



July 19, 2021

VIA ELECTRONIC MAIL

Illinois Power Agency
Anthony Star, Director
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RE: Clean Grid Alliance's Response to IPA's Request for Comments on Workshop #1 of the Long-Term Renewable Resources Procurement Plan of 2022

Dear Director Star:

Clean Grid Alliance ("CGA") appreciates the opportunity to provide comments to the Illinois Power Agency in response to its posted questions following up on topics discussed in the first workshop of Illinois' Long-Term Renewable Resources Procurement Plan (LTRRPP). *See* PA 99-0906, 20 ILCS 3855/ 1-75(c)(1)(I).

Clean Grid Alliance is a not-for-profit corporation providing outreach, education and advocacy to increase renewable energy resource's access to the electric transmission system and wholesale electric market throughout the Midwest. Our members include wind and solar developers, energy storage owners/operators, environmental organizations, tribal representatives, clean energy advocates, and businesses providing goods and services to the wind industry across the country.

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Clean Grid Alliance's comments are focused exclusively on utility-scale renewables resources and community scale resources, and not on resources smaller than the community solar size. Clean Grid Alliance addresses three of the Equity, Diversity and Labor Standard questions and three of the Utility Scale Procurement questions.

As the IPA is aware there has been significant discussion and various legislative bills introduced over the past three years to modify Illinois' electricity market. Some of the key takeaways from legislation impacting utility-scale procurements is that the industry is in favor of an indexed REC product, and the IPA should attempt to move in that direction in anticipation of legislation being passed. Another trend affecting utility-scale development are equity, diversity and labor standards. These standards impact the IPA's benchmarking practice, but the exact impact is yet undetermined. Consistent with the comments provided herein and until legislation is passed, the IPA should take action on points that encourage and foster utility-scale development and allow for readily identifiable REC benchmarks.

Sincerely,

/s/ Sean R. Brady

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A. Strengthening Equity, Diversity, and Labor Standards in the Renewable Energy Industry

QUESTION #1: *Are there additional approaches that the Agency could include for project eligibility that could help remove barriers and/or encourage participation by MWBE firms [in the Adjustable Block Program]? If so, what approaches, and under what authority could those approaches be implemented?*

ANSWER: CGA does not have a suggestion with respect to project eligibility, but highly recommends that the IPA actively promote MWBE opportunities available through the Adjustable Block Program through organizations working on MWBE energy issues, primarily, Women in Renewable Industries & Sustainable Energy (WRISE), American Association of Blacks in Energy (AABE), Black Owners of Solar Services (BOSS), and the Office of Economic Impact and Diversity's Energy Workforce Division at the U.S. Department of Energy (US DOE). All these groups can effectively access national networks of MWBE businesses and spread the word on these opportunities.

QUESTION #2:

(a) *What additional reporting requirements should the Agency consider from Adjustable Block Program Approved Vendors?*

ANSWER: Vendors should annually file their workforce diversity statistics and it should be for vendor's entire portfolio of projects. This would encourage vendors to involve MWBE businesses throughout a vendor's portfolio of projects and not just specific projects. In addition, vendors should provide information on whether they incorporate vocational training or internships for MWBE students. Such information demonstrates a vendor's commitment to educating the next generation of clean energy professionals.

(b) *Should the Agency expand reporting requirements to utility-scale projects that participate in future procurement events?*

ANSWER: CGA does not recommend expanding the reporting requirements. There are no current requirements directing the IPA to collect hiring data from potential utility-scale energy providers. Further, current legislation in late-stage discussions provides notice to energy suppliers that diversity/equity reporting requirements and diversity/equity standards may become law in Illinois in the near future. The exact scope of new reporting requirements and standards is uncertain until made into law. As noted in the IPA's recent Modification to the Long Term Renewable Resources Procurement Plan, the energy industry is managing a severe strain on its operations and logistics caused by the COVID pandemic. Implementing a reporting requirement has the

potential of causing additional costs for a potential utility-scale energy provider to the extent the company would need to adjust for differences between what the IPA requires and what a future law may require. The IPA should pursue paths that minimize further strain on suppliers until normalcy resumes, and should wait for definitive action is taken on an electric energy bill that would provide clear guidance on this topic.

QUESTION #3: *Under current law, what additional approaches can and should the Agency consider to ensure that workers on projects utilizing state-administered financial support leverage qualified personnel being paid fair and competitive wages?*

ANSWER: CGA has no response to this question.

B. Utility Scale Procurements

QUESTION #1: *For Procurement for RECs from new utility-scale wind, utility-scale solar, or brownfield site photovoltaic projects intended to meet future REC targets, what timing considerations should be made regarding whether and when to hold procurements over the course of calendar years 2022 and 2023?*

ANSWER: **PROCUREMENT OF LONG-TERM INDEXED RECs:** For the next Subsequent Forward procurement of wind or solar RECs, the IPA should use an indexed REC instead of a fixed REC product. While the IPA has typically procured fixed price RECs for from utility-scale projects, the IPA Act does not expressly prohibit the use of an indexed product. The IPA Act requires the IPA to develop a REC product that is cost effective under 1-75(c)(1)(D) and 220 ILCS 5/16-111.5, and does not in gross (when added to all other REC procurements) exceed the RPS Budget defined in 1-75(c)(1)(E).

In implementing an indexed REC product the IPA should hold workshops in the Fall of 2021 to define the REC product details. The product should have a term length of 15 or 20 years. A procurement could be held in the Spring of 2022 with delivery to coincide with budget availability.

PROCUREMENT OF LONG-TERM FIXED PRICES RECs: If the IPA is to procure utility-scale RECs using the long-term ***fixed rate product***, the IPA should plan for procurements in late 2022 so as to allow pending legislation impacting REC products to run its course. The Illinois General Assembly is in late-stage discussions on legislation that improves the utility-scale REC RFP process and introduces a new REC product.

DATE FOR START OF REC DELIVERY: A topic related to timing of REC procurements, is the date for delivery of the first REC. The start date for the REC Delivery Term has proven to be a greater burden on the industry than a benefit to ratepayers, and it can be improved. While REC delivery start dates were required by statute for the Initial Forward procurements, the IPA was given discretion over the start dates for Subsequent Forward procurements. The Delivery Term for Subsequent Forward contracts were aggressive given delays in PJM and MISO processing generation interconnection requests. However, the RPS budget uncertainty (due to the pandemic) affecting Delivery Year 2021-2022 exacerbated the normal/anticipated development process by causing project sales and financing transactions to collapse, thus causing construction delays. In managing this situation, CGA members found that the *force majeure* provision in their contracts was not sufficient redress in this situation, because a developer seeking to move the process along (such as obtaining a provisional RTO interconnection agreement) may actually undermine a *force majeure* claim.

Due to the Initial Forward procurements and the ICC's approval (docket 17-0838) of early utility-scale REC procurements, Illinois has been ahead of its utility-scale REC targets for Delivery Years 2021-2022 and 2025-2026. While CGA understands the need for defined dates for start of delivery, in hindsight, because Illinois has been ahead of its utility-scale REC targets in those Delivery Years it has had (and still has) flexibility in the REC delivery start dates it uses for the Subsequent Forward contracts. The IPA should capitalize on that flexibility because it can minimize utility-scale project attrition and the resulting waste of developer and IPA resources in managing and correcting REC shortages that occur.¹ To capitalize on the flexibility of Subsequent Forward contracts, CGA recommends that the IPA allow the delivery start date (that is not set by statute or not needed to meet a statutory target deadline) of future contracts to be extended if the Seller demonstrates it is taking commercially reasonable efforts to move the project along; extending the date as long as the Seller demonstrates progress toward energization is continuous and ongoing.

¹ Fixing this issue is not only important for future contracts, but is critical for executed Subsequent Forward contracts. To avoid attrition of those contracts and a needlessly large procurement in the next few years, the IPA should consider amending those contracts in a manner consistent with the actions it takes for future contracts, as discussed herein. To the extent it is appropriate and feasible the IPA should consider including the amendment of existing contracts in the 2022 LTRRPP.

QUESTION #2: *Should the project application requirements for new utility-scale renewable energy projects described in Chapter 5 of the Long-Term Plan be revised?*

ANSWER: The IPA should allow for an adder or an increase in non-price selection criteria points if the Seller's project site characteristics significantly exceed the maturity requirements. An illustrative example being, a solar project having an executed generation interconnection agreement and completion of Definitive Planning Phase 2 of MISO's Generation Interconnection Process.

QUESTION #3: *While utility-scale procurements are for RECs only and not energy or capacity, are there considerations that could be added into the procurement process to value how new utility-scale projects could contribute to resource adequacy?*

ANSWER: **CONSISTENCY WITH STATE DECARBONIZATION GOALS:** The IPA should not create any resource adequacy "considerations" for use in the REC RFP procurement process. To ensure the state is moving along a path of decarbonization, the IPA should wait until it is actively procuring energy from hybrid resources before it creates state resource adequacy considerations for renewable resources. Hybrid resources can provide greater capacity than what a stand-alone wind or solar project can provide.

CONSISTENCY WITH RTO RESOURCE ADEQUACY METRICS: State resource adequacy considerations need to be consistent with PJM and MISO resource adequacy requirements. Illinois' resource adequacy requirements basically default to those set by PJM and MISO. The RTOs continuously review and update their metrics to ensure they keep pace with changes in their electric energy markets. When an RTO changes its metrics, CGA is concerned that a state resource adequacy consideration would not be updated at the same time and would become inconsistent with the RTO's metrics. This could make the state resource adequacy consideration ineffective or possibly worse, contrary to the RTO's resource adequacy metrics.

QUESTION #4: *Should changes be made to the public interest approach used in last LTRRPP, and if so, what changes should be made? And why would those changes better meet the statutory intent?*

ANSWER: CGA has no response to this question.