

**COMMENTS OF VISTRA CORP. ON  
UTILITY-SCALE AND BROWNFIELD SITE PHOTOVOLTAIC PROCUREMENT  
QUESTIONS POSED BY THE ILLINOIS POWER AGENCY**

Vistra Corp. (Vistra) is submitting the following comments in response to certain of the “Utility-Scale and Brownfield Site Photovoltaic Procurement Questions” posted by the Illinois Power Agency (IPA) for Stakeholder feedback on November 12, 2021. Vistra appreciates the opportunity to comment on these important implementation topics.

Vistra notes that new Section 1-75(c-5) of the Illinois Power Agency Act, added by P.A. 102-0662, sets forth a separate, self-contained set of procurement criteria, processes and procedures applicable to selection of entities pursuant to new Section 1-75(c-5) to enter into contracts to provide renewable energy credits from solar generation facilities installed at the sites of existing or retired coal-fueled power plants in Illinois and/or to enter into grant contracts with the Department of Commerce and Economic Opportunity to install energy storage facilities at the sites of existing or retired coal-fueled power plants in Illinois.

**IPA Questions and Vistra Comments**

**Utility-Scale Procurements**

*General Questions*

Procurements of RECs from new utility-scale wind, utility-scale solar, and brownfield site solar, will be needed to meet the goal of 45 million RECs delivered annually contained in new provisions of Section 1-75(c)(1)(C)(i) of the IPA Act. While a subsequent forward procurement will be conducted by the Agency in the spring of 2022 to meet an interim 10 million REC goal (as discussed further in questions below), the Agency is interested in stakeholder feedback on the scheduling of future procurements.

1. Are annual procurements sufficient, or should procurements be more frequent? If procurements are conducted annually, is there a time of year that would be best to hold them?

**Vistra Comment:** Bi-annual procurements (i.e. two events per year) would be ideal. February and August are recommended. There are several key gating items for renewable asset development, including the interconnection study process, that can vary widely in how much time is required for completion, so having more than one opportunity in a given year to participate may drive more participation overall.

Section 1-75(c)(1)(P) of the Act (as modified by Public Act 102-0662) includes a new provision requiring the Agency to optimize the procurement of RECs from utility-scale projects located in Energy Transition Community Grant areas.

2. What would be the most effective way to create that optimization? For example, the approach used for prioritizing RECs from Illinois and adjacent states prior to the enactment of the Future Energy Jobs Act could be used. In that approach, bid evaluation would first select projects (subject to the application of the confidential price benchmark) from those areas, then if volumes to be procured remain, would select bids from projects in other areas. Another approach could be to have different eligibility requirements for projects located in these areas. Another approach still could weight price versus other requirements.

**Vistra Comment:** The most effective way to optimize the procurement of RECs from utility-scale projects located in Energy Transition Community Grant areas is to prioritize procurement of RECs from Energy Transition Community Grant areas in Illinois, over procurement of RECs from facilities in other locations. If volumes still remain to be procured, the IPA could select bids from projects in other areas (including adjacent states (if qualified)).

Similarly, Section 1-75(c-10)(3) of the IPA Act (as modified by Public Act 102-0662) provides that

the Agency shall develop application requirements and a "bid evaluation methodology" for its competitive procurements that may provide preference to bidders committing to utilize a higher percentage of equity eligible contractors on selected projects.

3. Should the Agency introduce an equitable eligible contractor scoring preference into bid evaluation? If so, what approaches should the Agency consider for scoring bids on the basis of price, EEC utilization, and possibly also the Energy Transition Community Grant preference outlined in the question above?

Prior competitive procurements conducted by the Agency seeking to support new utility-scale projects featured firm energization and initial REC delivery timetables.

4. How should the Agency balance seeking to receive RECs as quickly as possible to meet aggressive RPS targets, and adjusting procurement volumes to account for project attrition, with allowing developers needed time for project development? Should midstream milestones or increases in collateral requirements be considered as a means to ensure that selected projects are indeed on track for development? What lessons can be taken away from development delays extending from the COVID-19 pandemic?

**Vistra Comment:** Both increases in collateral requirements and, more importantly, requiring posting of significant collateral earlier in the project development process, should be strongly considered as means to ensure that projects that are selected are capable of reaching operational stage. In Vistra's extensive industry experience across the U.S., some developers that are not well financed nor fully capable of bringing projects to successful completion seek to develop projects only to the point at which they must expend significant amounts of capital (including posting significant collateral), with the objective of "flipping" the project to another developer at that point. If "flipping" fails, the project development may terminate, ultimately resulting in failure to meet statutory REC procurement goals. Requiring significant amounts of collateral early in the development process will likely discourage developers that are not capable or prepared to develop projects through to completion from entering into the IPA procurement process in the first place.

Midstream milestones such as an executed interconnection agreement (with risk of termination of the REC contract absent good cause for failure to meet the milestones) would also likely be helpful in ensuring projects are tracking to required commercial operation dates.

*Subsequent Forward Procurements (conducted prior to the approval of the updated Long-Term Plan)*

Section 1-75(c)(1)(C)(i) of the IPA Act (as modified by Public Act 102-0662) sets a REC procurement target for the 2021 delivery year of 10,000,000 RECs, which has to be met from new wind and new solar projects with a 45% wind and 55% solar breakdown. The solar requirement is further broken down into 50 % from the Adjustable Block Program ("ABP"), 47% from utility-scale solar and 3% from brownfield site photovoltaic projects. Section 1- 75 (c)(1)(G)(iii) of the IPA Act also requires the IPA to conduct a subsequent forward procurement for RECs from new utility-scale wind projects, new utility-scale solar projects, and new brownfield site photovoltaic projects within 240 days after the effective date of the Act, in quantities sufficient to meet the 10,000,000 REC target for the 2021 delivery year.

5. Since the 55% from solar includes RECs from the ABP, and the subsequent forward procurement will not procure RECs from the ABP, how should the IPA approach establishing its utility-scale solar and brownfield site photovoltaic project procurement targets for the subsequent forward procurements?

Section 1-75(c)(1)(C)(iii) of the IPA Act (as modified by Public Act 102-0662) provides an additional requirement for the subsequent forward procurements as follows:

*For purposes of calculating whether the Agency has procured enough new wind and solar renewable energy credits required by this subparagraph (C), renewable energy facilities that have a multi-year renewable energy credit delivery contract with the utility through*

*at least delivery year 2030 shall be considered new, however no renewable energy credits from contracts entered into before June 1, 2021 shall be used to calculate whether the Agency has procured the correct proportion of new wind and new solar contracts described in this subparagraph (C) for delivery year 2021 and thereafter."*

6. Should the IPA take into consideration previously procured RECs for utility-scale wind and utility-scale solar, which meet the requirement of "new wind project" and "new solar project", in establishing the subsequent forward procurement targets? Or is "proportion" intended to refer only to the *ratio between* new wind and new solar contracts? In the alternative, should the IPA make a complete reset of the competitive procurements targets and attempt to procure the full 10,000,000 REC target (which could result in unmet procurement targets or insufficiently competitive procurement events)? Please provide analysis supporting your position.

**Vistra Comment:** An overriding objective of the renewable energy provisions of P.A. 102-0662 is to greatly increase the development of renewable energy resources, including utility-scale solar and wind projects, through development of new projects. Consistent with this statutory objective, the IPA should seek to meet the initial goal of 10,000,000 RECs contracted from new projects in the 2021 delivery year (June 1, 2021 – May 31, 2022) through new REC contracts with new projects. The procurement should not be structured with an intent simply to meet numerical targets through both new REC contracts and REC contracts entered into prior to June 1, 2021. However, the IPA could also structure the procurement to give preference to new REC contracts and then include (count) RECs under existing contracts only if new REC contracts are insufficient to meet the numerical objective.

#### Indexed REC Price Procurements

Section 1-75 (c) (1) (G)(iv)(6)(i)(1) of the IPA Act (as modified by Public Act 102-0662) requires that the price for Indexed RECs be calculated for each settlement period. Section 1-10 of the Act defines settlement period as the period used by MISO and PJM for settlement in the real-time energy market.

7. With both MISO and PJM using 5-minute real-time settlements, is a five-minute settlement period practical for the IPA to use, considering that the IPA would also have to request that bidders submit their strike prices in 5-minute periods? If a 5-minute period is not practical, what period would you consider a reasonable settlement period?

Section 1-75 (c) (1) (G)(iv)(6)(i)(4) of the Act states that to ensure that indexed REC prices remain predictable and affordable, the IPA may consider the institution of a price collar on REC prices paid under indexed REC procurements, establishing floor and ceiling REC prices applicable to indexed REC contract prices.

8. What types of price collars (floor and ceiling) should the IPA consider, to ensure that Indexed REC prices remain predictable and affordable?

**Vistra has no comments in response to Questions 7 and 8.**

#### Brownfield Site Proposed Approach

The IPA is inclined to utilize a traditional, price-based competitive procurement approach in brownfield site photovoltaic procurements proposed through its first Long-Term Plan developed in light of Public Act 102-0662's changes. The IPA hopes that between shifting to a floating REC pricing structure under Section 1-75(c)(1)(G)(v) of the IPA Act and a more expansive brownfield site photovoltaic project definition under Section 1-10 of the IPA Act, procurements should be first conducted consistent with these changes, with a subsequent analysis of what barriers were removed through these changes, before layering in additional changes to the brownfield site photovoltaic project procurement structure. The Agency plans to propose one brownfield site photovoltaic procurement for each of the successive two years covered by the updated Plan.

In the development of its next Long-Term Renewable Resources Procurement Plan thereafter (Summer of 2023), the Agency would reflect on observations from those procurement processes and determine whether alternative bid evaluation approaches should be considered.

9. What "other approaches," if any, should the IPA consider proposing as part of Plan development? Could this mean an administratively determined REC price as used in the Adjustable Block Program and Illinois Solar for All with a project selection protocol as used in Illinois Solar for All (and will be used for community-driven community solar)? Should the IPA first observe the results of one or more competitive procurements for brownfield site photovoltaic projects before considering alternative procurement approaches? What barriers would alternative procurement approaches be best-suited to solving?

**Vistra Comment:** Vistra urges that the approach of using an administratively-determined REC price for brownfield solar procurements (with selection of winning projects then based on other, non-price criteria) should *not* be used. Such an approach carries the risk of setting the REC price higher than necessary to incent development of the target number and capacity of projects (including projects with a lower likelihood of successful completion), as may have happened with respect to the Adjustable Block Program prior to enactment of P.A. 102-0662. This may result in selection of inefficient projects, thereby expending an excessive portion of the renewable resources budget. Selection of projects for REC contracts through a competitive procurement process exclusively or primarily based on bid prices will result in the selection and development of the most efficient projects and obtain renewable energy at the lowest cost per REC.

10. To what extent, if any, do the changes to the competitive procurement REC pricing construct found in Section 1-75(c)(1)(G)(v) of the IPA Act address prior barriers observed in brownfield site photovoltaic project procurements?
11. In considering approaches other than a price-based competitive procurement, what attributes might the IPA consider valuing in determining which brownfield site photovoltaic projects should receive state-administered incentive funding? Some ideas could include strength of remediation commitments, environmental justice community status, population density of the project's surrounding area, equitable workforce hiring commitments; how would these and other ideas be demonstrated and measured for project selection?

**Vistra Comment:** Assuming it is deemed necessary or appropriate to base selection of projects for REC contracts on criteria other than or in addition to bid prices (see previous comment), an additional criteria could be the percentage of local governments' property tax revenues that was lost with the termination of the operations previously conducted on the brownfield site, and the percentage increase in the local governments' property tax revenues that would be restored through development of the brownfield solar facility. The higher these percentage, the greater the weighting or "points" that would be given to the proposed project in the selection process.

12. New Section 1-75(c-10)(3) of the IPA Act calls on the Agency to "develop bid application requirements and a bid evaluation methodology for ensuring that utilization of equity eligible contractors, whether as bidders or as participants on project development, is optimized, including requiring that winning or successful applicants for utility-scale projects are or will partner with equity eligible contractors and giving preference to bids through which a higher portion of contract value flows to equity eligible contractors." Do stakeholders believe these requirements are limited only to utility-scale competitive procurements? Section 1-75(c-10) utilizes "competitive procurements" in some places but refers expressly to "utility-scale

projects" in others. If applicable, how should new Section 1-75(c-10) guide the IPA's approach to bid eligibility, review, evaluation, and selection?

**Vistra has no comments with respect o Question 12.**

Vistra stands ready to discuss its comments with the IPA, to provide additional information in support of its comments, or to respond to additional questions from the IPA. Please contact the undersigned representative.

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