

Request for Information

Potential “Other Renewables” Procurement

July 3, 2019

The Illinois Power Agency (“Agency”) is issuing this Request for Information (“RFI”) to help it assess the potential for conducting a competitive procurement in 2020 or 2021 for Renewable Energy Credits (“RECs”) from new renewable energy generation facilities that are not wind or solar photovoltaic.

Background

Section 1-10 of the Illinois Power Agency Act contains the following definition describing which generating technologies could be eligible to produce RECs for use in compliance with the Illinois Renewable Portfolio Standard:

"Renewable energy resources" includes energy and its associated renewable energy credit or renewable energy credits from wind, solar thermal energy, photovoltaic cells and panels, biodiesel, anaerobic digestion, crops and untreated and unadulterated organic waste biomass, tree waste, and hydropower that does not involve new construction or significant expansion of hydropower dams. For purposes of this Act, landfill gas produced in the State is considered a renewable energy resource. "Renewable energy resources" does not include the incineration or burning of tires, garbage, general household, institutional, and commercial waste, industrial lunchroom or office waste, landscape waste other than tree waste, railroad cross-ties, utility poles, or construction or demolition debris, other than untreated and unadulterated waste wood.

Under Section 1-75(c)(1)(I) of the IPA Act, for RECs to be used in compliance with the Illinois Renewable Portfolio Standard, the renewable energy generating facility must be 1) located in Illinois or 2) located in a state that is adjacent to Illinois while meeting the public interest criteria outlined in that section.¹

While Public Act 99-0906 (colloquially known as the Future Energy Jobs Act) requires various procurements and programs to procure RECs from wind and solar photovoltaic projects, it does not contain requirements for the procurement of RECs from other eligible renewable energy generating technologies. Through its Long-Term Renewable Resources Procurement Plan (“Long-Term Plan”), the Agency proposed to issue an RFI (this document) to better assess the market’s interest for a procurement of RECs from non-wind/solar renewable generating facilities located in Illinois or adjacent states. Responses to this RFI will provide important background information

¹ The states that are adjacent to Illinois are Wisconsin, Iowa, Missouri, Kentucky, Indiana, and Michigan. The public interest criteria are further discussed in question 5 below.

to the Agency in determining whether, and under what terms and conditions, it should propose a procurement of RECs from renewable generating facilities that are not wind or solar as part of the update to that Long-Term Plan being developed in 2019 for implementation starting in 2020.²

How to Respond

Please submit responses to this RFI by July 22, 2019 by e-mail to IPA.contactus@illinois.gov. Responses will be posted on the Illinois Power Agency website.

Respondents may respond to some or all of the questions listed above. Please refer to the question number in the response.

If your response contains information that you would like to be treated confidentially, please submit a full and a redacted version of your comments, along with a request for confidential treatment for the redacted portion. You may only designate portions of your comments as confidential, not the entire document, and the name of the respondent will not be redacted.

Questions

For the purpose of the following questions, “qualifying project” refers to a renewable energy generating facility that is not powered by wind or solar photovoltaic, is located in Illinois or if in an adjacent state meets the public interest criteria described in Question 5 below, does not have its costs recovered through rates regulated by Illinois or another state,³ and would otherwise be eligible to provide RECs for the Illinois Renewable Portfolio Standard. “Procurement” refers to a competitive acquisition process undertaken by the Agency on behalf of electric utilities specifically for RECs from new renewable energy generation.

1. What qualifying projects utilizing eligible renewable generating technologies other than wind or solar have been developed and energized since June 1, 2017, or are in various stages of consideration or development in Illinois or in adjacent states? Please describe the generating technology, size (MW and annual MWh), location, development status, environmental benefits or impacts, and (if known) energy off-taker or planned energy off-take arrangement.
2. Besides potential revenues from the sales of RECs through a long-term contract, what other potential incentives, tax credits, grants, etc. might also be available to such qualifying projects?
3. What is a typical development timeline for a renewable generating facility that is not a wind or solar photovoltaic generating facility, from conception to energization?

² See Section 5.8.3 of the Long-Term Plan available at: [https://www2.illinois.gov/sites/ipa/Documents/2019ProcurementPlan/Long%20Term%20Renewable%20Resources%20Procurement%20Plan%20\(8-6-18\).pdf](https://www2.illinois.gov/sites/ipa/Documents/2019ProcurementPlan/Long%20Term%20Renewable%20Resources%20Procurement%20Plan%20(8-6-18).pdf).

³ See 20 ILCS 3855/1-75(c)(1)(J).

4. What interconnection issues (with an RTO or a distribution utility) might a qualifying project face that differ from the interconnection issues faced by a wind or solar photovoltaic generating facility? What other development risks may be unique to these qualifying projects?
5. For qualifying projects located in a state that is adjacent to Illinois, the Agency developed a scoring methodology that applies a public interest criteria in the evaluation of such projects that includes a criterion that accounts for SO₂ and NO_x emissions as well as a criterion that accounts for CO₂ emissions.⁴ These criteria limit the RPS eligibility of projects located in states adjacent to Illinois. Would this restriction limit the type or number of projects that could participate in a REC procurement? Note that the public interest criteria do not apply to projects located in Illinois.
6. Section 1-5(H) of the Illinois Power Agency Act includes a goal to “diversify Illinois electricity supply, improve reliability, avoid and reduce pollution, reduce peak demand, and enhance public health and well-being of Illinois residents, including low-income residents.” How would procuring RECs from qualifying projects that are not wind or solar photovoltaic help achieve that goal?
7. Are there recent state or utility-administered procurements (or other incentive programs) that may provide a model of what the Agency should consider? Any that specifically should be avoided?
8. Should the IPA conduct a procurement for RECs from qualifying projects substantially along the lines of the Requests for Proposals issued to procure RECs for utility-scale wind and solar projects (see www.ipa-energyrfp.com), which feature 15-year pay as bid fixed price REC contracts? Or should the Agency consider an alternative competitive procurement approach—and if so what is the suggested structure/process? Please note that compliance with the Illinois RPS is achieved through the purchase of RECs, not energy.
9. Could the Agency conduct a successful procurement event to facilitate the development of new non-wind/solar renewable generation projects at REC prices similar to those paid through its Forward Procurement events for utility-scale wind/solar? Or would prices be similar to REC prices paid through the Agency’s Adjustable Block Program? Any competitively sensitive information may be designated by the respondent as confidential.

⁴ See Section 4.1.1 of the Long-Term Plan.