

# **Illinois Power Agency**

## **Stakeholder Workshop on the Indexed REC Wind, Solar and Brownfield RFP Procurements**

**Tuesday, April 4, 2023**

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# Questions

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- To submit questions to the panelists, please click on the “Chat” icon on the bottom of your screen; the chat panel will appear on the right; type in your question and click “Enter”



Today's presentation and audio recording will be posted to: [www.ipa-energyrfp.com](http://www.ipa-energyrfp.com)

# Disclaimer

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- Any statements made during this presentation describing or referring to the governing documents are summaries only and are qualified in their entirety by our reference to the final documents when they become available
- **The governing documents are:**
  - ◆ Public Act 102-0662 (Climate and Equitable Jobs Act)
  - ◆ 2022 Long-Term Plan and ICC Order in Docket 22-0231
  - ◆ Final RFP Rules and appendices to be posted April 28, 2023
  - ◆ Final Indexed REC Contract to be posted April 28, 2023
- Bidders bear full responsibility for reviewing and understanding these documents

**Please see the procurement website for all RFP documents**  
<https://www.ipa-energyrfp.com/indexed-wind-solar-and-brownfield>

# Indexed REC RFP Documents

Documentation and information available on the procurement website [www.IPA-energyRFP.com](http://www.IPA-energyRFP.com)

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## Draft Documents

### Comment Process on Second Draft Indexed REC Contract and Draft Rules

- [Invitation to Comment on Second Draft Indexed REC Contract and Draft Rules \(March 30, 2023\)](#)

### SECOND DRAFT Summer 2023 Indexed REC Contract

- [Second Draft Indexed REC Contract \(March 30, 2023\)](#)
- [Redline Comparison](#)
  - [Redline \(Second Draft Indexed REC Contract vs First Draft Indexed REC Contract\)](#)

### DRAFT Summer 2023 Indexed REC RFP Documents

- [Draft Indexed REC RFP Rules \(March 30, 2023\)](#)
- [Appendix 2: Draft Part 1 Form \(Illustrative\) \(March 30, 2023\)](#)
- [Appendix 3: Draft Part 2 Form \(Illustrative\) \(March 30, 2023\)](#)
- [Appendix 4: Draft Minimum Requirements for Letter of Intent or Memorandum of Understanding \(March 30, 2023\)](#)
- [Appendices 5-7: Draft Standard Pre-Bid Letters of Credit – ELECTRONIC VERSIONS \(March 30, 2023\)](#)
- [Appendices 8-10: Draft Standard Pre-Bid Letters of Credit – HARDCOPY VERSIONS \(March 30, 2023\)](#)
- [Appendix 12: Draft Confidentiality Statement \(March 30, 2023\)](#)
- [Appendix 14: Draft Minimum Requirements for Letter of Intent or Evidence of Employment related \(March 30, 2023\)](#)

# Comments have been posted

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**Documentation and information available on the procurement website [www.IPA-energyRFP.com](http://www.IPA-energyRFP.com)**

## Comment Process on First Draft Indexed REC Contract, Draft Preliminary Proposal Requirements

- Invitation to Comment (March 3, 2023)
  - Commenter 1 – Comments
  - Commenter 2 – Comments
  - Commenter 3 – Comments
  - Commenter 4 – Comments

## FIRST DRAFT Summer 2023 Indexed REC Contract

- First Draft Indexed REC Contract (March 3, 2023)
- **Redline Comparison**
  - Redline (Summer 2023 First Draft Indexed REC Contract vs Fall 2022 Final Indexed REC Contract)

## Draft Preliminary Proposal Requirements

- Draft Preliminary Proposal Requirements (March 3, 2023)
- Appendix 14: Draft Minimum Requirements for Letter of Intent or Evidence of Employment related commitment (March 3, 2023)

# Agenda

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- **Next Steps in Comment Process**
- **Changes to the Contract**
- **Other Comments Received**

# **Next Steps in Comment Process**

# RFP Development Process and Timeline

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First round of written comments have been posted on the [procurement website](#)



# **Changes to the Contract**

# Item 1: Excess RECs

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- Comments received:
  - ◆ Proposed ability for Seller to have sole discretion to use Excess RECs to satisfy subsequent delivery year requirements
  
- Key principles:
  - ◆ REC prices are tied to vintage of RECs
  - ◆ Use of excess or replacement RECs should not be influenced by whether the contract is in the money or out of the money
  
- **Contract Update:** See Sections 2.3(f), 4.1(g), and 4.1(k)
  - ◆ The contract now allows for Seller to make a manual transfer of RECs for the sole purpose of reducing Shortfall Amounts incurred in one or more prior Delivery Years
  - ◆ All such RECs must be generated from the Project and associated with a Vintage within the Acceptable Vintage Period
  - ◆ Transfer is at sole discretion of Seller

# Item 2: Energy Transition Community Grant Areas

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- **Comments received:**
  - ♦ Contract administration based on imprecisely defined geographies could pose future problems. As such, replace the general language describing what an ETCG community area is with the name the ETCG area the Project will be located in.
  
- **Contract Update: See Section 2.5(c), Product Order (Exhibit A)**
  - ♦ Under the 2022 Long-Term Plan, Projects located entirely within Energy Transition Community Grant Areas will qualify for a bid reduction in the bid evaluation procedure.
  - ♦ In the first draft contract, the contract provides for such commitment by Seller to ensure the Project resides in the ETCG area, but does not specifically identify the specific ETCG area.
  - ♦ The contract now explicitly requires the specific ETCG area in which the Project resides to be specified in the Product Order.
  
- **Rules Update:**
  - ♦ A table with the Energy Transition Community Grant Areas is provided in Appendix 16 to the RFP Rules.

# Item 3: Collateral Requirement and Timeline

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- **Contract Update:** See Section 7.1
  - ◆ In the first draft contract, we provided language for bid assurance collateral in the form of cash to be deemed as performance assurance. The contract extends timeline for performance assurance to be due within 8 business days from ICC decision (from 5 business days)
  - ◆ In the second draft, additional provides are added to clarify the process and requirements for such bid assurance collateral cash to become performance assurance cash under the contract; mainly to ensure bid assurance remains in place until all conditions are met and Seller has a cure period to provide alternative performance assurance

# Item 4: Project Committed Percentage

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- **Contract Update:** Sections 1.79, 2.3(b)(i)
  - ◆ In the first draft REC Contract, we provided for the RFP Project Percentage collected in the RFP to be afforded a one-time amendment prior to energization so as to provide maximal time for Seller to secure other offtake arrangements prior to energization of the Project
  - ◆ In the second draft, this percentage will no longer be collected during the RFP process and the “RFP Project Percentage” has been updated to the “Project Committed Percentage”
  - ◆ Now, the Project Committed Percentage will be collected once only prior to the establishment of the Standing Order
  - ◆ The Project Committed Percentage specifies the percent of a Project’s RECs allocated to the contracts for this procurement event (thereby allowing for other off-takers). Project Committed Percentage cannot be modified after the establishment of the Standing Order. (See Section 1.79, Section 2.3(b)(i))

# Item 5: RPS Budget

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## ■ **Comments Received:**

- ◆ REC prices awarded in the Spring and Fall procurements are too high and will hurt the RPS Budget
- ◆ allow a Seller to choose between either (i) continuing delivery of RECs and have payment for those RECs deferred to the next Delivery Year, or (ii) stop delivery of RECs and resume REC delivery at start of new Delivery Year (without triggering a default or breach) when Illinois has sufficient funds
- ◆ Request Buyer to post collateral; no Buyer's performance assurance poses challenges in project financing
- ◆ Requests for the IPA to provide analysis of RPS budget impacts from 2022 procurements and how these impacts would impact future procurements and RPS goals

# Item 5: Budget (cont.)

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## ■ **RPS Budget Update:**

- ◆ Updated RPS Budget set to be released in the coming days (early April)
- ◆ The model uses actual strike prices from the Indexed REC procurements conducted in 2022 and a forward price curve for Indexed REC prices
- ◆ The RPS budget spreadsheet now includes a new “REC Price Calculator” tab for modeling future Indexed REC prices and forward price curves
- ◆ Procurement volumes for Indexed REC procurements conducted in 2022 have been updated to reflect actual procurement results (rather than projections based on target procurement quantities)
- ◆ RPS also budget release features a sensitivity analysis of ten scenarios by altering future assumptions around energy and REC prices to demonstrate how relatively small changes in future prices could have significant impacts on future RPS budget availability
- ◆ IPA is also open to developing other materials that could be produced to help provide clarity on operation of RPS budget

# **Other Comments Received**



# Comments that are not accommodated

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- Items restricted by LTP or Law:
  - ◆ Change to Index Hub
  - ◆ Bundled Contracts with ZRCs
  - ◆ EOD and remedies language to apply to Early Termination Request
  
- Comments that are unclear and that requires additional explanation from commenters:
  - ◆ Unit Contingent Delivery
  - ◆ Change in Law

Generally, comments in the form of **redlines** help the procurement administrator in its evaluation and adoption of changes to the contract

**Contact: [IPA.Contactus@Illinois.gov](mailto:IPA.Contactus@Illinois.gov)  
and [Illinois-RFP@nera.com](mailto:Illinois-RFP@nera.com)**

**Reminder:** Written Comments on the 2<sup>nd</sup> Draft Contract and Draft RFP Documents are due Friday, April 14, 2023

Please refer to the second invitation to comment for instructions: [Here](#)