

## **Indexed REC Procurement Request for Stakeholder Feedback**

July 1, 2022

Public Act 102-0662, the Climate and Equitable Jobs Act, was signed into law and became effective on September 15, 2021. As mandated by new Section 1-75(c)(1)(G)(iii) of the Illinois Power Agency Act, the Illinois Power Agency (“IPA” or “Agency”), through its Procurement Administrator, held a first procurement event on May 6, 2022 to procure Indexed Renewable Energy Credits (“RECs”) through 20-year delivery contracts. The targets were 2,500,000 RECs annually from new utility-scale wind projects, 2,000,000 RECs annually from new utility-scale solar projects, and 125,000 RECs annually from new brownfield site photovoltaic projects. Additionally, the IPA developed a revision to its Long-Term Renewable Resources Procurement Plan (“2022 Long-Term Plan”) and filed this plan with the Illinois Commerce Commission (“ICC” or “Commission”) on March 21, 2022. The Commission is expected to release its Final Order approving or modifying the 2022 Long-Term Plan on July 14, 2022.

**The targets for each of the three categories of projects in the Spring 2022 procurement event were not met. The IPA and the Procurement Administrator are seeking stakeholder feedback on barriers that may have limited participation in the Spring 2022 procurement and process improvements to facilitate participation in future procurement Requests for Proposals (“RFPs”).** Comments are welcome from both bidders in the Spring 2022 procurement event as well as other interested parties.

**Responses are due on Tuesday, July 19, 2022 and should be sent to: [IPA.Contactus@Illinois.gov](mailto:IPA.Contactus@Illinois.gov).**

Please note that in general responses received through this stakeholder feedback process will be made public and will be published on the [Agency’s website](#). However, should a commenter seek to designate any portion of its response as confidential, that commenter should provide both public and redacted versions. Independent of that designation, if the IPA or its Procurement Administrator determines that a response contains confidential information that should not be disclosed in connection with a competitive procurement event, it reserves the right to provide its own redactions. The Agency encourages and appreciates all feedback, including confidential submissions, which provide additional insight on the Indexed REC procurement.

The final versions of the contract and RFP documents for the Spring 2022 Indexed REC RFP, along with the results of the event are available on the [procurement website](#). The next

Indexed REC RFP for new utility-scale wind, new utility-scale solar, and new brownfield site photovoltaic projects is expected to be held in Fall 2022, with bids due in early December 2022. Two additional rounds of written comments on the contract forms and eligibility requirements are planned for over the next several months.

### **Stakeholder Workshop**

Additionally, a stakeholder workshop is planned to facilitate stakeholder engagement on topics including, but not limited to, comments received through this stakeholder feedback process and changes to the Fall 2022 Indexed REC RFP based on the 2022 Long-Term Plan.

**Date:** Tuesday, August 2, 2022

**Time:** 1:00 PM to 3:00 PM (Central Prevailing Time)

**Meeting link:**

<https://owg.zoom.us/j/96689279676?pwd=NWQzMGM5mZEJQR1FGZ1REcGdicWtpQT09>

Webinar ID: 966 8927 9676

Passcode: 276092

**Join by phone:**

+1 267 831 0333

Webinar ID: 966 8927 9676

Passcode: 276092

Should you have any questions or need additional information, please contact Brian Granahan at 312-814-4635 or [Brian.Granahan@Illinois.gov](mailto:Brian.Granahan@Illinois.gov).

**Specific questions on which feedback is sought are found below, but commenters need not respond to every question (some may not be applicable) and should not feel limited by these questions in providing feedback. The Agency encourages stakeholders to provide robust feedback to help ensure the success of 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?
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.
  - b. Were there eligibility requirements in the Spring 2022 Procurement Event that presented a barrier to participation? Please explain.
  - c. Were there barriers outside of the procurement process that impacted your decision to participate (i.e. interconnection delays)? Please explain.
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.
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.
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?
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?
- 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?
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.
  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.
  9. Are there opportunities available in the voluntary market in Illinois or other states that are preferable to renewable developers? If so, please explain some of the key factors of those opportunities that make it more preferable than the Indexed REC RFP.
  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.
  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.
  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?

13. Understanding that a brownfield site photovoltaic project may not participate in the wholesale energy markets in the same way as utility-scale wind or utility-scale solar projects, is the Indexed REC payment mechanism a barrier to participation for brownfield site photovoltaic projects? Please explain.
14. Please describe development and performance risks distinct to the development of brownfield site photovoltaic projects from greenfield site utility-scale solar projects. Did these risks present a barrier to participation in the Spring 2022 Indexed REC procurement event? Are there other ways in which the contract could better account for brownfield site development and performance risks?
15. As defined in Section 1-10 of the IPA Act, "Brownfield site photovoltaic project" means photovoltaics that are:
  - (1) interconnected to an electric utility as defined in this Section, a municipal utility as defined in this Section, a public utility as defined in Section 3-105 of the Public Utilities Act, or an electric cooperative, as defined in Section 3-119 of the Public Utilities Act; and located at a site that is regulated by any of the following entities under the following programs:
    - (A) the United States Environmental Protection Agency under the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended;
    - (B) the United States Environmental Protection Agency under the Corrective Action Program of the federal Resource Conservation and Recovery Act, as amended;
    - (C) the Illinois Environmental Protection Agency under the Illinois Site Remediation Program; or
    - (D) the Illinois Environmental Protection Agency under the Illinois Solid Waste Program; or
  - (2) located at the site of a coal mine that has permanently ceased coal production, permanently halted any re-mining operations, and is no longer accepting any coal combustion residues; has both completed all clean-up and remediation obligations under the federal Surface Mining and Reclamation Act of 1977 and all applicable Illinois rules and any other clean-up, remediation, or ongoing monitoring to safeguard the health and well-being of the people of the State of Illinois, as well as demonstrated compliance with all applicable federal and State environmental rules and regulations, including, but not limited, to 35 Ill. Adm. Code Part 845 and any rules for historic fill of coal combustion residuals, including any rules finalized in Subdocket A of Illinois Pollution Control Board docket R2020-019.

- a. Is this definition too restrictive?<sup>1</sup> Are there project types commonly understood as brownfield excluded through this definition? If so, what project types are excluded, and how could this definition be improved?
- b. In the Spring 2022 Indexed REC RFP, to qualify under (1) above, a site needed to demonstrate having been regulated under the applicable program within the last 25 years. Is that requirement unduly restrictive? If so, what recency requirement (if any) should apply?
- c. In the Spring 2022 Indexed REC RFP, to qualify under (2) above, the reclamation of the coal mine was required to have been completed for the site to qualify. Is this requirement unduly restrictive? If so, at what point in the reclamation process should the coal mine be required to have reached to meet this definition?

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<sup>1</sup> While the IPA is required by law to use this statutory definition for any subsequent Indexed REC procurements, feedback is nevertheless sought on whether the definition provides a barrier to participation.