

This presentation corrects for minor typographical errors in the version that was used during the virtual stakeholder workshop.



ADJUSTABLE BLOCK PROGRAM REC Draft Contract Concepts and Mechanisms

OCTOBER 21, 2021

Benjamin Chee, NERA
Juli Raventos, NERA
Christian Park, NERA



Disclaimer

- Any statements herein or made on the call describing or referring to the draft agreement or governing documents are summaries only and are qualified in their entirety by the documents
- The draft agreements were posted on October 19, 2021, and participants bear full responsibility for reviewing and understanding the written agreements
- Governing documents include the IPA Act as modified by Public Act 102-0662 (the “Climate and Equitable Jobs Act” or “CEJA”)

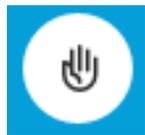
Download contract materials, this presentation and audio recording: IllinoisABP.com/rec-contract/

Please raise your hand to speak.



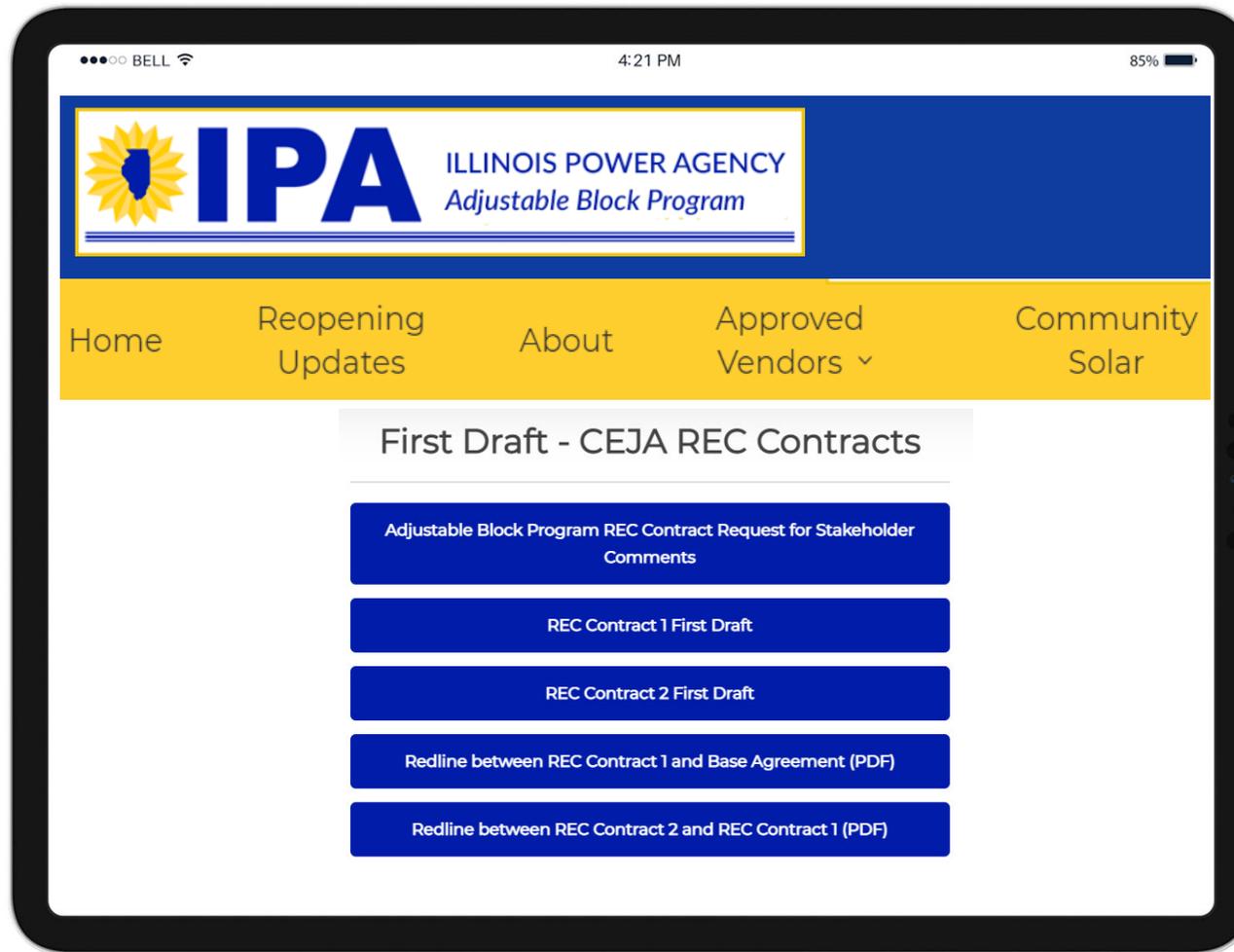
During the Discussion Session

Please mute yourself when you are not speaking.



If you would like to make a comment or ask a question, please raise your hand and wait. We will unmute you to speak.

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The recording of this stakeholder workshop will be posted online

Agenda



- 1 Overview of Contract Development Process
- 2 REC Contract Structure
- 3 REC Contract 1 Overview
- 4 REC Contract 2 Overview
- 5 Key Changes between REC Contracts
- 6 Q&A



01 | Contract Development Process

Background

- The original ABP REC Contract was posted on January 28, 2019
- The Revised Long-Term Renewable Resources Procurement Plan (“Revised Plan”), posted on April 20, 2020, proposes a substantial refresh to the ABP REC Contract
 - Refreshed REC Contract development process began in 2020, but Refreshed REC Contract was not implemented given the ABP has no new block openings
 - ILSFA Refreshed REC Contract was posted on June 7, 2021, which is currently in use and contained improvements applicable to ABP and ILSFA
- On September 15, 2021, Public Act 102-0662 (“CEJA”) was signed into law, which includes significant changes to the ABP
 - updates to system requirements and categorization
 - changes to payment structure and delivery term
 - Prevailing Wage Act and Equity Eligible Contractor requirements

Background - Revised Plan Stakeholder Process

- Following the posting of the Revised Plan, the ABP Contract was revised and went through the following timeline:

Date	Process
Apr-May 2020	IPA solicited written comments on specific questions – written comments are available on the ABP website
July 24, 2020	First Draft of refreshed contract posted
July 31, 2020	Explanatory Workshop
August 7, 2020	Virtual Stakeholder Workshop to discuss First Draft
August 14, 2020	Written Comments on First Draft due
September 4, 2020	Second Draft of refreshed contract posted
September 11, 2020	Virtual Stakeholder Workshop to discuss Second Draft
September 18, 2020	Written Comments on Second Draft due

- ILSFA underwent a similar REC contract refreshed process that concluded with a Refreshed REC Contract posted on June 7, 2021. Key changes include:

1. Integrating approved changes in the Revised Plan (summarized in next slide)

2. Shortening and simplifying the REC Contract

3. Clarifying calculations, deadlines, default events

4. Adding flexibility and cure periods

5. Streamlining contract administration process

Summary of Changes from Revised Plan

- **Quarterly Payment Cycles.** Designated by IPA upon Energization of System; different systems may be under different quarterly payment cycles
- **Termination for Convenience.** AV may request system removal prior to the Scheduled Energized Date if it determined that system will never be energized; collateral forfeited
- **Collateral Requirements.** Upfront collateral will be required from AVs in all cases, including for already energized projects. The AV may choose for the utility to withhold payment due to AV in exchange for release/reduction of Letter of Credit.
- **Cure Period.** An additional quarter is afforded if a Community Solar Project does not meet the minimum subscription (50%) at the end of the first year
- **Dispute Resolution.** If there is a dispute between parties, the IPA may act as mediator; allows for alternate mediator and binding arbitration
- **Payment Quantity.** For purposes of determining REC delivery obligations, the Quantity due payment shall be based on **lesser of (a)** proposed nameplate capacity x P1 capacity factor vs **(b)** actual nameplate capacity x P2 capacity factor

Summary of Other Changes

- **Quarterly Payment Adjustment.** REC Payments elements are based on the Community Solar Subscription Mix and subscriber rate on the last day of the preceding Quarterly Period; **or** average 15 highest daily values observed
- **Transfer of RECs.** RECs may begin to transfer to Buyer's GATS or M-RETS account prior to energization once Buyer accepts the Standing Order
- **Failure to meet initial Delivery Obligations.** Process is clarified regarding steps to be taken after Energization if the first REC is not delivered
- **Representations and Warranties.** AV's representation is simplified to confirm RECs from system meet program requirement and all environmental attributes will transfer to utility with REC Delivery.
- **Pandemics as Force Majeure.** Force Majeure now includes pandemics as declared by the WHO
- **Events of Default.** EOD triggers are clarified and distinguished from removal of system triggers. EOD leads to contract termination and is generally not system specific

Public Act 102-0662:

<https://www.ilga.gov/legislation/publicacts/102/PDF/102-0662.pdf>

Key provisions related to the ABP include (but not limited to):

- 1-75(c)(1)(G)(iv) of the IPA Act
- 1-75(c)(1)(K) of the IPA Act
- 1-75(c)(1)(L) of the IPA Act
- 1-75(c)(1)(Q) of the IPA Act

Public Act 102-0662 Category Updates

Six categories, including updates to existing system categories:

Category	Description	Updates pursuant to Public Act 102-0662
1	Small DG	$\leq 25\text{kW}$
2	Large DG	$> 25\text{kW}$ and $\leq 5,000\text{kW}$
3	Traditional CS <i>(*Traditional CS is limited to $\leq 2,000\text{kW}$ for upcoming block opening)</i>	$\leq 5,000\text{kW}^*$
4	DG/CS installed at Public School	$\leq 5,000\text{kW}$
5	Community Driven CS	$\leq 5,000\text{kW}$
6	DG/CS with an Equity Eligible Contractor	$\leq 5,000\text{kW}$

This presentation discusses the draft updated refreshed contracts posted on October 19, 2021

Contract Breakdown

- Contracts are proposed to be broken down **by Delivery Term** (15 vs 20 years)
- Each Contract will only include systems under the applicable categories:

Contract	Delivery Term	Category	Payment Structure
1	15 years	Small DG	100% upfront payment at Energization
		Large DG on waitlist	20% upfront payment at Energization and ratably over 4 years
		Large DG not on waitlist	15% upfront payment at Energization and ratably over 6 years
		Community Driven CS	
2	20 years	Traditional CS	Pay-as-deliver: <ul style="list-style-type: none"> • If CS (traditional or at public schools): amount of RECs payable will be calculated bi-annually based on Subscription levels • If DG at Public Schools: no bi-annual adjustment
		DG/CS at Public Schools	

Equity Eligible Contractors (EEC) provisions will be added to each contract as applicable

Background (continued)

The **draft REC Contracts** posted on October 19, 2021 incorporate input from stakeholders from the Refreshed REC Contract comment process and have been updated to include new statutory requirements from Public Act 102-0662

- these REC contracts will be applicable to the current block openings for ABP
- another contract revision process is envisaged to occur for these draft REC contracts following the approval of the IPA's next Long-Term Renewable Resources Procurement Plan by the ICC

Comment Process and Contract Development Timeline

- 
- **Oct 19:** First Draft of Contracts posted
 - **Oct 21:** Virtual Stakeholder Workshop to discuss First Draft
 - **Nov 4:** Stakeholder Comments on First Draft due
 - **Nov 18:** Second Draft of Contracts posted
 - **Dec 2:** Stakeholder Comments on Second Draft due
 - **Dec 14:** ABP Final Contracts Posted

Submit your comments by 5PM CPT on November 4

Contract Management

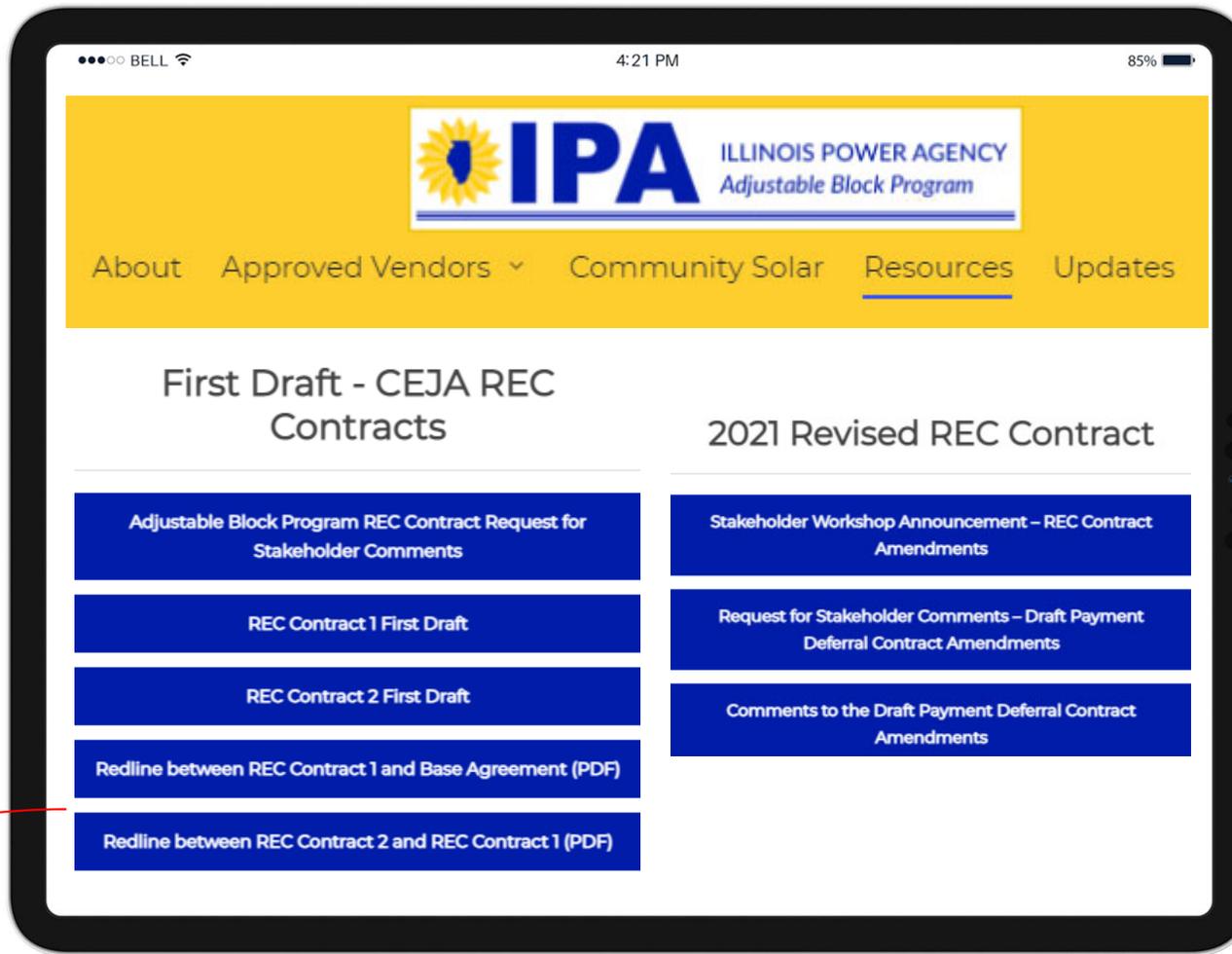
- It is possible for an AV to have 2 separate refreshed contracts with a utility
- The refreshed contracts do not affect transactions under the original 2019 contract
- Any batches approved by the ICC after the posting of the final refreshed contracts will follow contract terms of the refreshed contract



AV-Utility

- AVs may have 3 contracts with a utility
 - original 2019 contract for existing Batches
 - refreshed Contract 1 for new Batches
 - refreshed Contract 2 for new Batches

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Redline documents provided:

- (a) redline between Base Agreement and Contract 1
- (b) redline between Contract 1 and Contract 2

Redlines show changes from Original 2019 Contract

Posted: October 19, 2021 (Draft)

(Redlines reflect the differences between the Draft ABP REC Contract 1 posted on October 19, 2021 and the Base Agreement, which is a restructured version of the original ABP REC Contract posted on January 28, 2019.)

ARTICLE 14: ~~INDEMNIFICATION AND LIABILITY~~

~~14.1 The Express Remedies.~~

14.1 Limitation of Liability.

The express remedies and measures of damages provided herein satisfy the essential purposes hereof. For breach of any provision for which an express remedy or measure of damage is provided, such remedy or measure shall be the sole and exclusive remedy therefor. ~~if~~

If no remedy or measure of damage is expressly provided, the obligor's liability shall be limited to direct actual damages only as the sole and exclusive remedy. Except as specifically set forth herein, no ~~party~~Party shall be required to pay or be liable for special, consequential, incidental, punitive, exemplary, or indirect damages, lost profit or business interruption damages, by statute, in tort, contract or otherwise. ~~to~~To the extent any damages required to be paid hereunder are deemed liquidated, the ~~parties~~Parties acknowledge that the damages are difficult or impossible to determine, or otherwise obtaining an adequate remedy is inconvenient and the damages calculated hereunder constitute a reasonable approximation of the harm or loss.

Base Agreement is the original 2019 contract in the new section order of the refreshed contract

Notes to Draft (NTD)

1.87 “Surplus REC” means, with respect to a Designated System, an eligible REC that is Delivered in a Delivery Year that is unpaid pursuant to Section 4.2(d)(iv) and which is virtually tracked and recorded in the Surplus REC Account.⁷

⁷ NTD: IPA Act Section 1-75(c)(1)(L)(iv): “If generation of renewable energy credits during a delivery year exceeds the estimated annual generation amount, the excess renewable energy credits shall be carried forward to future delivery years and shall not expire during the delivery term.”

NTD provides Public Act 102-0662 references to facilitate review of non-negotiable elements

Comment Process



November 4

- download materials at: <http://illinoisabp.com/rec-contract/>
- email written comments: **IPA.Solar@illinois.gov**
- use tracked changes; provide explanatory notes in a separate document or highlighted in tracked changes
- comments will be posted online (if requested, with identity of commenter redacted)
- Comments will be reviewed by representatives from the IPA, the Program Administrator, AIC, ComEd, MEC, Staff of the ICC and NERA Economic Consulting

Today's workshop is to facilitate your understanding of the proposed updates



02 | REC Contract Structure

REC Contract consists of

15 Articles and 6 Exhibits

Article	Topic Covered
1	Definitions
2	Product and Facility Requirements
3	Product Orders; Term of Agreement; Delivery Term; Payment Cycles (if applicable)
4	Delivery Obligations
5	Payment And Invoicing
6	Reporting Requirements
7	Credit And Collateral Requirements; Performance Assurance
8	Representations and Warranties
9	Events Of Default; Remedies
10	Force Majeure
11	Government Action
12	Governing Law
13	Assignment
14	Liability
15	Miscellaneous

REC Contract consists of

15 Articles and 6 Exhibits

Exhibit Topic Covered

- A**
- **Form of Product Order**
 - Schedule A (summary information of Proposed System)
 - Schedule B (summary information of Final System)
 - Schedule C (size change or removal of Designated System)
 - Schedule D (Designated System Removal Notice)
-

- B**
- **Contact Information**
-

- C**
- **Form of Reports and Notices**
 - Bi-Annual System Status Form
 - Community Solar Quarterly Report (if applicable)
 - REC Annual Report
 - Community Renewables Subscription Information Access Authorization
 - Assignment Notice/Assignment and Consent Notice
-

- D**
- **Sample Invoice Form**
-

- E**
- **Form of Security Instruments**
 - Letters of Credit (including Letters of Full Transfer)
-

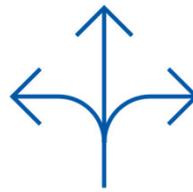
- F**
- **Examples**
 - Delivery Schedule
 - Other examples applicable to the REC Contract (to be added)
-

REC Contract is between Approved Vendor (as Seller) and a utility (as Buyer)



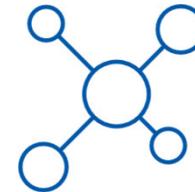
An AV may execute one or more Agreements with more than one Utility

- AIC, ComEd, MEC
- counterparty may or may not be the interconnecting utility
- IPA is not the counterparty



Each Agreement may contain multiple Batches

- each Batch is considered a Transaction
- the Transaction is memorialized in a **Product Order**



A Batch may contain multiple Designated Systems

- Each Product Order contains multiple schedules
- **Sch A:** Info on Proposed System (System Specific)
- **Sch B:** Info on Energized System (System Specific)
- **Sch C:** Summary list of systems on Product Order
- **Sch D:** AV's Request for Removal of System (System Specific)

Key Levels of Information

Portfolio Level

- **REC Contract** ↔ Approved Vendor
 - Executed between AV (as Seller) and a Utility (as Buyer)

Batch Level

- **Product Order (“PO”)** ↔ Approved Batch ↔ Transaction
 - Executed when a Batch is approved by ICC
 - Trade Date on PO is the date of ICC approval

System Level

- **Schedules A & B** ↔ Designated System
 - contain key information related to a given Designated System

An Agreement may contain multiple Product Orders

Schedule A

System Level

- Completed upon ICC approval
- Summarizes **Proposed** pricing and facility information related to a given System

Schedule C

Batch Level

- Updated when there are changes to Batch (shows summary list of systems that are underdevelopment, energized vs. removed, rolled off)

Schedule B

System Level

- Completed upon Energization
- Summarizes **Final** pricing and facility information related to a given System

Schedule D

System Level

- AV to complete when requesting removal of system

Product Order is at Batch Level (includes multiple systems; i.e., multiple Sch. A and B)

Contract Key Milestones



Payments

- REC payments occur upfront for Contract 1 (in one payment, over 16 quarterly payments, or 24 quarterly payments) or pay-as-deliver for Contract 2
- Each System will be associated with a Quarterly Payment Cycle in Contract 1 (A, B or C) or a fixed Quarterly Period in Contract 2



Batch approved by ICC

- REC Contract signed w/in 7 days
- Collateral due w/in 30 business days
- Product Order for each Batch
- Schedule A for each System



Annual Reviews

- REC Deliveries reviewed annually
- For Contract 1, Drawdown Payments may occur for underperformance



System Energized

- GATS/MRETS Standing Order established
- Schedule B for each System



Apply to ABP

Q&A Break (1 of 3)



During the Discussion Session

Please mute yourself when you are not speaking.



If you would like to make a comment or ask a question, please raise your hand and wait. We will unmute you to speak.



03 | REC Contract 1 Overview and Key Elements

Contract 1 Key Time Dimensions

Delivery Year:

June 1 through May 31

- REC Annual Reports due after each Delivery Year
- System Performance and Drawdowns occur after each Delivery Year

Delivery Term

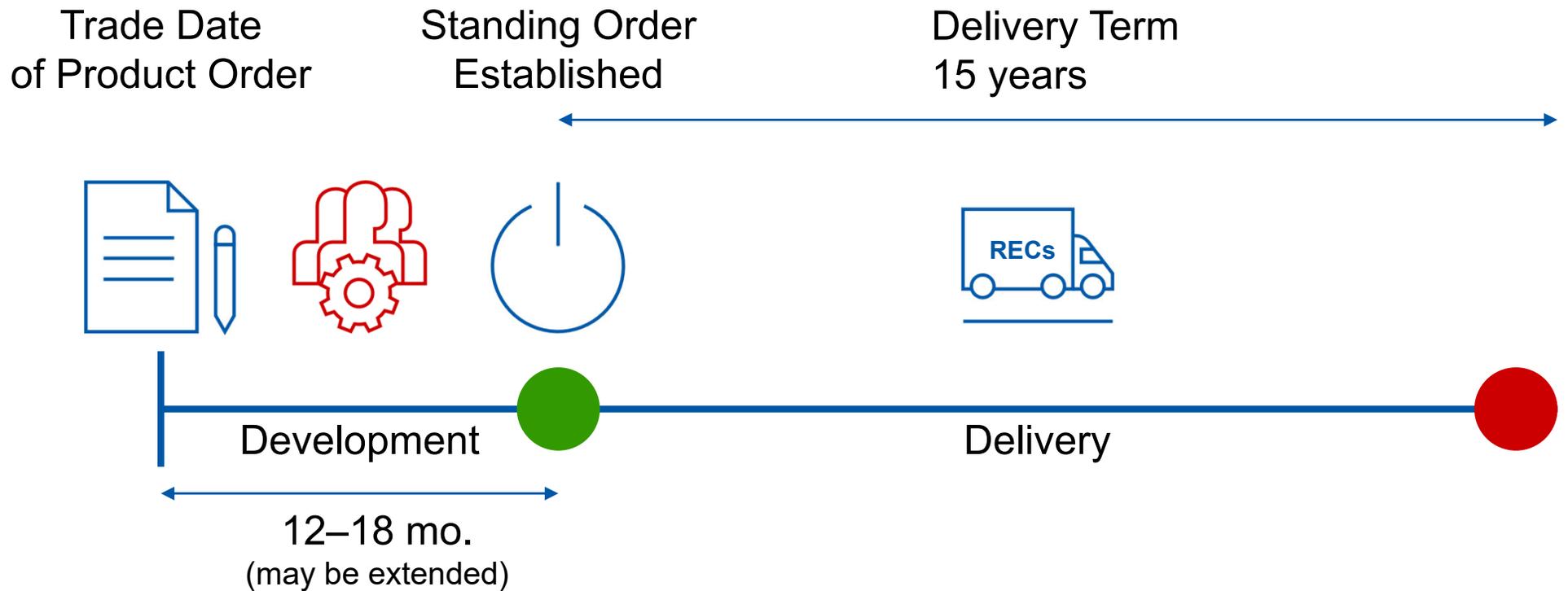
- Commences on the first day of the month following the date the 1st REC was Delivered and ends 15 years thereafter
- All eligible RECs generated and transferred via Standing Order during Delivery Term belong to Buyer

Quarterly Periods

- 3 Quarterly Payment Cycles
- Invoicing and payments obligations
- Community solar provides quarterly reports during first year of operations

Contract 1 Two Phases for each Facility

System Level



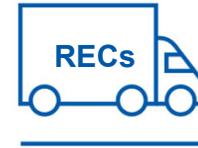
All eligible RECs transferred via Standing Order during Delivery Term belong to Utility

Contract 1 Payments depend on System Size and Category

System Level



Payment occurs upfront when System is Energized



≤25kW DG



REC payment may occur in month after energization

>25kW DG
on waitlist



Remaining Balance paid over 16 quarterly periods

>25kW DG not on
waitlist / community
driven CS



Remaining Balance paid over 24 quarterly periods

Contract 1 Other Key Elements

1 **Prevailing Wage Act Requirement.** Unless exempt, AV is subject to the **Prevailing Wage Act requirement** for construction of the system

2 **Community Solar Payment.** Payment amounts are based on subscription levels and subscriber mix, which are adjusted quarterly during 1st year

- The percent of Actual Nameplate Capacity subscribed **by Small Subscribers** must be $\geq 50\%$ at Energization and on last day of 4th quarterly period

3 **Contract Nameplate Capacity.** If the percent of the Actual Nameplate Capacity that is being Subscribed is at or above ninety percent (90%), then the percent of the Actual Nameplate Capacity that is being Subscribed shall **be deemed to be one hundred percent (100%)**

Q&A Break (2 of 3)



During the Discussion Session

Please mute yourself when you are not speaking.



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04 | REC Contract 2 Overview and Key Elements

Contract 2 Key Time Dimensions

Delivery Year:

June 1 through May 31

- REC Annual Reports due after each Delivery Year
- System Performance Review and **return of unpaid RECs occur after each Delivery Year**

Delivery Term

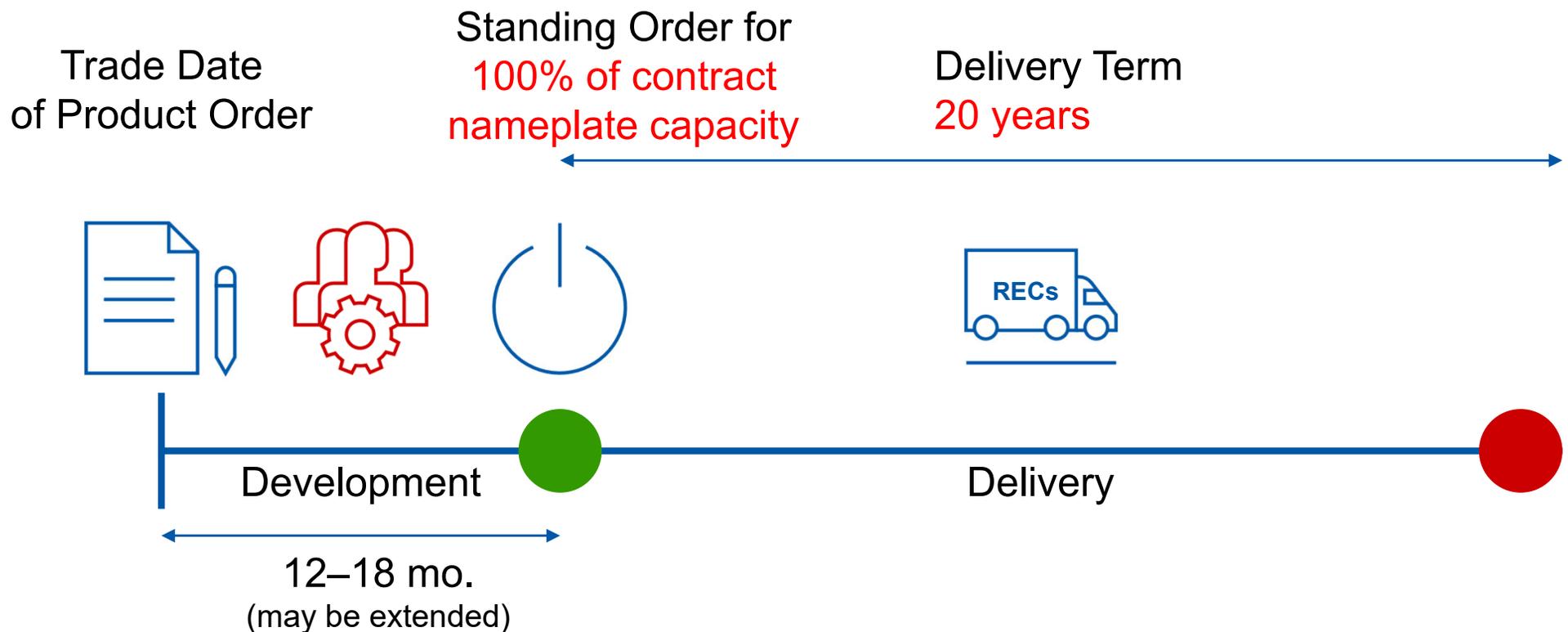
- Commences on the first day of the month following the date the 1st REC was Delivered and **ends 20 years thereafter**
- **All RECs** generated during Delivery Term are transferred to Buyer

Quarterly Periods

- **Fixed Quarterly Periods; no different Quarterly Payment Cycles**
- Invoicing and payments obligations
- Community solar will be subject to **bi-annual assessments**, aligning with Quarterly Periods (more information later)

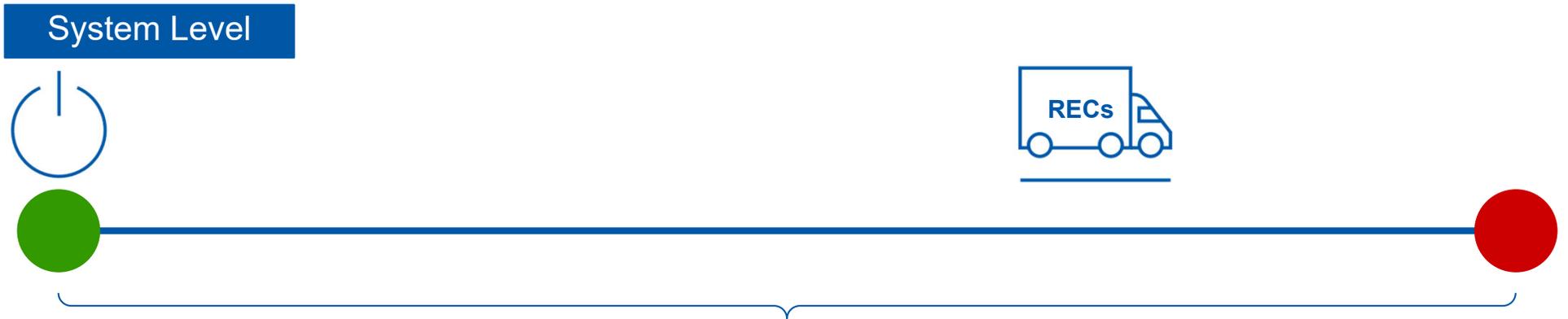
Contract 2 Two Phases for each Facility

System Level



All RECs generated during Delivery Term will be transferred to Utility
RECs not eligible for payment will be returned at the end of each Delivery Year

Contract 2 Payments based on Pay-as-Delivered



Traditional CS and DG/CS at Public Schools

- Pay-as-delivered; no upfront payment
- Quarterly payments over 20-year delivery term
- Fixed quarterly schedule: Jun – Aug, Sept – Nov, Dec – Feb, Mar – May
- If System is CS, invoices will be subject to:
 - Subscription % for Delivery Year based on higher of subscription observed on first business day of June or December

Contract 2 Key Elements for Distributed Generation Payment

1 Seller and Buyer shall establish a Standing Order for 100% of RECs generated by project to be transferred to Buyer

If Contract Nameplate Capacity and Actual Nameplate Capacity are different, Standing Order will be set as (Contract/Actual) Nameplate Capacity

2 Seller shall invoice on a **fixed quarterly basis**: Invoices shall be based on RECs Delivered in applicable quarterly period

3 Invoices in a DY will be capped by two values:

- a) **Annual Allowable Payment** (as calculated in the delivery schedule)
- b) Maximum Allowable Payment (as calculated at Energization)

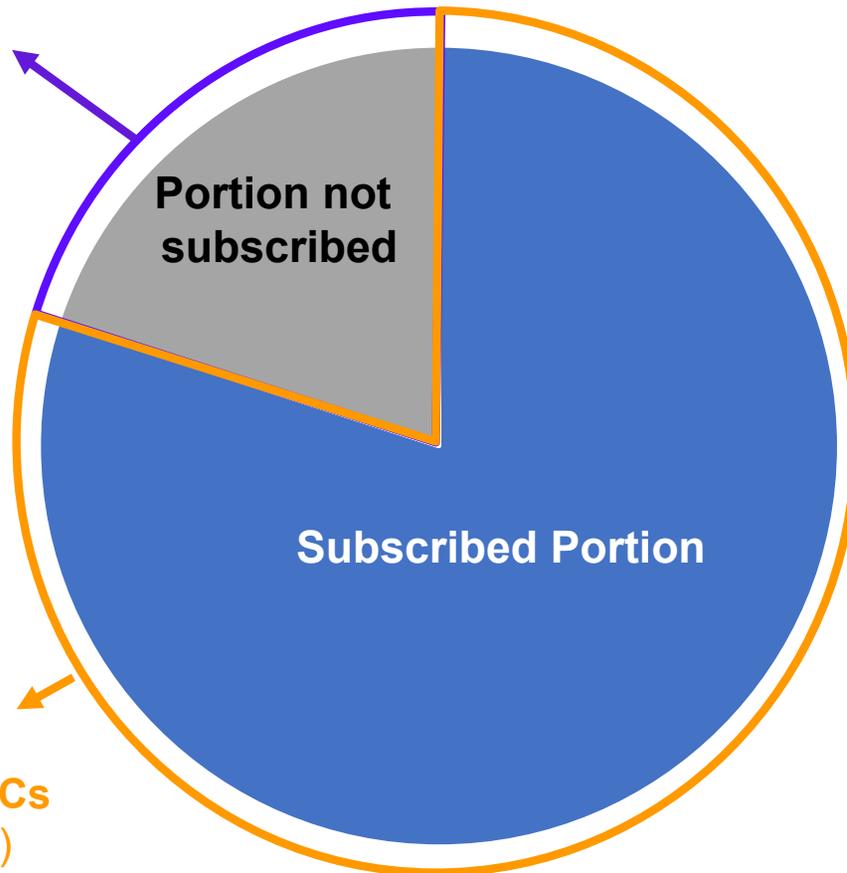
4 60 days after the end of a DY, IPA will issue a **REC Retirement Notice** specifying the following with respect to each energized system:

- a) # of RECs delivered to Buyer
- b) # of RECs paid for and retired by Buyer
- c) # of Surplus RECs (prioritized for payment in next DY)

Contract 2 Community Solar Subscription Assessment

System Level

Ineligible RECs
(e.g. 20%)



Eligible RECs
(e.g. 80%)

1. Eligible RECs will be based on the Subscriber Rates on 6/1 and 12/1
2. Percent of Actual Nameplate Capacity subscribed of at least 90% is deemed to be 100%
3. Ineligible RECs will be returned within 90 days after end of DY
4. Surplus RECs are RECs in excess of Annual Allowable Payment
5. The percent of Actual Nameplate Capacity subscribed by Small Subscribers must be $\geq 50\%$

Contract 2 Key Elements for Community Solar Payment

- 1 Seller and Buyer shall establish a **Standing Order for 100% of RECs generated** by Community Solar project to be transferred to Buyer
If Contract Nameplate Capacity and Actual Nameplate Capacity are different, Standing Order will be set as (Contract/Actual) Nameplate Capacity

- 2 Seller shall invoice on a fixed quarterly basis. **Quantity to be determined:**
 - a) Jun-Nov shall be based on the Subscriber Rate observed on Jun 1st
 - b) Dec-May shall be based on the higher Subscriber Rate observed on Jun 1st and Dec 1st

- 3 Invoices in a DY will be capped by two values:
 - a) Annual Allowable Payment (as calculated in the delivery schedule)
 - b) Maximum Allowable Payment (as calculated at Energization)

- 4 A **true-up payment amount** will be calculated with respect to Invoices in Jun-Nov, if necessary (i.e. if Subscriber Rate observed on Dec 1st is higher than Subscriber Rate observed on Jun 1st). Such true-up amount will be included in the April 10th invoice

Contract 2 Key Elements for Community Solar Payment

5

If the Subscriber Rate was at least 90% on June 1st or December 1st in a DY and subscription mix is at least 50%, then all RECs are eligible for payment (subject to payment caps)

6

If the subscription mix was at least 50% on June 1st or December 1st in a DY, Buyer **shall pay for RECs tied to subscription** delivered in such DY

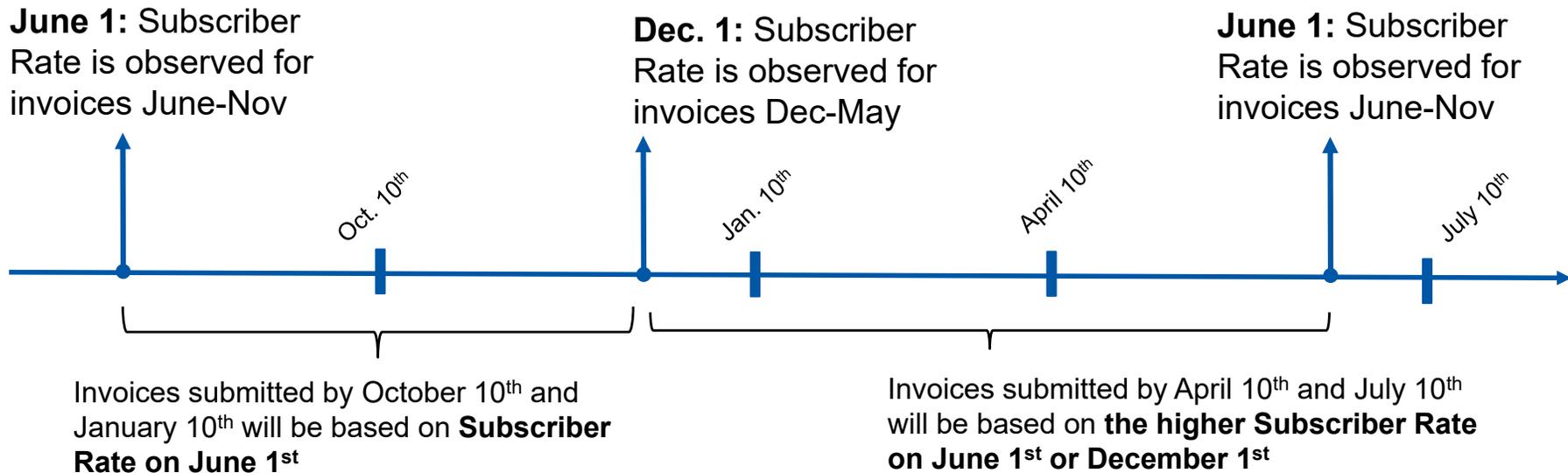
If the subscription mix was less than 50% on both June 1st and December 1st in a DY, then all RECs delivered are returned unpaid

7

60 days after the end of a DY, IPA will issue a **REC Retirement Notice** specifying the following with respect to each energized system:

- a) # of RECs delivered to Buyer
 - b) # of RECs to be paid for and retired by Buyer
 - c) # of Ineligible RECs (returned to Seller within 30 days of notice)
 - d) # of Surplus RECs (prioritized for payment in next DY)
-

Contract 2 Community Solar Invoice Calculation



- Seller will submit an invoice by October 10th (for RECs delivered June-August) and January 10th (for RECs delivered in September-November) based on the Subscriber Rate observed on the **June 1st**
- Seller will submit an invoice by April 10th (for RECs delivered in December-February) and July 10th (for RECs delivered in March-May) based on **the higher Subscriber Rate observed on June 1st and December 1st**
- For purposes of the first DY, Seller will submit an invoice based on the Subscriber Rate observed on **Energization** (Schedule B), until the next June 1st or December 1st

True-Up Payment and REC Return Example

(All Numbers are Illustrative Only)

For June-November REC Deliveries, a true-up payment may occur

- After **December 1st**, the following shall occur:
 - if the subscription rate on December 1st is **lower** than the subscription rate on June 1st, there will be no true-up payment made by Buyer to Seller
 - in this example, the Contract Price is \$50.00/REC

Step	REC transfer:	June - November	Notes
(1)	RECs transferred to Buyer	537	Standing Order (100% RECs delivered)
(2)	Initial RECs paid for	438	6/1 Subscriber Rate: 82%
(3)	Actual RECs to be paid for	438	12/1 Subscriber Rate: 70%
(4)	RECs to be returned to Seller	99	(1) – (3)
(5)	True-Up REC Amount	0	(3) – (2)

True-Up Payment and REC Return Example (alternative)

(All Numbers are Illustrative Only)

For June-November REC Deliveries, a true-up payment may occur

- After **December 1st**, the following shall occur:
 - if the subscription rate on December 1st is **lower** than the subscription rate on June 1st, there will be no true-up payment made by Buyer to Seller
 - in this example, the Contract Price is \$50.00/REC

Step	REC transfer:	June - November	Notes
(1)	RECs transferred to Buyer	537	Standing Order (100% RECs delivered)
(2)	Initial RECs paid for	375	6/1 Subscriber Rate: 70%
(3)	Actual RECs to be paid for	438	12/1 Subscriber Rate: 82%
(4)	RECs to be returned to Seller	99	(1) – (3)
(5)	True-Up REC Amount	63	(3) – (2)

April 10th invoice includes a true-up payment of **\$3,150.00** (63 RECs x \$50.00/REC)

Surplus RECs Example

(All Numbers are Illustrative Only)

Example: Subscriber Rate on June 1st: 70.00%

Example: Subscriber Rate on December 1st: 82.00%

Step	REC Quantity	Delivery Year 2022-2023	Notes
(1)	Delivery Schedule	179 RECs	Schedule B to the Product Order
(2)	Prevailing Subscriber Rate	82.00%	based on 12/1
(3)	Actual # of RECs delivered	227 RECs	
(4)	Surplus RECs (if positive)	7 RECs	[(3) x (2)] – (1)

7 Surplus RECs held by Buyer will be prioritized for payment in DY 2023-2024

REC Retirement Notice under **Contract 2**

(All Numbers are Illustrative Only)

Under Contract 2, IPA will issue a REC Retirement Notice to Buyer and Seller within 60 days of end of a DY that specifies the following information for **each Designated System**:

Example: Delivery Year Expected REC Quantity = 80 RECs

Example: Subscriber Rate for Delivery Year: 85.00%

Item	Description	REC Quantity
1	RECs delivered in Delivery Year	100
2	RECs to be retired	80
3	RECs to be returned to Seller	15
4	Surplus RECs by Buyer	5

Buyer will retire and return RECs specified within 30 days of receipt of this notice.



05 | Summary of Key Changes between REC Contract 1 and REC Contract 2

Key Contract Differences

Upfront Payment vs Pay-as-Deliver.

- 1**
- Contract 1 features upfront payments and fixed ratable payments
 - Contract 2 features pay-as-deliver structure
-

Quarterly Payment Cycles vs Fixed Quarterly Periods.

- 2**
- Contract 1 features 3 Quarterly Payment Cycles for invoicing and payment; invoices are due in month immediately succeeding Quarterly Period
 - Contract 2 features fixed Quarterly Periods for invoicing and payment; invoices are due in second month succeeding Quarterly Period
-

Key Contract Differences

Standing Order for DG

3

- Contract 1 features 100% of Actual Nameplate Capacity
 - Contract 2 features 100% of Contract Nameplate Capacity (i.e., Contract/Actual Nameplate Capacity % of Actual Nameplate Capacity)
-

Standing Order for Community Solar

4

- Contract 1 features % of Actual Nameplate Capacity being subscribed
 - Contract 2 features 100% of Contract Nameplate Capacity (i.e., Contract/Actual Nameplate Capacity % of Actual Nameplate Capacity)
-

Key Contract Differences

Annual Review Process

5

- Contract 1 will review REC Delivery Performance on a 3-year rolling average against the subscription information fixed after the 1st DY
 - Contract 2 will review REC Deliveries each DY and make bi-annual assessments based on the subscription observed on 6/1 and 12/1
-

Drawdown Process.

6

- Contract 1 may be subject to drawdown payments based on underperformance in REC Delivery Performance.
 - Contract 2 will not feature any drawdown payments
-

Key Contract Differences (continued)

7 Surplus RECs.

- Under Contract 1, Surplus RECs generated from one system can be used to meet the shortfall of another system (portfolio basis); a monetary refund for drawdowns will be calculated based on Surplus RECs remaining at the end of the Delivery Term
- Under Contract 2, Surplus RECs generated from one system can only be used to meet the shortfall of that system (designated system basis); Surplus RECs from one DY is prioritized for payment in subsequent DY and Surplus RECs remaining at the end of the Delivery Term are returned to Seller

8 Collateral Requirement.

- Contract 1 features a Collateral Requirement that decreases over time, but AV can only have collateral returned when all systems in a batch have rolled off
- Contract 2 will keep Collateral Requirement at a fixed 5% of contract value; and returned once a system has rolled off



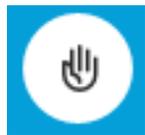
06 | Q&A

Q&A Break (3 of 3): Please raise your hand to speak.



During the Discussion Session

Please mute yourself when you are not speaking.



If you would like to make a comment or ask a question, please raise your hand and wait. We will unmute you to speak.

REMINDER: Comment Process Deadline

- **Oct 19:** First Draft of Contracts posted
- **Oct 21:** Virtual Stakeholder Workshop to discuss First Draft
- **Nov 4:** Stakeholder Comments on First Draft due
- **Nov 18:** Second Draft of Contracts posted
- **Dec 2:** Stakeholder Comments on Second Draft due
- **Dec 14:** ABP Final Contracts Posted

Submit your comments by 5PM CPT on November 4



Contact | IPA.Solar@illinois.gov