Apex Plaza
120 Garrett Street, Suite 700
Charlottesville, VA 22902
T 434.220.7595 / F 434.220.3712
apexcleanenergy.com

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Apex Clean Energy appreciates the opportunity to provide feedback to the Illinois Power Agency regarding the initial indexed REC procurement. Apex Clean Energy is a leading developer, owner, and operator of renewable energy projects across the United States. We have a robust pipeline of development assets in the state of Illinois that are well-positioned to participate in future IPA indexed REC procurements. Therefore, we offer the following responses to provide our perspective on the most recent RFP results with the hope that this information will be used to inform and improve future procurements.

1. If you were aware of the Spring 2022 Indexed REC RFP, how did you learn about the opportunity? Are there other venues or mediums through which information could have been published that would have made it easier for you to learn about the procurement event?
    a. We received updates through the IPA's various distribution lists related to RPS procurements and believe that is an appropriate method of communication.

2. If you opted to not propose a project in the Spring 2022 Indexed REC RFP, what were the determining factors for not participating?
    a. Were there specific provisions from the contract form used in the Spring 2022 Procurement Event that presented a barrier to participation? Please explain.
        i. Although there were several provisions of the contract that we deemed generally unfavorable (more below), we still submitted several projects in response to the RFP.

    b. Were there eligibility requirements in the Spring 2022 Procurement Event that presented a barrier to participation? Please explain.
        i. No, we view the project eligibility requirements as reasonable. We believe they properly balance flexibility for legitimate early-stage projects and the need to weed out projects that are unnecessarily risky.

    c. Were there barriers outside of the procurement process that impacted your decision to participate (i.e. interconnection delays)? Please explain.
        i. [CONFIDENTIAL]

3. Interconnection delays with both MISO and PJM have been widely acknowledged. Most recently, PJM filed interconnection process reforms with the FERC, and their

proposal includes a transition period during which new interconnection applications will not be processed. Did these delays impact your ability to bid in the Spring 2022 Indexed REC RFP? If so, please explain.

  a. No, not directly. Although interconnection queue delays and a general need for new investment in the bulk transmission system continue to hinder the supply of projects in this region, this was likely not the primary driver of the lackluster response to the most recent RFP. We applaud the IPA's efforts in this procurement to recognize the need for greater flexibility in the start of operation to account for delays in project interconnect, financing, and permitting.

4. Supply chain issues, due to the pandemic and tariffs on the solar industry, for example, have been widely acknowledged. Did these issues impact your ability to bid in the Spring 2022 Indexed REC RFP? If so, please explain and include a description of any related costs and risks to renewables developers.

  a. Yes. See response to 2c above. The US Department of Commerce's circumvention probe is a major risk for the utility-scale solar sector. And like all sectors of the economy and energy industry, supply chain issues and inflation are putting upward pressure on the levelized cost of utility-scale renewable energy projects. The utility-scale wind industry is particularly exposed to increases in the cost of steel, copper, carbon fiber, resin, transportation and freight, equipment, labor, and capital. Most industry trackers and price indicators are lagging and don't reflect real-time or near-term actual costs. We do not believe these market realities were adequately reflected in the agency's development of its confidential benchmark price.

5. Please describe any current issues experienced related to siting, permitting, and interconnection and how these issues lengthen a project's development timeline. How long should the deadline be for projects to become operational, without accounting for any extensions?

  a. Siting and permitting challenges continue to pose a significant risk to project development in the state of Illinois, which should be accounted for from the standpoint of both COD flexibility and cost. Moreover, approximately 12 counties in Illinois have effectively banned the development, construction, and operation of new wind energy facilities, further constraining the supply of utility-scale projects & RECs available to the IPA. As mentioned in our response to #2b, we generally view the contract's flexibility for initial REC delivery as reasonable because it accounts for the potential for various delays.

6. Under the Illinois RPS, payments for RECs are subject to available funds anticipated to be collected pursuant to Section 1-75(c)(6) of the IPA Act and Section 16-108(k) of the Public Utilities Act, and the utility counterparty is not required to advance payment that exceed such available funds. Section 16-108(k) of the Public Utilities Act, as amended by Public Act 102-0662, provides for unspent budget in a delivery year to roll-over to

the following delivery year for a period of 5 years to improve the likelihood that funds are available for payment. Do you believe this change adequately mitigates non-payment risks or despite this change, do you perceive the statutory budget constraint to be an obstacle to your participation in the Indexed REC RFP?

- While this does mitigate some risk of non-payment, the contract continues to explicitly allow for non-payment from the Buyer due to no fault of the Seller, a risk that is challenging for a Seller to adequately manage and price in. Given the history of budget shortfalls in the state, this is a risk that must be accounted for by the Seller and very likely attributed to the lack of participation in the most recent indexed REC RFP. It must also be considered within the context of other uncommon and rigid terms of the contract, such as the section on Events of Default, which should be modified to a more standard mark-to-market calculation, as well as the section that establishes a cap on Buyer's liability. Not only did these provisions likely push participants out of the process entirely, they also likely inflated bid pricing, as Seller's must "price in" this risk.

a. Are there examples for how this issue is dealt with in other jurisdictions where there is a statutory budget constraint?
b. Is there additional information or analysis related to procurement budgets for Indexed RECs that would be helpful to be provided to prospective bidders?
    i. A refreshed budget prior to the next indexed REC RFP that reflects the contracts from the initial RFP and any additional allocations for the ABP would be helpful. Anything the IPA can offer to provide confidence to prospective sellers that the risk of another budget shortfall is minimal would also be helpful.

7. Electricity price levels have increased significantly throughout 2022 and energy markets have been experiencing significant volatility. Did either the current high energy prices or market volatility impact your decision to bid in the Spring 2022 Indexed REC RFP? If so, please explain and include a description of any related costs and risks to renewables developers.
    a. As previously discussed, supply chain risks and the US Department of Commerce circumvention probe likely contributed to the lack of participation. This volatility translates to higher REC pricing. We have previously expressed to the IPA that the Corporate and Industrial market is extremely interested in Illinois renewable energy projects and is willing to share in the project development and financing risk. We do not believe the confidential benchmark and contracting structure (e.g. risk of Buyer non-payment & contract curtailment) from the IPA is competitive with the C&I market in Illinois. The calculation for the confidential benchmark is more than likely based on lagging data and indicators that do not reflect the current risks of developing, financing, and contracting in Illinois. The benchmark should be set high enough to allow for bidders to price in these risks, including IPA contractual risk.

8. Are there utility procurements in other states that provide terms that are more attractive to renewable developers. If so, please indicate the state and the utility procurement as well as the terms that are more attractive. Please include any links to relevant public information or documentation, if available
    a. Most, if not all, traditional utility procurements are pre-authorized by state regulators and pose virtually zero risk of non-payment because utilities are able to pass these costs through to ratepayers. They are also not typically subject to a confidential benchmark price. If a regulated utility is required to procure a certain number of MW from wind or solar and the bids come in above their price expectation, they simply pay the higher price.

9. Are there opportunities available in the voluntary market in Illinois or other states that are preferrable to renewable developers? If so, please explain some of the key factors of those opportunities that make it more preferrable than the Indexed REC RFP.
    a. Yes. As referenced in #7 and in our previous comments to the IPA, the demand for utility-scale renewable energy projects in Illinois is greater than the supply of projects that have a reasonable path for interconnection and permitting. Corporate customers have recognized this and feel increasing pressure to "lock in" projects to meet ESG/sustainability goals. They are willing to contract earlier in the development process, share risk and revenue upside, and pay an overall premium for these projects.

10. The Spring 2022 Indexed REC RFP was completed prior to Commission approval of the 2022 Long-Term Plan. Did this timeline impact your decision whether to participate? If so, which elements of the plan specifically impacted your decision? (For example, the 2022 Long-Term Plan provides for certain selection preferences in subsequent RFPs, do you view those as more favorable and therefore are planning to participate in the future RFPs where these selection preferences are included)? Please explain.
    a. No, the status of the LTRRPP approval did not significantly weigh in our decision. In fact, we viewed participation in the initial RFP as an advantage, because it presumably set the contracts higher on the funding priority list in the event of another funding shortfall.

11. Pursuant to Section 1-75(c)(1)(R) of the IPA Act, a self-direct renewable portfolio standard compliance program is to be established through the Long-Term Plan filed by the IPA. Given that the Spring 2022 Indexed REC RFP was completed prior to Commission approval of the 2022 Long-Term Plan, did that have an impact on your decision to participate in the Spring 2022 Indexed REC RFP? If so, please explain how the self-direct renewable portfolio standard compliance program impacted your decision to participate in the Indexed REC RFP.
    a. No.

12. Did the fact that the Spring 2022 Indexed REC RFP was the first Indexed REC procurement event impact your decision whether to participate? If so, please explain why. Was having a visible price established in the first procurement event a major factor in your decision whether to participate?
    a. As mentioned in #10, we viewed participation in the initial RFP as a potential advantage due to contract funding priority. That said, we also accounted for various risks in establishing the strike price for our bids, which may have resulted in project bids exceeding the confidential benchmark. Beyond the risk of contract curtailment, it is important to understand that there are "unknowns" specific to the IL market that also must be factored into our bid price, including equity obligations and Project Labor Agreements. Once those requirements are better developed and understood, it should result in less upward pressure on REC pricing, although macroeconomic trends, renewable supply and demand, and concerns with the IPA contractual structure and sources of funding will dictate future pricing.