

**Wind Procurement
Stakeholder Request for Feedback**

March 16, 2020

In its Order dated February 18, 2020 in Docket Number 19-0995 which approved the Illinois Power Agency's ("IPA" or "Agency") Revised Long-term Renewable Resources Procurement Plan, the Illinois Commerce Commission ("Commission") **approved the IPA holding a utility-scale wind procurement in 2020 or 2021**, and approved the IPA seeking feedback prior to holding this utility-scale wind procurement event ("Next Wind Procurement").

The background for the Next Wind Procurement is that in Fall 2019, the IPA, through its Procurement Administrator NERA Economic Consulting, conducted a [competitive procurement event](#) seeking to procure 1,000,000 RECs delivered annually through 15-year delivery contracts from new utility-scale wind projects. The results of this procurement were rejected by the Illinois Commerce Commission based on the recommendation of the Procurement Administrator. Thus, no projects were selected.

The IPA now seeks stakeholder feedback on any barriers that may have limited successful participation in prior utility-scale wind procurements, or that may limit successful participation in the Next Wind Procurement. The IPA also seeks stakeholder feedback on factors that may impact the timing of the Next Wind Procurement, including the importance of holding a comment process on the contract form, current or expected interconnection delays, and ability of projects in the Next Wind Procurement to take advantage of the extension of the Production Tax Credit.

Specific questions on which feedback is sought are found below. Commenters need not respond to every question (some may be inapplicable) and should not feel limited by these questions in providing feedback. Comments are welcome from both participants in utility-scale wind procurements held previously by the Agency as well as from other interested parties.

Responses are due by March 30, 2020 and should be sent to Illinois-RFP@nera.com.

In general, responses will be made public and published on the Procurement Administrator's website (www.ipa-energyrfp.com). However, should a commenter seek to designate any portion of its response as confidential, that commenter should provide both public and redacted versions. Independent of that designation, if the IPA or its Procurement Administrator determines that a response contains confidential information that should not be disclosed in connection with a competitive procurement event, it reserves the right to provide its own redactions. Questions for which responses are expected to be kept confidential are designated accordingly below.

Should you have any questions or need additional information, please contact Brian Granahan at 312-814- 4635 or Brian.Granahan@Illinois.gov.

The Procurement Administrator and the Agency are seeking feedback to inform the timing of the Next Wind Procurement. The Next Wind Procurement can be held in 2020 or 2021.

1. With the recent extension of the Production Tax Credit (“PTC”) for 2020, and assuming that there is no further extension, what would be the latest date a procurement would need to be completed in order for you to make use of the PTC for a project participating in the procurement (for example by utilizing the safe harbor provisions)?¹
2. The IPA has the option of using the contract form from previous utility-scale wind procurements with minor updates (previous contract [here](#), and a summary of the contract structure can be found on slides 16-21 of [this presentation](#)), or updating the contract structure as described in the [Revised Long-Term Renewable Resources Plan](#) (see Sections 5.3 and 6.7). If the IPA updates the contract structure, the IPA intends to hold workshops on the contract structure and to seek at least one round of written comments on specific contract terms. Such a process is expected to result in the Next Wind Procurement being held no earlier than in late fall 2020 and possibly as late as Spring 2021. If the IPA uses the existing contract with minor updates a procurement could be held in late Summer 2020.
 - a. How important is updating the contract given the likely impact of such an update on the timing of the Next Wind Procurement? In particular, if the timeline for updating the contract conflicts with the timing needed to make use of the PTC, which would be more important to prioritize?
 - b. Assuming that it is more important to prioritize an update to the contract, what specific provisions from the contract form used in previous utility-scale wind procurements presented a barrier to participation?
 - c. Assuming that it is more important to prioritize an update to the contract, are there other contract forms that you have used or reviewed from other jurisdictions that could serve as a basis for updating the contract structure in Illinois? What are the advantages of these other contract forms?
3. [CONFIDENTIAL] Crucial to a successful competitive procurement event is ensuring that a sufficient number of qualified and competitive bids are received, and crucial to obtaining those bids is ensuring that bidders are given sufficient time to achieve the required level of project maturity. How much time would you require to have a project or projects ready for submittal assuming that the level of project maturity required is unchanged from prior utility-scale wind procurements? Are there advantages that would be presented by a later (Spring of 2021) rather than an earlier (Summer or Fall of 2020) bid date that are not captured by previous questions?

¹ For this question, “completed” means the date that the REC delivery contracts between the utility and the winning bidders are fully executed, which would be three business days after the Illinois Commerce Commission approves the procurement results and seven business days after the bid date.

The Procurement Administrator and the Agency are seeking feedback on requirements of the utility-scale procurements and the importance of energy off-take agreements.

4. The project maturity requirements in previous utility-scale wind procurements are contained in Section IV.2.3 of that procurement's [Rules](#). A participant could either provide an executed Interconnection Agreement for the project or demonstrate sufficient site control.
 - a. Please comment on the appropriateness of these requirements for demonstrating that a project is sufficiently advanced in its development to be eligible to bid, or suggest alternative criteria for consideration. If you propose alternative criteria, please explain your rationale in detail.
 - b. One way in which a project could meet the project maturity requirements in prior utility-scale wind procurements was to provide a fully executed Interconnection Agreement. Please comment on the current delays in obtaining an Interconnection Agreement and any uncertainty around the timing of completing interconnection.
 - c. Please comment on current obstacles that may be presented by selecting and securing a site for new utility-scale wind projects. Are there ways for the project maturity requirements to accommodate the presence of these obstacle while still ensuring that a project is sufficiently advanced in its development to be eligible to bid?
5. The previous procurement required pre-bid collateral of \$5,600/MW (with a maximum of \$4 million for all projects submitted by a bidder) and a post-bid collateral requirement of \$4 times the annual REC quantity (note contract will be for 15 years of REC deliveries). Please comment on whether these amounts are appropriate for pre-bid collateral to ensure bids are from viable projects, and for post-bid collateral to ensure successful completion of projects and REC deliveries during the term of the contract.
6. [CONFIDENTIAL] Illinois features a unique market structure, with the majority of the state's load served by retail suppliers, all while PPAs for energy off-take are unavailable through the state's electric utilities. To what extent is long-term revenue certainty for energy off-take necessary (by opposition to desirable) to finance your proposed project? To what extent do the limited options for long-term certainty around that energy off-take present a barrier in Illinois versus other markets?

Again, you may submit a confidential and a public version (with redactions) of your comments. However, the public version may only contain redactions of specific information for which you request confidential treatment.