

[REDACTED]'s **RESPONSE to
ILLINOIS POWER AGENCY'S REQUEST for COMMENTS REGARDING its
NEXT UTILITY-SCALE WIND PROCUREMENT**

[REDACTED]
[REDACTED]
[REDACTED] respectfully submits the following comments in response to the Illinois Power Agency's ("IPA") March 16 request for Stakeholder feedback on the 'Next Utility-Scale Wind Procurement' on any barriers that may have limited successful participation in prior utility-scale procurements, or that may limit successful participation in the Next Wind Procurement.

IPA QUESTION #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)?*

RESPONSE:

[REDACTED] suggests that the IPA would need to approve a procurement award no later than 2Q2021 to take advantage of the Production Tax Credit ("PTC") extension.

Moreover, [REDACTED] would encourage the IPA to provide greater certainty for procurements moving forward by preparing an additional procurement opportunity in the latter half of 2021 and subsequent awards in the following years. Certainty surrounding future utility-scale wind REC procurements provides renewable energy developers incentive to continue investing and deploying development capital in an effort to advance projects that can successfully participate in future procurement processes.

IPA QUESTION #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?

RESPONSE:

█ submits that the importance of updating the contract structure to ensure the commercial viability of the program and moving toward achieving the state's RPS goals outweighs the delay in seeking procurements until Spring 2021. Provided the lack of contract awards in the 2019 procurement process, it is imperative that the IPA develop a commercially workable contract structure that encourages developer participation, investment return objectives and project financeability that allows the State to achieve its current clean energy standards.

Despite public filings suggesting the following REC target deliveries from new projects: 2,000,000 by the end of the 20-21 delivery year, 3,000,000 RECs by the 2025-2026 delivery year, and 4,000,000 by the end of the 2030-2031 delivery year, █ encourages the IPA to consider contract structure outlined below as the market for RECs has become more competitive and active. Given the current REC gap of over 18,000,000MWh, it is also important to be mindful that the above goals are absent any increases proposed in current legislation which are a stated priority by the Governor.

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?

RESPONSE:

█ suggests increasing the tenor of the IPA contract from 15 year to 20 years to enhance the financeability of projects as further explained below.

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?

RESPONSE:

█ suggests reviewing the New York State Energy and Research Development Authority ("NYSERDA") RES Standard Form Agreements which incorporate concepts of the REC-only award and REC-Index contract structure.

IPA QUESTION #3. *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? 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.*

RESPONSE:

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IPA QUESTION #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.

RESPONSE:

██████████ recommends that project maturity requirements surrounding the executed Interconnection Agreement should be adjusted. Instead of requiring the Interconnection Agreement to be executed, the IPA should consider allowing projects with a completed System Impact Study completed in PJM and a completed DPP Phase II study in MISO. These study results would allow a developer sufficient information on interconnection costs and network upgrades to provide price certainty with a bid proposal. In tandem, a procurement award would provide revenue certainty for the project to move forward with substantive security deposits and collateral that are required to advance projects through the Interconnection process.

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.

RESPONSE:

No response.

*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?*

RESPONSE:

No response.

IPA QUESTION #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.*

RESPONSE:

The pre-bid and post-bid collateral requirements are appropriate for REC-only delivery contracts.

IPA QUESTION #6. *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?*

RESPONSE:

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[Redacted]

[Redacted]

Respectfully submitted,

[Redacted]

[Redacted]

[Redacted]