

ILLINOIS POWER AGENCY
Indexed REC RFP

Stakeholder Request for Feedback

Background

Public Act 102-0662 (the “Climate and Equitable Jobs Act”) was signed into law and became effective on September 15, 2021 (the “Act”). As mandated by new Section 1-75(c)(1)(G)(iii) of the Illinois Power Agency Act, a first procurement event was held on May 6, 2022 to procure Indexed Renewable Energy Credits (“RECs”) through 20-year delivery contracts. Additionally, the IPA developed a revision to its Long-Term Renewable Resources Procurement Plan (“2022 Long-Term Plan”) and filed this plan with the Illinois Commerce Commission (“ICC” or “Commission”) on March 21, 2022. The Commission released a Final Order approving the 2022 Long-Term Plan with modifications on July 14, 2022.

As approved by the ICC, the 2022 Long-Term Plan provides for a procurement of RECs from new utility-scale wind projects (projects over 5 MW), new utility-scale solar projects (projects over 5 MW), and new brownfield site photovoltaic projects this Fall 2022. The quantities to be procured are 1,750,000 RECs delivered annually from new utility-scale wind projects, 1,000,000 RECs delivered annually from new utility-scale solar projects, and 65,000 RECs delivered annually from new brownfield site photovoltaic projects. The calendar for the Fall 2022 Indexed REC RFP is available on the procurement website [here](#).

On August 02, 2022, the Procurement Administrator and the IPA held a stakeholder workshop to discuss barriers that may have limited successful participation in the Spring 2022 Indexed REC RFP and process improvements to facilitate participation in future procurements. The stakeholder workshop presentation and stakeholder workshop recording, as well as responses to the July 2022 request for stakeholder feedback, are posted [here](#).

Invitation to Comment

On August 12, 2022, the Procurement Administrator posted the First Draft Indexed REC Contract and Draft Preliminary Proposal Requirements for the Fall 2022 Indexed REC RFP. The First Draft Indexed REC Contract and Draft Preliminary Proposal Requirements have been prepared to conform with the 2022 Long-Term Plan and the ICC’s Final Order.

The Procurement Administrator invites stakeholder feedback on any aspect of these documents and also seeks feedback on Topics 1-3 below. Topics 1-3 are listed in Appendix A, accompanied by specific questions on which feedback is sought. Commenters need not respond to every question (some may not be applicable) and commenters should not feel limited by these questions in providing feedback. Comments

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are welcome from both participants of past procurement events for RECs, as well as from other interested parties.

The timeline and process for interested parties to provide comments is as follows:

- Please submit an attachment with your comments on the First Draft Indexed REC Contract and the Draft Preliminary Proposal Requirements by email to the Procurement Administrator at: Illinois-RFP@nera.com
- Please provide telephone and e-mail contact information in the event that the Procurement Administrator seeks clarification regarding your comments.
- If providing feedback on the First Draft Indexed REC Contract, please submit your comments with track changes in Microsoft Word. We strongly encourage you to provide explanatory notes either in a separate document or highlighted in tracked changes.
- If providing feedback on Draft Preliminary Proposal Requirements that are not included in Topics 1-3 below, please include a reference to the section name, from the left-hand column of the respective table, that is applicable to the requirement for which you are providing comment(s).

The deadline to provide written comments is on Friday, August 26, 2022 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 the 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.

Some elements of the Indexed REC RFP are prescribed by Public Act 102-0662 and the 2022 Long-Term Plan and cannot be changed.

Please direct all questions to the Procurement Administrator at: Illinois-RFP@nera.com

Appendix A

TOPIC 1: Minimum Equity Standard Proposal Requirements

The Seller will be required to certify in the Proposal that the Minimum Equity Standard of 10% will be met and to acknowledge the reporting requirements under the Indexed REC Contract. **This means that 10% of the Project Workforce related to construction activities up to the point of the Date of First Operation must be comprised of Equity Eligible Persons.** As defined in the Act, “Equity Eligible Persons” means persons who would most benefit from equitable investments by the State designed to combat discrimination, specifically:

- (a) persons who graduate from or are current or former participants in the Clean Jobs Workforce Network Program, the Clean Energy Contractor Incubator Program, the Illinois Climate Works Pre-apprenticeship Program, Returning Residents Clean Jobs Training Program, or the Clean Energy Primes Contractor Accelerator Program, and the solar training pipeline and multi-cultural jobs program created in paragraphs (a)(1) and (a)(3) of Section 16-108.12 of the Public Utilities Act;
- (b) persons who are graduates of or currently enrolled in the foster care system;
- (c) persons who were formerly incarcerated; and
- (d) persons whose primary residence is in an Equity Investment Eligible Community as defined in Section 1-10 of the IPA Act.

If construction has not yet started, the Seller **may, but is not required to,** commit to an “Equity Eligible Commitment” greater than the 10% Minimum Equity Standard for this Fall 2022 Indexed REC RFP in order to qualify for the bid evaluation price reduction described in paragraph 2.18 of the Draft Preliminary Proposal Requirements. In order to qualify for the bid evaluation price reduction, the Bidder must:

1. Confirm that Construction Activities, as the term is defined in the REC Contract, has not occurred for the Project.
2. State the Equity Eligible Commitment (a percentage greater than 10%).
3. Provide a narrative plan including:
 - a description of how Seller will meet the Minimum Equity Standard and a statement of intent to comply with equity accountability standards and to hire a diverse project workforce including Equity Eligible Persons and Equity Eligible Contractors;
 - projected number of workers related to construction activities up to the point of the Date of First Operation;
 - plans for the use of Equity Eligible Contractors, if applicable;
 - Seller classification (i.e., Minority-owned, Woman-owned, Disabled-owned, Veteran-owned, Small Business, etc.), if applicable; and
 - communication plan for local outreach to increase the utilization of Equity Eligible Persons and Equity Eligible Contractors.

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4. Letter(s) of intent or other documented evidence related to 50% of the Equity Eligible Commitment times the projected number of workers related to construction activities up to the point of the Date of First Operation. For example, if the Equity Eligible Commitment stated is 20% and the projected number of workers related to construction activities up to the point of the Date of First Operation is 100 workers than documentation related to 10 Equity Eligible Persons is required ($100 * 20% * 50%$).
 - Letter(s) of intent may be with Equity Eligible Contractors or other contractors that employ Equity Eligible Persons. Other acceptable evidence would include documentation that employees of the Bidder that are involved in construction activities qualify as Equity Eligible Persons.
 - Minimum requirements related to the narrative plan and letters of intent will be developed and provided to Bidders.

Questions:

1. Given that the strike price for a Project that submits an Equity Eligible Commitment will be reduced for purposes of bid ranking, assurances must be provided that the Bidder will meet this commitment. Are the requirements listed above appropriate?
2. Is requiring documented evidence related to **50%** of the Equity Eligible Commitment an appropriate level at the time of submission of the Proposal (prior to submitting the bid)? If not, what percentage is more appropriate?
3. Is there other evidence that could be provided during the Proposal process that would provide assurances that the Bidder will meet the Equity Eligible Commitment?

TOPIC 2: Delivery Obligations under the Indexed REC Contract

During the stakeholder workshop held on August 02, 2022 (please see the stakeholder workshop presentation and stakeholder workshop recording posted [here](#)), the Procurement Administrator explained key considerations associated with delivery obligations under the Indexed REC Contract. These considerations include but are not limited to:

- ensuring bid quantities are committed obligations;
- allowing for flexibility to optimize and to address shortfalls;
- avoiding optionality and allowing indexed REC mechanism to function; and
- allowing for payments to be settled over a 20-year term

Specifically, the Procurement Administrator and the IPA are interested in exploring additional flexibility for REC delivery obligations that would be consistent with the above

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considerations as discussed in the stakeholder workshop. Proposed items include but are not limited to:

1. Provisions to address quantity shortfalls
2. Excess RECs
3. Replacement of RECs

Questions:

1. If the current delivery obligations are too stringent, what additional flexibility (related or not to items 1-3 listed above) would be appropriate? Please provide specific examples and explanations on how the suggested edits satisfy the key considerations listed above.

TOPIC 3: Initial REC Delivery Deadline under the Indexed REC Contract

The First Draft Indexed REC Contract provides for new extended deadlines for construction of the Project. At this time, the Initial REC Delivery Deadline is May 31, 2027, with a possibility for further extensions until May 31, 2034.

Questions:

1. Is the Initial REC Delivery Deadline of May 31, 2027 appropriately adjusted given the current environment for project interconnection and the start of operations?
2. Does the last possible date for an extension of the Initial REC Delivery Deadline need to be further extended beyond May 31, 2034? If so, what would be an appropriate date?