

Indexed REC Contract Comments

Response to Illinois Power Agency Request for Stakeholder Feedback

February 3, 2023

Company:

Invenergy LLC (“Invenergy”) is a leading privately held developer and operator of sustainable energy solutions headquartered in Chicago. Invenergy has completed development on 17 sustainable energy projects in Illinois and is pursuing additional opportunities in the state. Proud of our Illinois roots, Invenergy has long looked to provide value to the state by siting some of our most innovative projects on Prairie State Soil. Our Grand Ridge Energy Center, three energy technologies co-located at a single site, received Power Engineering and Renewable Energy World Magazines’ 2015 Project of the Year Award for Best Renewable Project as well as Energy Storage North America’s Innovation Award.

Through our growth journey, the state of Illinois and the Illinois Power Agency (“Agency”) have been crucial partners. Invenergy commends the efforts of the state to expedite the decarbonization of our energy grid and the thoughtful expansion of renewable energy deployment.

Invenergy submits the following responses and respectfully request that the Agency consider the feedback provided below.

Development Potential in Illinois:

Invenergy would first assure the Agency that Illinois is a state with promising potential for renewable energy. Renewable energy developers of all sizes have long-standing portfolios in the state. A glance at RTO interconnection queues in the state shows almost 40 GW of active interconnection requests in MISO and nearly 70MW of active requests in PJM. Invenergy would assure the Agency that the state’s development potential is not a factor needing review in the Indexed REC procurements.

Risk and Flexibility:

Invenergy would reiterate previous comments made about supply chain and risk landscape concerns.

Even late-stage renewable energy projects face a myriad of challenges in a post-pandemic world. While each of these risks individually could be expected, the scale of rapid regulatory change in siting and permitting, pandemic and policy induced supply chain constraints, and historic labor squeezes present an unprecedented combination for the industry.

Simultaneously, skyrocketing demand from private and commercial investors has driven negotiation on contract terms like flexibility. On the other hand, the Agency's utility-scale procurements offer little opportunity for contract adjustments or renegotiations. Especially when potential barring from future participation is on the line, developers might be incented to wait for a more stable development environment before entering an Agency procurement to mitigate compliance risk.

Contract Provisions:

Invenergy would reiterate comments filed in August 2022 that the provisions most heavily scrutinized are those of payment certainty and flexibility.

When evaluating payment certainty, Invenergy appreciates that CEJA's budget rollover provision prevents the type of shortfall which occurred due to COVID energization extensions from occurring again. But this provision does not prevent all unforeseen budget shortfalls, especially a global environment in which much risk and uncertainty colors business decisions.

Invenergy evaluates the Agency's contract and the payment certainty with the same standards as any other contract. Our financial partners expect a certain level of payment assurance to verify that the Buyer has the standing and ability to fulfill obligations.

Article 7 of the draft contract outlines a Performance Assurance for the Seller but not for the Buyer. Invenergy follows the industry standard in expecting reciprocal assurances and remedies for Buyer and Seller. It seems lopsided that the Seller should have a stringent Performance Assurance requirement and collateral but the Buyer, who is procuring the service, should not have similar obligations to the Seller. **Invenergy would ask the Agency to include a reciprocal Performance Assurance for the Buyer. Invenergy would also ask that the remedies in the event of a default in sections 9.1 and 9.2 be reciprocal between Buyer and Seller.**

Contract flexibility is important with environmental attributes simply because a renewable energy project cannot sell RECs if the sun does not shine or the wind does not blow. Invenergy looks for a baseline standard of flexibility with at least one of the following provisions: **(1) ability to adjust standing order within a certain threshold on a monthly or annual basis, (2) adjust the definition of an Annual Quantity Shortfall to 80% of the annual quantity, or (3) allow the Seller to purchase RECs from the market to correct any shortfall.** Any contract without these basic provisions functionally punishes intermittency.