

Stakeholder Feedback Request for the 2026 IPA Long-Term Plan Chapter 5: Competitive Procurements

TOPIC 1: Enactment of Public Act 103-1066

Background

Public Act 103-1066, enacted on February 20, 2025, created Section 1-75(c)(1)(E-5)1 of the Illinois Power Agency Act (“IPA Act”) to ensure full and interrupted payment to sellers under existing renewable energy credit (“REC”) contracts executed pursuant to Section 1-75(c)(1) or Section 1-56 of the IPA Act. This new provision provides that, if for a particular delivery year, the limitation on the amount of renewable energy resources to be procured pursuant to Section 1-75(c)(1) or Section 1-56 would result in insufficient utility collections to fully pay sellers under existing contracts, then to ensure that sellers under existing contracts receive full and uninterrupted payment, the following must occur: (i) if the electric utility has retained unspent funds pursuant to Section 16-108(k) of the Public Utilities Act, the utility must use the funds to pay seller and meet existing contractual obligations; (ii) if the utility’s unspent funds are insufficient to satisfy all existing contractual obligations, the utility must remit full payment to the sellers to meet existing contractual obligations, provided that the utility may recover full costs; (iii) the Agency must notify the Illinois Commerce Commission (“Commission”) that existing contractual obligations are reasonably expected to exceed the utility’s maximum collection authorized under Section 1-75(c)(1)(E); and (v) the Agency must suspend or reduce new renewable energy credit (“REC”) procurement contracts until it determines that additional procurements would not exceed the rate impact cap in Section 1-75(c)(1)(E) of the IPA Act.

Additionally, P.A. 103-0663 modified Section 1-75(c)(1)(C)(i) of the IPA Act, which establishes percentage-based targets for the IPA’s procurements of annually delivered RECs to meet Illinois RPS goals. Prior to the enactment of P.A. 103-1066, Section 1-75(c)(1)(C)(i) provided that at least 45% of the RECs procured should be from new wind projects and modernized or retooled hydropower projects and 55% of the RECs procured should be from new photovoltaic projects. As modified by P.A. 103-1066, Section 1-75(c)(1)(C)(i) now requires that the IPA shall “endeavor” to procure 45% of the RECs from new and “repowered” 2 wind projects and “shall procure at least” 55% of the RECs from photovoltaic projects. The modifications to the IPA Act also authorize the Agency to propose adjustments to percentage-based targets from modernized or retooled hydropower facilities and repowered wind projects based on developer interest, market conditions, budget considerations, resource adequacy needs, or other factors.

Questions

1. Are there further adjustments the Agency should consider to ensure sellers receive payment under existing REC contracts in the development of the 2026 Long-Term Plan in light of P.A. 103-1066?
2. In the past, participants have sought to include a provision in utility-scale and brownfield photovoltaic REC Contracts to require Buyer-side collateral due to non-payment risks. Does the enactment of P.A. 103-1066 obviate the desire for Buyer-side collateral?
3. P.A. 103-1066 authorizes the Agency to administratively reset the percentage-based goals of RECs to be procured from utility-scale wind and hydropower projects, utility-scale solar, and brownfield photovoltaic projects. What methodologies or data should be considered by the Agency when evaluating the allocation between various technologies?
 - a. What is the appropriate percentage-based goal for these various technologies, and why?

Response Comments:

Q2. The enactment of P.A. 103-1066 does obviate the desire for Buyer-side collateral. The language specifically states, "Seller shall be entitled to full, prompt, and uninterrupted payment under this Agreement." With this statement it should alleviate this concern for Sellers. In the current Long-Term Plan in Section 5.7.1 the IPA noted that the implementation of Buyer collateral requirements would pose new challenges that could restrict the funding of projects and ultimately concluded that while the inclusion of Buyer-side collateral requirement may reduce the risk of non-payment, including such a requirement would not be worth potentially restricting the funding for projects.

In addition to the reasons set forth by the IPA, Ameren Illinois agrees with the conclusion of rejecting the implementation of a Buyer-side collateral requirement for the following reasons:

- Developers have historically been able to finance projects despite previous contracts lacking a Buyer-side collateral requirement. Even if the lack of a Buyer-side collateral requirement reduces the pool of potential financiers for developers, Ameren Illinois sees no reason to change a system that has historically worked and has shown to be a minimal risk to lenders.
- Utilities may be unable to provide collateral due to risk management policies and using RPS funds is a high-risk use of the customer collected funds and may lead to additional restrictions to funding of projects.

- Given that (i) the applicable contracts are approved by the state and backed by Fortune 500 utilities and (ii) there have never been issues with payment for REC contracts previously entered, these factors should provide enough comfort to lenders regarding the minimal risk of financing these projects.
- There is a logical basis for the inclusion of Seller-side collateral but not Buyer- side collateral – the risk of a small solar developer going bankrupt is significantly higher than a Buyer-utility going bankrupt.
- There were no intervenors who filed an objection seeking a modification of this section of the Plan and the Commission determined that no discussion of the issue was required. From Final Order at 20, ICC Docket No. 23-0714 (Feb 20, 2024).

