



Supplemental Photovoltaic Procurement Workshop

April 14, 2015



Agenda

10:00 – 10:15	Welcome and Introductions
10:15 – 10:45	Procurement Plan Process and Overview
10:45 – 11:00	Appropriations
11:00 – 12:30	Discussion of Contract Comments
12:30 – 1:15	Lunch break
1:15 – 1:30	Benchmarks
1:30 – 1:45	Metering
1:45 – 2:45	Overview of Procurement Process
2:45 – 3:00	Closing Remarks and Next Steps



Appropriations



Appropriations Authority

“The General Assembly by law shall make appropriations for all expenditures of public funds by the State.”

(Illinois Constitution, Article VIII, Section 2)

“Subject to appropriation. All contracts made or entered into shall recite that they are subject to termination and cancellation in any year for which the General Assembly fails to make an appropriation to make payments under the terms of the contract.”

(30 ILCS 500/20-60)(b))



Strong Support for the PV Procurement

- HB2427 which created Section 1-56(i)
 - 56-0 vote in Senate
 - 97-10 vote in the House
- FY16 appropriation requests
 - Renewable Energy Resources Fund
 - Governor’s Budget: \$50 million
 - IPA’s Budget Request: \$50 million
- Public Act 99-0002
 - Transferred \$98 million to General Revenue Fund,
but left a balance of \$30,550,341



Payments

State Prompt Payment Act (30 ILCS 540/3-2(1.05))

"For State fiscal year 2012 and future fiscal years, any bill approved for payment under this Section must be paid or the payment issued to the payee within 90 days of receipt of a proper bill or invoice. If payment is not issued to the payee within this 90-day period, an interest penalty of 1.0% of any amount approved and unpaid shall be added for each month, or 0.033% (one-thirtieth of one percent) of any amount approved and unpaid for each day, after the end of this 90-day period, until final payment is made."

Note, average time for IPA bills to be paid this fiscal year has been between 8 and 9 calendar days after the IPA submits paperwork to the Comptroller



Benchmarks



IPA Benchmarking Process Originally Developed For Electricity Procurement

(3) Establishment of a market-based price benchmark.

As part of the development of the procurement process, the procurement administrator, in consultation with the Commission staff, Agency staff, and the procurement monitor, **shall establish benchmarks for evaluating the final prices in the contracts for each of the products that will be procured through the procurement process.**

The benchmarks shall be based on price data for similar products for the same delivery period and same delivery hub, or other delivery hubs after adjusting for that difference. **The price benchmarks may also be adjusted to take into account differences between the information reflected in the underlying data sources and the specific products and procurement process being used to procure power for the Illinois utilities.** The benchmarks shall be confidential but shall be provided to, and will be subject to Commission review and approval, prior to a procurement event. (220 ILCS 5/16-111.5(e)(3)) [bold added]



Section 1-56(i) Has Simplified Benchmarking Process

(4)(F) "Benchmarks. Benchmarks for each product to be procured shall be developed by the procurement administrator in consultation with Commission staff, the Agency, and the procurement monitor for use in this supplemental procurement."

Benchmarks are used to screen bids:

(4)(E) "The requests for proposals shall set forth a procedure for sealed, binding commitment bidding with pay-as-bid settlement, and provision for selection of bids on the basis of price, provided, however, that no bid shall be accepted if it exceeds the benchmark developed pursuant to item (F) of this paragraph (4)."

Note, benchmarks do not require Commission approval



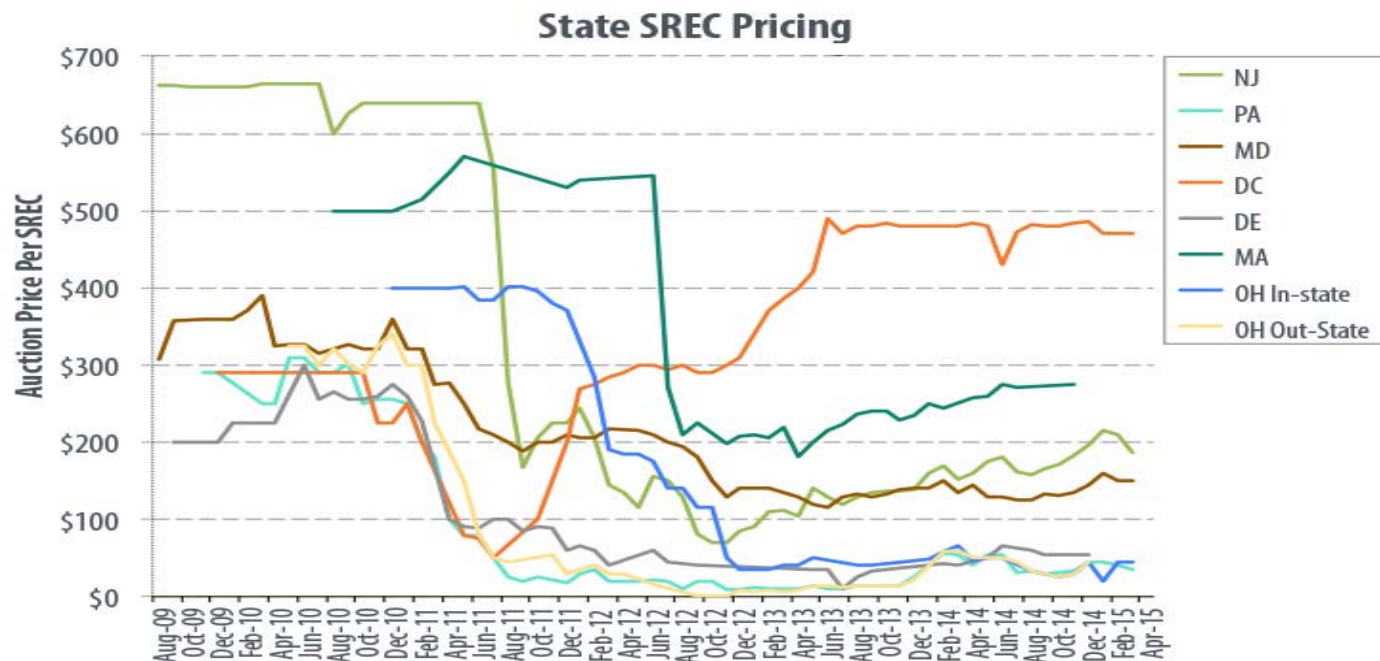
Benchmark Principles

- Benchmark is not a clearing price or a standard offer price
 - Each winning bidder will get paid the price they bid
- Benchmark is a price cap
 - First step in evaluating bids is to remove all bids that are at a price higher than the benchmark
 - Bids below the benchmark are not guaranteed to be selected
 - Bids are also subject to available budget and REC category quantity goals



Benchmark vs. Price

- SREC prices from other states are not necessarily indicative of Illinois prices due to each state's specific requirements/mandates





Benchmark Factors

- Factors to be considered in developing the benchmark could include (but are not necessarily limited to):
 - Cost to build and maintain
 - Revenue/cost savings associated with electricity production
 - Tax incentives (but not DCEO rebate)
 - 5-year term of REC contract



Separate Benchmarks

- Benchmarks will be developed for each product:
 - Up to 25 kW
 - Greater than 25 kW up to 500 kW
 - Greater than 500 kW up to 2 MW

(November, 2015 and March, 2016 Procurements only)
- Benchmark methodology and input values will be updated for each procurement event



Timeline

Event	Date
Second Draft REC Purchase and Sale Agreement posted	Tuesday, April 21, 2015
Draft RFP Documents issued	Wednesday, April 22, 2015
Invitation issued to comment on Second Draft REC Purchase and Sale Agreement	Wednesday, April 22, 2015
Deadline to submit Round 2 of comments	Friday, May 01, 2015
Final REC Purchase and Sale Agreement posted	Wednesday, May 13, 2015
Final RFP Documents issued	Thursday, May 14, 2015
Webcast	Thursday, May 14, 2015
Opening of Part 1 Window	Thursday, May 14, 2015
Part 1 Date (Part 1 Proposals are due)	Wednesday, May 27, 2015
Part 1 Notification	Tuesday, June 02, 2015
Opening of Part 2 Window	Wednesday, June 03, 2015
Part 2 Date (Part 2 Proposals except Bids are due)	Friday, June 12, 2015
Bidder Training	Tuesday, June 16, 2015
Bid Date (Bids are Due)	Thursday, June 18, 2015