



December 17, 2021

**VIA ELECTRONIC MAIL**

[Illinois-RFP@nera.com](mailto:Illinois-RFP@nera.com)

To Illinois Power Agency Procurement Administrator:

On behalf of Boralex, Inc, (“Boralex”) I am writing in response to a request for comments on the Preliminary Proposal Requirements (the “Proposal”) and Draft Key Contract Terms, posted by the Procurement Administrator on December 6<sup>th</sup>. Boralex appreciates the efforts by the Procurement Administrator to rapidly develop a rational and equitable Spring 2022 Procurement Event.

**Introduction**

Boralex is an independent power producer that develops, builds, and operates renewable energy power and energy storage facilities in Canada, France, the United Kingdom and the United States. With an installed capacity of 2.5 GW, Boralex is a leader in the Canadian market and is France's largest independent producer of onshore wind power. Boralex is recognized for its solid experience in optimizing its asset base in four power generation types — wind, hydroelectric, storage, and solar. Boralex ensures sustained growth by leveraging the expertise and diversification developed over the past 30 years.

Boralex understands that the decisions we make today help shape our shared energy future. We are equally committed to our role as a responsible and ethical neighbor, employer, taxpayer, and steward of the environment. We engage with stakeholders early, often, and broadly in informed discussions to ensure that our projects are consistent with local interests. We grow the economies of the communities where we operate by creating community investments and purchasing goods and services locally.

The recently enacted Climate and Equitable Jobs Act (the “Act”) established Illinois as a national leader on climate action. The Act obligates Illinois to achieve 100% clean energy by 2050. The Act provides interim goals of 40% renewable



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energy by 2030 and 50% by 2040. The Act establishes specific requirements for the procurement for indexed renewable energy credits from new utility-scale wind projects, new utility-scale solar projects, and new brownfield site photovoltaic projects. Boralex is eager to assist Illinois in achieving the State's climate objectives, through a well-designed REC procurement program.

### **TOPIC 1: Project Maturity Requirement**

The Proposal establishes that a project has reached maturity if the Project has completed the System Impact Study (SIS) or has Site control for an area of at least 40 acres times the Project size in MW (AC rating) for a utility-scale wind Project or an area of at least 4 acres times the Project size in MW (AC rating) for a utility-scale solar Project.

Boralex agrees in general with the project maturity requirements. Its is simultaneously important to ensure that projects have reached a threshold of maturity and to ensure that the threshold for maturity is not a prohibitive barrier for entry. We would propose that the definition of "site control" include both binding site control (executed binding option, executed lease, easement and/or ownership), but also allowed for an exclusivity agreement, or letter of intent to satisfy the criteria. The final REC contracts could then require that full site control was needed only after 180 after signing of the agreement.

Additionally, there maybe some value in allowing projects to meet the project maturity requirement if an interconnection application is in place and deposits were made. This is a less stringent requirement then the completion of an SIS which is dependent upon the responsiveness of the grid operator. The submission of a completed interconnection application is demonstration of the maturity of a project and the developer's commitment to the project.

### **Topic 3: Election of the Index Price by Seller**

The Act includes a fair degree of specificity regarding the definitions of Indexed RECs. While the inclusion of Index RECs in the ACT will help to de-risk projects, resulting in more competitive bids, the formulation leaves basis risk with the project, which will increase the bid pricing due to increased risk. The best possible index would be based on solar weighted (or wind weighted) pricing for the node closest to the interconnection point.

Boralex supports the Proposal providing the Seller regardless of whether the Project is in the PJM service territory or the MISO service territory to choose the Index Price tied to either real-time market price. A Seller will make this election in the bid form, which should help receive more competitive bids.

### **Topic 5: Standing Order**

Boralex is not fully supportive of the establishment of a Standing Order within GATS or M-RETS to facilitate the automatic, recurring transfer of RECs from the Project. While we do not believe that there will be a case of a disagreement with the Buyer, if there was a disagreement with the Buyer the Seller would then have to try to recover the RECs as opposed to being able to not transfer the RECs in the first place. The automatic transfer proposal although modest could increase concern from the investment community and potentially effect financing, resulting in less competitive bids.

### **Topic 6: Forward Price Curve to establish the Annual Payment Cap**

Boralex agrees with the IPA, that because of the statutory construct that the REC revenues may be capped such that the sum of the combined revenues from RECs and energy that a developer would receive is less than the strike price multiplied by the annual delivery quantity for that delivery year. We agree that this restriction may adversely impact procurement participation, or the competitiveness of bids received.

### **Other Observations:**

- Consider allowing some flexibility and latitude to customize the RECs purchase agreement and the LCs language. As stated at this time, the final REC contract as issued on March 18<sup>th</sup> will be used by everyone as presented. Similarly, the LCs must be in the form posted by each Company. In both cases there may be need to tweak the language to address concerns of banks and other financing partners.
- The signing of the REC agreement is several days after announcement of the awards. This means having to establish legal entities etc ahead of award notification. Having time to set that up after award notification would eliminate “just in case” legal costs and churn. The same comment applies to the table in section 3.1 (Seller Information), where the Seller must be formed as of the Part 1 Date.
- The Payment Terms on page 20 establish two caps. The second cap, is a quantity cap equal to the annual contract quantity. The maximum quantity of RECs that can be accounted for purposes of payment cannot exceed the annual contract quantity. Boralex would suggest that the quantity cap should be 20% greater than the annual contracted quantity.

Additionally, the Delivery Terms should be amended to limit the shortfall to some number less than 33% over a three-year period. Making these adjustments will result in Sellers bidding more reasonable quantities of RECs from specific projects, and not overbidding project resulting continual perceived project shortfalls.

- The Delivery Terms on page 18 if a Seller fails to deliver one REC from the project by May 31, 2024, they must post additional performance assurance to satisfy the increased collateral requirement. If not defined elsewhere it would be of some assistance to understand the means of determining the increased collateral requirement.
- The Delivery Terms on page 18 Amount of RECs deliverable in any year needs to take into account the annual adjustments for degradation of panels. Panels degradation should not be caught by Delivery Shortfall clauses. It is not clear that the contract will allow for the delivery amount to be specified by year.

Sincerely,

Darren Suarez  
Manager Public and Government Affairs