the RPS but not purchased in Section 1-75(c)(1)(F)(i) through (ii). The scope of these groups has created uncertainty among CGA members and outside financing partners. Outside financing partners have expressed a preference for an approach that prioritizes the awarded projects in each of the four groups based on the date the Seller or ABP enters into the obligation to deliver RECs. Establishing a “first-in, first-out” system of funding prioritization, will create more certainty for investors, thereby making near- and medium-term procurements more successful.

3. CGA does not support the use of a price collar. A price collar increases the number of uncontrolled variables of a project, will inflate indexed REC bids, and is viewed by project financiers as an increased risk of lost payment when market prices increase. The use of price collars in IPA procurements makes the IPA contracts far more risky than a virtual power purchase agreement with a corporate or industrial customer. It will likely encourage utility-scale developers to pursue corporate PPAs, and reduce the pool of potential bidders in IPA competitive procurements.

TOPIC 2: Post-Award Contract Negotiation

Background

Among the differences between bilateral contracting in voluntary markets versus an RPS contract in a compliance market is the ease of post-execution negotiation. In voluntary markets, should changed circumstances require contract renegotiation, a motivated Buyer may work constructively with Seller to revisit contract terms. But with a regulated utility counterparty, contract renegotiation may require state public utility commission approval—if available at all. Protecting the integrity of a competitive bidding process disfavors post-award strike price negotiation, even if supply chain, labor, interconnection, or inflation-related costs have materially and uncontrollably changed.

Questions

1. How can the IPA protect the integrity of a competitive, price-based procurement process utilizing standardized Indexed REC contracts while accommodating necessary adjustments should circumstances materially change?

a. What are the proper guardrails to consider in thinking through what components of a contract could possibly be reconsidered?

b. Is there an administrative pathway to contract revision without ICC approval?

2. Which states or processes could the IPA look to as an example of allowing post-award contract modifications with appropriate guardrails in place?

ANSWER

There are certain factors outside of a REC bidder’s control that can escalate project costs – such as inflation, rising interest rates, unforeseeable disruptions to supply chain and labor pools, RTO caused delays, unexpected network upgrade costs, just to name a few. These factors can materially change a project’s cost (and therefore its bid price to ensure the project is net revenue positive) or its in-service date.

As an example, Alliance for Clean Energy New York (“ACE”) recently filed a petition with the State of New York Public Service Commission to implement a bid strike price adjustment mechanism to redress severe and unpredictable economic disruptions to the renewable generation industry. Government and corporate actions taken to minimize COVID’s impacts, an unforeseeable 2+ year spike in inflation, and a war in eastern Europe has impacted global labor, supply of materials, and manufacturing, and subsequently caused negative economic impacts on renewable energy projects. To redress these economic impacts ACE proposed an adjustment to existing REC contracts. This adjustment will allow projects in the upcoming construction window to move forward. Without such an adjustment some projects will need to be cancelled prior to making financial commitments such as a contract or interconnection milestone payments.

CGA is still discussing this concept with members to determine if such a proposal is needed in Illinois, and if yes, then what the proposal may look like.

TOPIC 3: Collateral Requirements, Including Possible Buyer-Side Collateral

Background

To ensure that RECs under contract are delivered, the Agency requires that Sellers post collateral with contracts, with the collateral amount established as a function of contract value. The Agency believes that the level of collateral must be low enough to encourage participation, especially from small businesses and other newer market entrants, and high enough to discourage suppliers from voluntarily defaulting on contracts for economic reasons. At the same time, given non-payment risks, several participants have sought that the Agency employ Buyer-side collateral. That Buyer-side collateral could then be drawn upon should the Buyer be unable to perform if funds are unavailable under the RPS budget.

Questions

1. Are the Seller’s collateral requirements from the Agency’s 2022 procurement events adequate?

a. What collateral requirement changes should be included in the Agency’s REC contracts going forward?

b. Are collateral requirements a barrier to participating in procurements?

2. *Should Buyer-side collateral be considered for future Indexed REC procurement events?*
 - a. *From where would Buyer-side collateral be taken? If taken from RPS budget collections, would this be a prudent use of RPS funds?*
 - b. *What would be the appropriate level of and structure for Buyer-side collateral to effectively manage potential non-payment risks?*

ANSWER

1. CGA does not have any suggested improvements to the Seller’s collateral requirements, though CGA reserves the right to raise proposals up to the point in time in which the 2024 LTRRPP is approved by the ICC.
2. Yes, Buyer-side collateral should continue to be considered for future Indexed REC procurements.
 - 2.a. Buyer-side collateral can come from either the Buyer or the RPS Fund, though collateral from the RPS Funds seems impractical given that the sensitivity analysis in the IPA’s April 14 *RPS Budget Update* report indicates that 5 of 11 scenarios would result in the RPS Budget being exceeded under the forecasted REC procurement volumes and **without** it being used as collateral. CGA does not have any suggestions as to the appropriate level and structure for Buyer-side collateral at this time, though CGA reserves the right to raise proposals up to the point in time in which the 2024 LTRRPP is approved by the ICC.

TOPIC 4: Utility-Scale Wind Project Participation

Background

Under Section 1-75(c)(1)(C) of the IPA Act, 45% of the RECs used to meet the Illinois RPS are required to come from new utility-scale wind projects. However, the first two post-CEJA Indexed REC procurements featured very limited successful participation from utility-scale wind projects. In surveying barriers to utility-scale wind project participation, the most cited participation barrier – payment uncertainty due in part to a capped RPS budget – is arguably a more acute problem for utility-scale solar projects (which have traditionally featured higher REC prices) than utility-scale wind projects.

Questions

1. *What barriers to development under an Indexed REC procurement structure, if any, are more acutely felt by wind projects? How can the IPA work to solve those barriers?*
2. *In general, what steps can the IPA take to make the Indexed REC procurement process more attractive for utility-scale wind participants?*
 - a. *Would a fixed REC price procurement featuring known, certain, positive revenues from a REC delivery contract be preferable for wind projects?*
 - b. *Might the apparent lack of interest from wind projects be part of a broader regional or national phenomenon? What are parties observing in other jurisdictions?*

ANSWER

1. Challenges to wind development have increased across the country, particularly with respect to stability of supply chain, cost of materials, cost of labor, complications with permitting, etc. The statewide siting standards for wind and solar resources that was recently approved in Illinois P.A. 102-1123 should improve siting and permitting of projects within Illinois. The IPA can help by being aware of the aforementioned challenges, and reflect them in the IPA's responsibilities related to Project Labor Agreements, Prevailing Wage Requirements, Minimum Equity Standard waivers and enforcement of the Minimum Equity Standards.

2. A step the IPA can take to make the indexed REC procurement more attractive is to improve communication on the general reasons why a procurement was short of the IPAs intended volume goal. The industry's ability to suggest substantive improvements to the procurement process is hampered by the lack of transparency on why projects were not selected, such as -- no bidders qualified for bid submission, no bids were submitted, all of the bids exceeded the benchmark, etc. One reason wind procurements may have come up short of the planned for volumes is the benchmark that was used. There is no transparency around the benchmark that ensures that it reflects reality. It is unclear to developers that the confidential benchmark developed by the procurement administrator reasonably reflects all of the external factors and state law factors affecting bid prices -- wildly varying inflation rate over the past two years, labor shortages, rising interest rates, supply chain delays or stoppage, local permitting processes, RTO generation interconnection issues, etc. What would be helpful is the ability for bidders to comment on the list of data, and technology costs (minus actual values or specific sources) to be considered in developing the benchmark price to ensure it reasonably accounts for the concepts bidders/developers account for in their bids.

CGA also notes that if a procurement was found to be competitive, then the bid prices would be reasonable and reflect actual market dynamics. In that instance a benchmark would not be needed and its use may be keeping the IPA from reaching its procurement volume goals.

2.a. No CGA member expressed an interest in returning to fixed price REC products for utility-scale competitive procurements. In addition, see CGA Answer to Chapter 5, Topic 2.

TOPIC 5: Brownfield Site Photovoltaic Project REC Procurements

Background

Section 1-10 of the IPA Act describes brownfield sites are those sites which are regulated under the U.S. EPA's Comprehensive Environmental Response, Compensation and Liability Act of 1980; the Corrective Action Program of the Resource Conservation and Recovery Act; the Illinois EPA's Illinois Site Remediation Program; or the Illinois EPA's Illinois Solid Waste Program; or is the site of a former coal mine that has met all state and federal remediation and clean-up requirements. Section 1-75(c)(1)(C)(i) of the IPA Act authorizes the Agency to procure RECs from

brownfield site photovoltaic projects. In its 2022 Long-Term Plan, the Agency proposed conducting two brownfield site photovoltaic procurements using its traditional competitive procurement approach.

Questions

1. What changes to brownfield site photovoltaic REC procurements are appropriate given successful brownfield bids in the Agency’s 2022 procurement events?
2. Section 1-75(c)(1)(C) also allows for the Agency to “consider other approaches, in addition to competitive procurements,” to bring brownfield site photovoltaic project RECs under contract.
 - a. Should alternatives to competitive brownfield site photovoltaic REC procurements be considered as part of the 2023 Long-Term Plan?
 - b. If so, what alternative procurement approaches would be preferable to competitive procurements and why?

ANSWER

CGA has no recommended changes to brownfield site PV REC procurements.

TOPIC 6: Labor Requirements in the Agency’s Competitive Procurements

Background

Section 1-75(c)(1)(Q)(1) of the IPA Act provides that RECs procured from new utility-scale wind, utility-scale solar, and brownfield site photovoltaic projects are subject to prevailing wage requirements included in the Prevailing Wage Act. Additionally, subsection (Q)(2) requires that RECs procured from these projects “must be from facilities built by general contractors that must enter into a project labor agreement, as defined by this Act, prior to construction.”

Questions

1. What challenges do utility-scale or brownfield project developers face in implementing these labor requirements?
 - a. What impact, if any, is there upon bidder participation in competitive procurements as a result of prevailing wage requirements and project labor agreements?
2. Currently, the IPA requires project labor agreements to be submitted to the Agency within the later of 60 days prior to project construction, 30 days after the execution of the project labor agreement, or 30 days after the execution of the REC Contract.
 - a. Are these guidelines sufficient to ensure the compliance with the requirements of 1-75(c)(1)(Q)(2)?
 - b. For bidders seeking REC Contracts for projects that have commenced construction prior to the solicitation of bids, should the Agency require the submission of the project labor agreement with the bid qualification materials?

ANSWER

1. CGA has no comments, at this time, regarding challenges utility-scale or brownfield projects have in implementing labor requirements, but CGA reserves the right to raise such

issues if and when we become aware of them, up to the point in time in which the 2024 LTRPP is approved by the ICC.

2.a. Yes, these guidelines are sufficient.

2.b. For projects that have commenced construction prior to the solicitation of bids, the IPA should use the submission timelines described in introductory portion of question 2. The industry is still in the early stages of complying with Illinois' new labor, wage, and equity requirements, and using uniform standards or timelines reduces administrative burden on bidders and awardees.

TOPIC 7: Minimum Equity Standard Requirements

Background

Pursuant to the IPA Act, the Agency shall encourage participating projects to use a diverse and equitable workforce and a diverse set of contractors. Under Section 1-75(c-10)(3) of the IPA Act, bidders in competitive procurements for RECs from new utility-scale wind, solar and brownfield site photovoltaic projects are required to participate in the Equity Accountability System.

Questions

- 1. How do these equity requirements impact bidders' participation in competitive procurement events?*
- 2. Given that the structure of the required reporting for the Minimum Equity Standard is tied to annual delivery years (beginning June 1 of a given year and ending May 31 of the following year), what is the best way to align the reporting requirements for utility-scale and brownfield projects? Should entities receiving REC contracts submit their Compliance Plans on June 1 at the start of each delivery year? At some time after REC contract execution? Some other point?*
- 3. How should the Agency evaluate Minimum Equity Standard ("MES") compliance by Equity Eligible Contractors that bid into the Indexed REC procurements?*
- 4. Section 1-75(c-10)(3) directs the Agency to "develop bid application requirements and a bid evaluation methodology for ensuring that utilization of equity eligible contractors... is optimized." In addition to requiring that bidders receiving a REC contract meet the MES and providing a bid adjustment for those that commit to exceed that MES, what other steps might the Agency take to facilitate greater utilization of Equity Eligible Contractors?*

ANSWER

1. The incentives for contracting with EECs at volumes above the MES minimum are suitable, however, the EEC market is tight. Bidders/Awardees will need to use MES Waiver requests.

One item that affects bidder participation is the Minimum Equity Standard Waiver Request. The MES Waiver has two forms, which differ based on whether union labor is or is not used

on a project. Both waiver score tables include a number of HR and hiring activities that would typically be used by in-state businesses looking for full-time employees, which differs from the hiring needs of an out-of-state company that does not have a full-time office in Illinois. The waiver forms are suited to in-state companies could hire either EEPs or EECs, and have the need for employees from the hubs. The vast majority of utility-scale renewable generator developers, however, do not have offices in Illinois. Utility-scale developers work in numerous states, therefore, their full-time staff travel to and from a state. They may hire temporary employees. Their primary means of complying with the MES is to hire an in-state engineering firm, or hire an in-state general contractor who will hire subcontractors that are EECs. The majority of criteria in the scoring tables reflect language in the statute, however, these hiring activities are better aligned with hiring practices of in-state companies and not out-of-state companies. The effectiveness or applicability of the waiver to actual utility-scale operations could affect participation in indexed REC procurements. CGA will continue to monitor its members' experience with the waiver request over the upcoming procurements and bring any further concerns to the IPA's attention. While many of these activities listed in the waiver could be required in a contract between a developer and a contracted in-state firm, the timing doesn't necessarily work out as many developers would not hire their contractor until they are close to construction which is many months or years after they bid into the IPA procurement. CGA would like the IPA to explore how it could adjust the waiver to better capture good faith efforts of developers earlier in the development process in trying to meet the MES if their business model is to contract out most of the full-time jobs that their project will create in the state.

2. CGA has no comments, at this time, regarding the timing for filing MES reports or Compliance Plans.
3. EECs that bid into an indexed REC procurement should be treated the same as a developer that is not an EEC.
4. CGA has no comments, at this time, regarding the steps the IPA should take to increase the use of EECs. CGA will note that an increase in complexity of the bid documents will increase a bidder's administrative time and effort in responding to an RFP.

TOPIC 8: Non-Photovoltaic Community Renewable Generation

Background

In its Initial Long-Term Plan, the Agency proposed a Community Renewable Generation Program Forward Procurement to create an opportunity for non-photovoltaic community generation projects to be developed. Section 1-75(c)(1)(N) of the IPA Act does not mandate a Community Renewable Generation Program. However, the Agency may consider whether community renewable generation projects utilizing technologies other than photovoltaics should be supported through State-administered incentive funding to expand the range and diversity of renewable energy resources in Illinois.

Questions

1. Are there non-photovoltaic community generation projects that would participate in IPA procurements? If so, from what generating technologies?

ANSWER

CGA has no comments regarding participation by non-PV community generation projects.

TOPIC 9: Procurement Quantities and Timing

Background

The 2022 Long-Term Plan outlined a procurement schedule utilizing annual pro rata quantities for each category's 2030 RPS targets, then seeking meet those quantities through 1-2 procurement events per year.

Questions

1. Is this the optimal approach to procurement frequency and quantities? If not, what alternative is preferable and why?
2. How can the IPA provide more certainty around future procurement schedules to help attract interest from parties that may seek to participate in repeat solicitations?

ANSWER

1. Yes.
2. CGA has no suggestions on how to provide more certainty around future procurement schedules.

Chapter 6: Self-Direct Program

TOPIC 1: Common Parent

Background

Section 1-75(c)(1)(R)(1) provides a definition of "retail customer" that allows for account aggregation in the case of common corporate parents. The 2022 Long-Term Plan, in accordance with Section 1-75(c)(1)(R)(1) of the IPA Act, allows for multiple retail customer accounts under the same corporate parent to aggregate their account demands to meet the 10,000 kilowatt threshold for participation the Self-direct Program. In reviewing the applications submitted for the 2023-2024 delivery year, the Agency found that some retail customers with common corporate parents did not have easily verifiable affiliation of the customer accounts.

Questions

1. How can the IPA verify the multiple accounts are owned by the same entity in order to facilitate an efficient application process?

2. How can the development of a standard submission form be optimized for the applicant to provide to utilities for verification?

a. What information should be submitted by common parents to the Agency with an application, verification to be performed by the utilities?

ANSWER

CGA has no comments regarding this Topic.

TOPIC 2: Labor and DEI Requirements

Background

Participants in the Self-direct Program are required to meet the labor requirements of subparagraphs (P) and (Q) of 1-75(c)(1) of the IPA Act and the diversity, equity, and inclusion requirements in subsection 1-75(c-10). However, as application for participation in the Self-direct Program occurs oftentimes after construction has commenced, potential Self-direct Program participants and applicants have expressed confusion how to meet these requirements.

Questions

1. Should potential participants in the Self-direct Program be required to submit Project Labor Agreements and MES Compliance Plans to the Agency prior to applying a project for participation in the Program?

a. If no, how can the Agency ensure that Self-direct Program participants have met labor and equity standards at the time of the project application?

b. Should the Agency consider some form of pre-application process for potential applicants whose projects have not yet begun construction and thus would not be in the position to begin REC deliveries for an upcoming delivery year? How would a pre-application or pre-approval process work for demonstration of compliance with labor and equity requirements?

2. What other methods of reporting not yet considered to ensure that labor and equity standards are incorporated into the project development and construction prior to the commencement of those activities to meet compliance?

a. Recognizing that projects may be applied to the Self-direct Program after the completion of construction, should there be alternative opportunities for Self-direct Program participants to demonstrate compliance with MES requirements, such as through a compliance report on the makeup of the project workforce or other means?

3. The Long-Term Plan currently requires Self-direct Program participants to meet the Minimum Equity Standard that is in place at the time of approval of the application in the Self-direct Program as the standard applicable to the construction of the project from which that customer receives and retires RECs. Given that the percentage of an equity-eligible

workforce that is required to meet the MES is set to increase over time, the Agency recognizes it is possible that a developer may not know the percentage of an equitable workforce necessary to meet the MES at the time of project development and construction.

- a. Should the Agency develop separate MES requirements for the Self-direct Program to provide certainty to developers of these projects?*
- b. Should the Agency apply the applicable MES for the year of construction that is established through the Long-Term Plan, or should another standard be utilized?*
- c. If the Agency applies MES for the year of construction that is established in the Long-Term Plan, would this standard then vary over the course of the construction of the Project if it is split across multiple program years?*

ANSWER

CGA has no comment regarding this Topic.

TOPIC 3: Contract Term

Background

In order to confirm that projects comply with subsection 1-75(c)(1)(R) of the IPA Act, the Agency must review long-term REC agreements entered into by Self-direct Program participants, and that RECs delivered to the retail customer are equivalent in volume to at least 40% of eligible customer's usage. REC agreements and other materials reviewed to ensure that the applicant meets the statutory requirements contain confidential and proprietary information, including but not limited to customer usage information.

Questions

1. Recognizing that participation rates in the Self-direct Program are within the public interest, but that materials reviewed by the Agency to ensure that the applicant meets statutory requirements may be confidential and/or proprietary, what information related to program participation should be released by the Agency?

a. What information about selected projects should only be released in the aggregate?

2. With respect to qualifying renewable projects that are being built to support the development of new or expanded retail customer facilities that do not have usage in the previous delivery year:

a. How can the Agency determine that the RECs delivered to a new or expanded eligible self-direct customer from the qualifying facility or facilities are "equivalent in volume to at least 40% of the eligible self-direct customer's usage?"

i. Could this be determined annually by the eligible self-direct customer's usage during the previous delivery year, measured to the nearest megawatt-hour" as required by the IPA Act?

ii. If not, could measurement be reported through a more precise reporting

method?

b. Can the Agency consider approvals of a Self-direct Program application from a new retail customer without a full delivery year's worth of usage?

i. How can data from a partial delivery year's usage be used to determine the denominator for this calculation?

ii. Could the Agency develop a process whereby customers are accepted on a probationary or contingency basis demonstrating that the usage requirements in the statute are met at the end of the first delivery year?

What type of If the Agency were able to permit this type of participation under the statute, would the utilities be able to recover credits applied to customer accounts if the project is later found to be non-compliant?

c. Similarly, can the Agency approve a Self-direct Program application from a retail customer with no prior delivery year usage to rely upon? Or, must the customer wait until the completion of the delivery year to apply to the Self-direct Program?

ANSWER

1. Information released in the April 20, 2023 IPA announcement of Self-direct Program Participants is sufficient.
2. CGA has no comments on this Topic.

TOPIC 4: Self-Direct Program Size and Selection

Background

Section 1-75(c)(1)(R)(3) requires that the Agency shall "annually determine the amount of utility-scale renewable energy credits it will include each year from the self-direct renewable portfolio standard compliance program[.]" The Agency's procurement planning consultant studied the issue as outlined in the 2022 Long-Term Plan. The Agency released the study in January 2023 and received comments from only one stakeholder on the proposed program size.

Questions

1. Should the Agency expand the market analysis outlined in Section 6.6.1 of the 2022 Long-Term Plan beyond the data sources outlined therein?
 - a. If so, what additional data sources can be utilized by the Agency and its procurement planning consultant?
 - b. Are there any new, comprehensive studies of the potential size of the self-direct market in Illinois that have been released since the 2022 Long-Term Plan was approved?

c. Should the agency consider any other studies, or take into account additional issues from the larger voluntary market when making this program size determination?

2. Are there other changes to the process for the establishment of the Self-direct Program size that the Agency should consider?

ANSWER

CGA has no comments on this Topic.