

Illinois Power Agency

(www.ipa-energyrfp.com)

Fall 2021 Procurement Events: Block Energy and Capacity RFP (BEC RFP)

Webcast

Tuesday, July 27, 2021

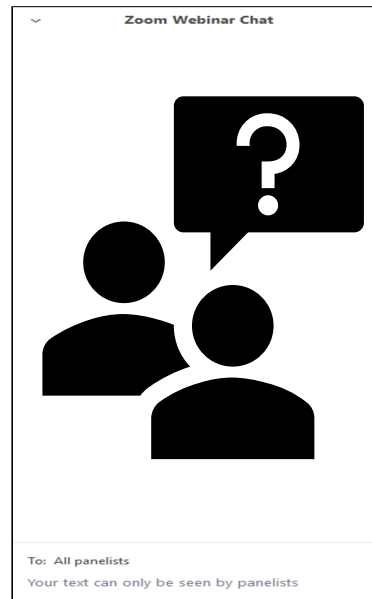
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Questions?

To submit questions to the panelists, **please click on the “Chat” icon on the bottom of your screen;** the chat panel will appear on the right; type in your question and click “Enter”



Presentation Materials and Q&As will be posted to

www.ipa-energyrfp.com

Disclaimer

- Any statements herein or made on the call describing or referring to the RFP and contract documents are summaries only and are qualified in their entirety by the governing documents
- The governing documents include the contract documents posted on **July 20, 2021** and the RFP documents posted on **July 21, 2021** to the procurement website, **IPA-energyRFP.com**
- Bidders bear full responsibility for reviewing and understanding these documents

Agenda

- Overview
- Supplier Contracts
- RFP Process Overview
- RFP Process Requirements
- Bids and Bid Forms

Overview

Regulatory Filings by the IPA

- On **September 28, 2020**, the Illinois Power Agency (“IPA”) filed its Procurement Plan
- On **November 05, 2020**, the Illinois Commerce Commission (“ICC”) approved the Procurement Plan
- Procurement Plan includes procurement events under a **Block Energy and Capacity RFP (“BEC RFP”)** to be held in Fall 2021
- **NERA** serves as Procurement Administrator

Block Energy and Capacity Products

- **Block Energy:** AIC and ComEd
 - ◆ Specific quantities of on-peak and off-peak energy in monthly periods from October 1, 2021 through May 31, 2024
 - ◆ No quantities to be procured for MidAmerican Energy Company
- **Capacity:** AIC
 - ◆ Zonal Resource Credits (“ZRCs”) for the 2022-2023 Planning Year and the 2023-2024 Planning Year
 - ◆ ZRCs from all zones can be offered
 - ◆ ZRCs from outside Compliance Zone subject to payment adjustment

Energy Products

- A **product** represents block energy for:
 - ◆ a Company
 - ◆ on-peak or off-peak hours
 - ◆ a given month
- The quantity of each product is divided into blocks of **25 MW**
- Targets in RFP documents are **final**

Bidders can Bid for Combinations

- Bidders may also bid on **Combinations**, which are packages of products: Jan-Feb, Mar-Apr, Jul-Aug, Q4, June-May
- The number of blocks available in a Combination is the minimum number of blocks available in the months of the Combination

Illustrative Example

Table I-2 Targets for ComEd (Number of Blocks of 25 MW)

Month	On-Peak	Off-Peak	Month	On-Peak	Off-Peak
Oct 2021	25	21	Feb 2023	17	15
Nov 2021	27	24	Mar 2023		
Dec 2021	32	29	Apr 2023		
Jan 2022	34	31	May 2023		
Feb 2022	32	30	Jun 2023		
Mar 2022	28	26	Jul 2023		
Apr 2022	25	23	Aug 2023		
May 2022	25	22	Sep 2023		
Jun 2022	18	16	Oct 2023		
Jul 2022	22	19	Nov 2023		
Aug 2022	20	17	Dec 2023	12	12
Sep 2022	15	13	Jan 2024	14	12
Oct 2022	13	12	Feb 2024	13	11
Nov 2022	14	14	Mar 2024	10	8
Dec 2022	17	15	Apr 2024	9	7
Jan 2023	18	17	May 2024	9	8

Product has 3 elements

- Company: AIC or ComEd
- Segment: on-peak or off-peak
- Month: e.g., Oct 2021

Table I-4. Number of Blocks Available

Combination	On-Peak	Off-Peak	Com
Oct-Nov-Dec21	25	21	Jun2
Jan-Feb22	32	30	Jul-A
Mar-Apr22	25	23	Oct-I
Jul-Aug22	20	17	Jan-I
Oct-Nov-Dec22	13	12	Mar-
Jan-Feb23	17	15	Jun2
Mar-Apr23	13	12	

Combinations: packages of products

- e.g., Mar-Apr22
- blocks available: minimum number of blocks available in the months of the Combination

AIC Capacity Products

- A **ZRC** represents 1 MW of unforced capacity that qualifies to satisfy the resource adequacy requirement for a given Planning Year in a Local Resource Zone (“LRZ” or “Zone”)
- ZRCs must be **transferred using Module E Capacity Tracking Tool** (“MECT”) by the Delivery Deadline specified in the contract prior to MISO’s Planning Resource Auction (“PRA”)
- Payment Adjusted for **ZRCs outside Compliance Zone**
 - ◆ LRZ 4 (or successor zone) is the Compliance Zone
 - ◆ Payment for ZRCs from other zones adjusted based on Auction Clearing Price of Source Zone relative to Compliance Zone
 - ◆ Examples provided in FAQs

Bid Evaluation

- Bid Evaluation
 - ◆ The evaluation considers only Bids that **meet or beat the benchmarks**
 - ◆ Block Energy: evaluation identifies the least cost package
 - ◆ Capacity: evaluation selects the lowest-price Bids to fill the target for a Planning Year
- Benchmarks developed using confidential methodology approved by ICC

Supplier Contracts

Final Contracts Posted on July 20

- Separate energy contracts for AIC and ComEd
- A separate contract for AIC Capacity Products
- Each contract is standard and **non-negotiable**
- Bidders **must accept terms** of applicable supplier contract prior to bidding
- Bidders with bids approved by the ICC will execute the applicable supplier contract and related documents after the ICC decision
- Contracts are the same as those used in Spring 2021

Main Credit Terms – Energy Contracts

- **Exposure** is based on MtM methodology
- Standard Letter of Credit and Guaranty are provided
- A single Guaranty may be applicable to **multiple contracts**
- Acceptable modifications to Guaranty are provided
- Collateral Requirement applies **only to Seller**

Main Credit Terms – AIC Capacity Contract

- **Exposure under contract:**
 - ◆ 10 % of Contract Value required on Effective Date
 - ◆ If Seller is required to pay Buyer after adjusting for ZRCs sourced from other zones: the exposure is simply the amount owed to Buyer
- Form of Letter of Credit and Guaranty provided as Attachments to AIC Capacity Contract
- Acceptable modifications to the Guaranty provided as Schedules to the Guaranty
- Collateral requirement applies **only to Seller**

AIC Capacity Agreement Provisions Added in Spring 2021

- New provision introduced under the product definition (page 1-3) describes a process and timeline to develop an **amendment** to the contract that would be invoked if MISO receives FERC approval to make changes to its resource adequacy construct that requires a product other than a ZRC as currently defined
 - ◆ Information on the MISO proceeding to move to a seasonal construct is available on MISO's issue tracking page
- Addition to confidentiality provisions to cover customer account information (also included in the AIC Confirmation Agreement for energy products)

RFP Process Overview

New Bidders Must Register for an Account



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Block Energy and
Capacity
Procurement

Utility-Scale Wind

Calendar

FAQs

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Qualification Form

Qualification Forms

You must be logged in to access the online Forms.

If you have an account, please [log in here](#).

If you do not have an account, please [register here](#).

Register for an Account

Alternatively, send an email to Illinois-RFP@nera.com with:

- Company name
- full name of contact
- mobile phone number
- email address

The individual that registers for the account will receive an email prior to the Part 1 Window with account activation instructions.

Current Account Holders do not Re-Register; All Account Holders Must Activate their Account

- Current account holders do not need to re-register for an account
 - ◆ For Bidders that qualified to participate in a procurement event in 2019, 2020, or Spring 2021: the email to activate the account will be sent to the Representative of the Bidder from the most recent BEC RFP in which the Bidder submitted a successful Part 1 Proposal
 - ◆ For account holders that registered in 2019 or more recently: the email to activate the account will be sent to the person that registered for the account
- All account holders including current account holders listed on this slide must activate their account anew for this RFP by following the instructions provided in the email

The Procurement Administrator will send instructions for accessing and completing the online qualification forms to current and new account holders prior to the opening of the Part 1 Window

BEC RFP Calendar

9-Aug	10-Aug	11-Aug	12-Aug	13-Aug
	Part 1 Window Opens			
16-Aug	17-Aug	18-Aug	19-Aug	20-Aug
	Part 1 Date Bid Participation Fee Due			
23-Aug	24-Aug	25-Aug	26-Aug	27-Aug
Part 1 Notification	Part 2 Window Opens			
30-Aug	31-Aug	1-Sep	2-Sep	3-Sep
			Part 2 Date Pre-Bid LC Due for Capacity	
6-Sep	7-Sep	8-Sep	9-Sep	10-Sep
Labor Day	Bidder Training Pre-Bid LC Due for Energy		Capacity Bids Due	
13-Sep	14-Sep	15-Sep	16-Sep	17-Sep
Energy Bids Due		ICC decision - Capacity Products	ICC decision - Energy Products	

Note: Capacity Pre-Bid Letter of Credit Due on Part 2 Date

The Proposal Process is Entirely Online – Process Steps

- Suppliers submit the **Part 1 Proposal** to become qualified bidders for one or more procurement events
- Suppliers may submit the **Part 2 Proposal** for any procurement event for which they qualified
- **Bids** are submitted and evaluated
- The Procurement Administrator and Procurement Monitor each submits a report to the Commission
- The Commission **renders a decision** on the results of each procurement event
- Contracts are fully executed
- Winning suppliers pay the **supplier fees** to the IPA

Supplier Fee Estimates

- **Estimates of Supplier Fees** at this time:
 - **\$224** per on-peak block
 - **\$149** per off-peak block
 - **\$20** per ZRC
- (Final Supplier Fees will be announced on Part 2 Date)

RFP Process Requirements

The Part 1 Proposal

- Part 1 Proposal consists of:
 - ◆ Information submitted through the **online Part 1 Form**
 - ◆ Supporting **documents** (can be uploaded to the form or sent by email to the Procurement Administrator)
 - ◆ **Inserts** (stand-alone forms in Microsoft Word)
 - ◆ Payment of **Bid Participation Fee** to the IPA
- Contact and credit information submitted through the online Part 1 Form will no longer be pre-populated for returning Bidders beginning with this Fall 2021 BEC RFP
- Additionally, no Inserts will be retained between RFPs

Part 1 Date	12 PM CPT on August 17, 2021
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Basic Information

- 1. Name and Address of the Bidder**
- 2. Bidder that has not been a Supplier** to a Company as of 2016 must show that it is an Affiliate Member of PJM, Voting Member of PJM or a Certified Market Participant in MISO
- 3. Officer of the Bidder** is an individual empowered to undertake contracts and bind the Bidder
 - ◆ Signs all certifications (Part 1 and Part 2)
- 4. Representative of the Bidder** serves as contact for purposes of the RFP
- 5. Designation of Nominees.** The Representative or the Officer may name up to three Nominees (**Nominee Insert, #P1-2**)
 - ◆ Communications from the Procurement Administrator are sent to the Representative and will also be sent to the Nominees

Inserts available on procurement website

Required Signatures

- The **Officer of the Bidder** is required to sign a number of Inserts for the Part 1 and Part 2 Proposals
- The Officer of the Bidder may sign all Inserts at one time and submit these with the Part 1 Proposal for **early processing**
- Inserts may be
 - printed, signed, scanned, and uploaded to the form – some inserts require that the signature be **notarized**
 - or
 - submitted with a **digital signature along with an additional document or information that verifies the identity of the signatory** (i.e. a certification of completion (DocuSign), Final Audit Report (Adobe Sign), use of a document signing certificate)
- Electronic signatures are **not** acceptable

Bid Participation Fee

- **Bid Participation Fee of \$500** is required
 - A single Bid Participation Fee per Bidder and paid once for all 2021 Procurement Events
- **Bid Participation Fee is due** to the IPA by 12 PM (noon) on the **Part 1 Date**
- Two **electronic methods of payment**:
 - ◆ E-Pay online [here](#)
 - ◆ ACH Automatic Clearing House in CCD or CCD+ format
- Payment by check is **not** an acceptable method
- For a complete set of instructions, email us at: Illinois-RFP@nera.com

Financial Requirements

- 1. Name of Entity on Whose Financial Standing the Bidder Relies.** Bidder chooses either to rely on its own financial standing or on the financial standing of another party (“Entity”)
- 2. Credit Ratings for the Entity.**
- 3. Financial Information for the Entity.** Annual and quarterly financial information

Company-Specific Requirements for Energy and Capacity Products

Separately for AIC Energy (Section 4), ComEd (Section 5), and AIC Capacity (Section 7) :

- **Information to Prepare the applicable Supplier Contract Documents.** Inserts provided as a **Word document:**
 - **AIC Contract Insert (#P1-3)**
 - **ComEd Contract Insert (#P1-5)**
 - **AIC Capacity Contract Insert (#P1-7)**
 - **Representations of the Officer of the Bidder.**
 - **AIC Energy P1 Certifications Insert (#P1-4)**
 - **ComEd Certifications Insert (#P1-6)**
 - **AIC Capacity P1 Certifications Insert (#P1-8)**
- ✓ Additional requirements for Bidders in special circumstances (sections 8 & 9)
- ✓ **Comments on standard letters of credit will not be solicited**

Part 1 Notification

- A Bidder that successfully completes the Part 1 Proposal for a procurement event (after responding to any deficiency notices issued by the Procurement Administrator) receives a **Part 1 Notification** for that procurement event
- With the Part 1 Notification the Procurement Administrator provides the following **documents for submission of the Part 2 Proposal**:
 - ◆ Bid Forms and instructions for filling out and uploading to **secure bid transfer site**
 - ◆ Username, password, security code for bid submission
 - ◆ Invitation to training session on bid submission procedure
 - ◆ **Amounts of Pre-Bid Letters of Credit required to bid on all blocks for each Company**
- Materials provided to Bidders by **a secure electronic method**

More than One Deadline for the Part 2 Proposal

- Part 2 Proposal consists of:
 - ◆ Information submitted through the **online Part 2 Form**
 - ◆ Signed certifications (uploaded or sent via email)
 - ◆ Submission of an executed **Pre-Bid Letter of Credit** for each procurement event in which Bidder intends to bid
 - ◆ Bids
- Additional requirements for Bidders in special circumstances

Noon CPT on September 02	Part 2 Form and supporting documents
Noon CPT on September 02	Capacity Pre-Bid Letter of Credit
Noon CPT on September 07	Energy Pre-Bid Letters of Credit
10 AM to Noon CPT on September 09	Capacity Bids
8:30 to 11 AM CPT on September 13	Energy Bids

Note: Capacity Pre-Bid Letter of Credit Due on Part 2 Date

Pre-Bid Letters of Credit Must be Submitted Electronically Only

One Pre-Bid Letter of Credit Per Procurement Event

- A Bidder that submits a Proposal for both AIC Energy Products and AIC Capacity Products must submit two separate Pre-Bid Letters of Credit to AIC
- **The Pre-Bid Letters of Credit must be submitted electronically only** to each Company (2 email addresses for each Company) and to the Procurement Administrator
- The Pre-Bid Letter of Credit must be in the standard form or incorporate only modifications acceptable to the applicable Company for the applicable procurement event and posted on www.ipa-energyrfp.com
- Pre-Bid Letters of Credit expire no earlier than:
 - ◆ October 5, 2021 for Capacity procurement event
 - ◆ October 6, 2021 for Energy procurement events

Pre-Bid Letter of Credit Amounts

Energy:

- The bidder must calculate the Pre-Bid Letter of Credit amount, which is the greater of **\$5,000 times the total number of blocks** that the Bidder intends to bid across all Segments and months for a Company **subject to a \$250,000 minimum**
- The Pre-Bid Letter of Credit for a procurement event must in an amount sufficient to support the Bids
- A Bidder is not allowed to submit Bids such that the number of Blocks that the Bidder can win is greater than the amount of the Pre-Bid Letter of Credit divided by \$5,000
 - ◆ The Procurement Administrator will confirm the number of blocks that a Pre-Bid Letter of Credit for Energy Products can support based on the amount of the Pre-Bid Letter of Credit received by a Company

Capacity:

- Capacity Pre-Bid Letter of Credit must be for **\$200,000** regardless of the amount a Bidder plans to bid

Instructions for Bid Submission

- The **Bid Form** is the exclusive method for the submission of Bids
 - ◆ Bid Forms incompletely or inconsistently filled out will not be evaluated
- Bid Forms must be submitted to the Procurement Administrator via a **secure bid transfer site**
- **Step-by-step guide** is provided with the Part 1 Notification. A Bidder will have until the end of the submission window to cure any deficiency in the Bid Form (or 10 minutes if Procurement Administrator provides notice with less than 10 minutes left in the Bid Window)
- Bidders will have opportunity to practice and will have a **backup method (by email)** for bid submission

Overlapping Bid Windows

Capacity Products: Bids Must Be Received

Bid Date	September 9, 2021
Bid Window	10 AM to 12 PM (noon) CPT

Energy Products: Bids Must Be Received

Bid Date	September 13, 2021	
Overlapping Bid Windows by Delivery Period	2022/2023, 2023/2024	8:30 AM to 10 AM CPT
	2021/2022	8:30 AM to 11 AM CPT

Note: Capacity Bid Date is before the Energy Bid Date

Post-Bid Process: ICC Decision

- Although no notification is required prior to Commission approval under the PUA, Procurement Administrator aims to notify Bidders by phone by 6 PM **on the Bid Date** whether their Bids are identified as winning Bids to the ICC with a written notice to follow (**the following day as circumstances warrant**)
- If not already done, Bidders with winning Bids must provide the Contract Insert(s) for preparation of the applicable supplier contract documents **by 12 PM (noon) CPT on the day after notification** that the Bidders has Bids identified as winning Bids
- Procurement Administrator and the Procurement Monitor each submits a confidential report to ICC within two business days of the Bid Date
- The ICC will decide whether to accept the results of each procurement event within two business days of receiving the reports from the Procurement Administrator and the Procurement Monitor

Post-Bid Process: Contract and Supplier Fees

- Company sends electronically to Bidder partially executed contract documents
 - ◆ ComEd prepares the guaranty for the winning Bidder's guarantor as well
 - ◆ For AIC, Bidder prepares own guaranty and submits executed guaranty for electronic receipt by the Company
- Bidder countersigns, sends back electronically contract documents and fulfills creditworthiness requirements
 - Instructions regarding contract execution procedures will be provided to bidders; sellers that are unable to execute the documents using a wet signature will be required to use a digital signature for ComEd
- **Payment of the Supplier Fee** to the IPA is due seven business days of Commission decision
- Pre-Bid Letter of Credit may be drawn upon if Supplier Fees are not paid by the deadline

Energy Bids and Bid Forms

Bids in the Energy Procurement Events

- A **Bid** is a price in \$/MWh for a block of a Product or for a block of a Combination

ComEd On-peak blocks	Dec 2021	Jan 2022	Feb 2022	Jan & Feb 2022
1	35.00		35.00	32.75
2			37.50	

Subject to the amount of the Pre-Bid Letter of Credit:

- A Bidder may bid on **any number of Products** and may bid on all Products
- A Bidder may bid on **any number of Combinations** and may bid on all Combinations
- A Bidder may bid **both** on a Product and on a Combination that includes this Product

Each Tab for a Segment/Delivery Year/Company

- Twelve tabs for Bid Entry for the Companies across two Bid Forms
 - First Bid Form: 2021-2022 DY: On-Peak and Off-Peak
 - Second Bid Form: 2022-2024 DYs: On-Peak and Off-Peak

Jun-23	Jul-23	Aug-23	Sep-23

Jul-Aug23	Oct-Nov-Dec23	Jan-Feb24

**Bid Entry for
Single Months**

**Bid Entry for
Combinations**

Maximum Willingness to Supply

- The **maximum willingness to supply** is a maximum number of blocks that a Bidder wants to win for a particular Segment and month for a Company
- It will be assumed that the Bidder is willing to supply up to:
 - ◆ The Target for the Segment and month; OR
 - ◆ The number of blocks bid across all Products and Combinations that include that Segment and monthwhichever is smaller
- The Bidder may, **but is not required to**, specify a **maximum willingness to supply** for a Segment of a month to override this default

Two Steps to Bid Evaluation

- 1. First Step:** Bids that fail to meet the benchmarks are eliminated
- 2. Second Step:** Selection of package that yields the lowest average cost per MWh

AIC Capacity Bids and Bid Form

One Tab Per Planning Year for ZRC Bid Entries

Section 1. Number of ZRCs bid

ZRCs Bid

0

Section 2. Bids

Planning Year 2022-2023

	Price (\$/MW-Day)	Number of ZRCs (whole number)	Source Zone
1			
2			
3			
4			
5			
6			

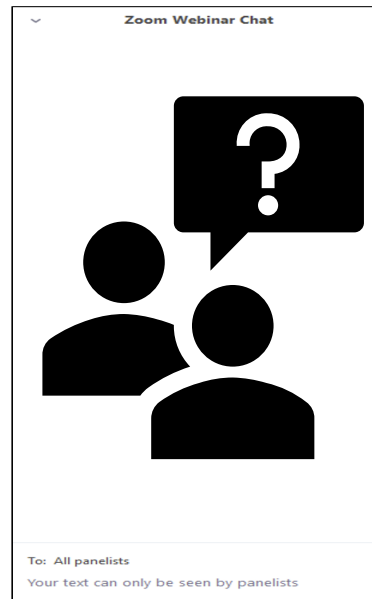
- Bidders must indicate for a given Planning Year
 - ◆ Quantity of ZRCs
 - ◆ Price of ZRCs
 - ◆ Source Zone of ZRCs
- Bidders may bid on ZRCs from **any Source Zone**
- A Bidder may bid on a number of ZRCs not to exceed the Target number of ZRCs for a given Planning Year

Bid Evaluation Procedure

- 1. First Step:** Bids that fail to meet the benchmark are eliminated
- 2. Second Step:** Selection of lowest priced Bids for a Planning Year until the Target for that Planning Year is met

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