

Submitted Electronically to: Illinois-RFP@nera.com

December 17, 2021

Dear Procurement Administrator:

EDP Renewables North America (EDPR) would like to offer the following responses to the Illinois Power Agency's (IPA's) request for feedback on 2022 Indexed REC RFP.

EDPR is the fourth largest wind energy owner and operator in the United States and around the world. In Illinois, we own and operate seven wind farms totaling more than 1,200 MW of wind power in Illinois. We are also in the late stages of development of several utility-scale solar parks.

We were a winner in a previous IPA wind energy procurement which has provided us with direct experience with the contract form and the challenges associated with financing a project with an IPA contract. We are encouraged with the legislature's adoption of an indexed REC structure, but are deeply concerned with the potential interpretation of the law that could result in unfinanceable contracts due to a restrictive annual quantity and cost cap. We also encourage the IPA to further refine their project maturity requirements, ensuring that only projects which are likely to succeed in progressing through the interconnection queues in a timely fashion can apply for an IPA contract. Lastly, we support the additional comments provided by the Clean Grid Alliance, and reserve the right to comment on the other topics and draft contract language in subsequent proceedings.

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

The IPA should limit its project maturity requirements to interconnection queue milestones used by PJM and MISO. Given the delay in PJM and MISO's queues, their milestones are a good indicator of project readiness. If the IPA were to contract with a project that has not yet received its initial studies from the relevant Regional Transmission Organization (RTO), it is highly unlikely that the project would know its network upgrade costs and consequently submit an accurate price. It is also highly unlikely that a project without its initial interconnection studies will progress through the queue in a timely enough fashion to meet the required operation date timeline.

The Draft Proposal Requirements and Key Contract Terms ("Project Information" at 9) allows for either completion of a certain RTO milestone or demonstration of minimum site control. Both PJM and MISO have site control requirements in order to enter the queue. The critical factor at this point is not site control, but delay in queue analysis due to the number of projects in the queue. Therefore, a site control requirement is not needed for the 2022 RFP.

For projects in MISO, we suggest the IPA require a project receive its DPP Phase 2 Report.

Because of the PJM interconnection queue reform effort that is currently underway, the IPA should develop criteria for project maturity for this initial procurement, and separately criteria that will apply after PJM queue reform has been approved. For the next procurement, and prior to the approval of PJM queue reform, we suggest that projects within PJM are required to have received a:

1. Large Generator Interconnection Agreement (LGIA), or
2. Expect to have a Facilities study completed by Oct. 2022, or
3. System Impact Study (SIS) which shows less than \$5 million in total upgrades. The \$5 million limit is what PJM has proposed to use to determine if a project will be eligible for the new “Fast Track Process” which will enable projects to have signed LGIAs by 2024.

For IPA Procurements that occur after PJM queue reform has been approved, we suggest that projects should be required to have received a “New Process Cycle 2 Report” (which is the proposed revised name for the equivalent of the System Impact Study), or the final approved equivalent.

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

Section 1-75(c)(1)(G)(v)(3) of the IPA Act describes the development of a forward price curve as a way to estimate the annual cost of the contracts for Indexed RECs. This forward price curve should not be conflated to mean an annual price cap for Indexed REC contracts. The IPA should manage the utility funds in a manner that provides a sufficient safety net so that if the forward price curves are inaccurate (which would not be surprising) indexed REC contracts can continue to be paid. The IPA’s indexed REC program will fail if the financing entities do not trust that the contracts for the indexed RECs will be paid. If there is an annual cap on contracts, which as described would be a moving target, changing year-over-year, there is no way for the sellers of the RECs nor the banks that finance these projects, to feel confident that their costs will be covered, and their projects will succeed. We suggest that the forward price curves inform an expected annual outlay, but that the risk of expenditures exceeding available funds be managed through other means, such as the size and frequency of procurement events.

We appreciate your time and consideration of these comments as well as those of the Clean Grid Alliance and would be pleased to have the opportunity to provide further information on these topics.

Thank you,



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