

Illinois Power Agency

(www.ipa-energyrfp.com)

Spring 2020 Procurement Events:

Block Energy and Capacity RFP (BEC RFP)

Webcast

Monday, March 23, 2020

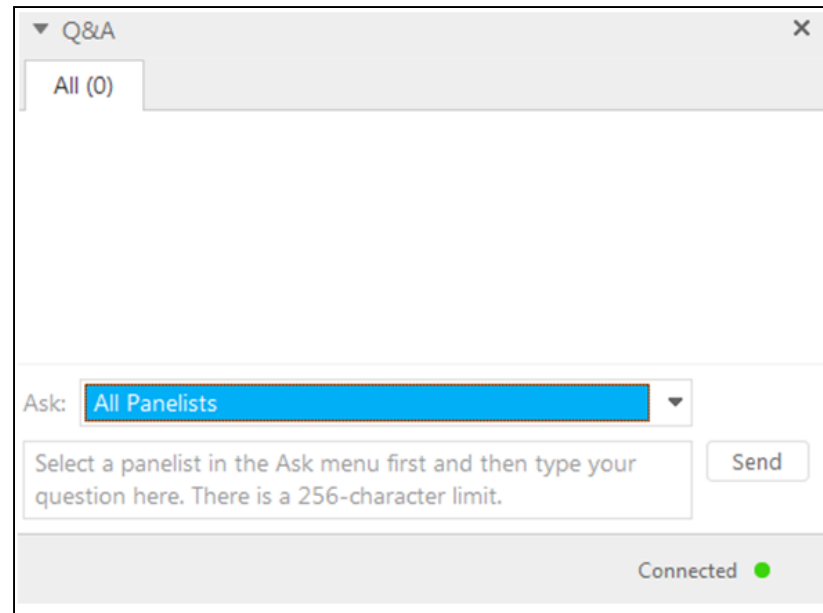
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Questions?

To submit questions to the presenters, please **locate the “Q&A” on the right hand side of your screen**, and select “All Panelists” in the “Ask” box; type in your question and click “Send” to submit your question



The screenshot shows a window titled "Q&A" with a close button (X) in the top right corner. Below the title bar, there is a dropdown menu currently set to "All (0)". Below this, there is an "Ask:" label followed by a dropdown menu set to "All Panelists". Below the dropdown menu is a text input field with the placeholder text "Select a panelist in the Ask menu first and then type your question here. There is a 256-character limit." To the right of the text input field is a "Send" button. At the bottom right of the window, there is a "Connected" status indicator with a green dot.

Presentation Materials and Q&As will be posted to

www.ipa-energyrfp.com

COVID-19 – No Schedule Changes

- Due to emergency measures enacted in the wake of COVID-19, the Procurement Administrator expects bidders to be working from home (as will the Procurement Administrator and the IPA) for the foreseeable future
- The Procurement Administrator has introduced **changes in procedures in the Proposal process** including the acceptance of digitally signed Inserts and the submission of the bid participation fee by e-pay or ACH (**NOT check**)
- The Procurement Administrator will be issuing **documents to bidders as necessary** with alternative delivery procedures for the pre-bid letters of credit due with the Part 2 Proposal and with modifications to the procedures for each Bid Date

If you have any concerns related to COVID-19 and the procurement events not addressed in this presentation, please send a comment to the Procurement Administrator by email at Illinois-RFP@nera.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 and the RFP documents posted on **March 23, 2020** to the procurement website, **IPA-energyRFP.com**
- Bidders bear full responsibility for reviewing and understanding these documents

Agenda

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

Overview

Regulatory Filings by the IPA

- On **Sept. 30, 2019**, the Illinois Power Agency (“IPA”) filed its Procurement Plan
- On **Dec. 19, 2019**, 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 Spring 2020
- **NERA** serves as Procurement Administrator

Block Energy and Capacity Products

- **Block Energy:** AIC, ComEd, and MEC
 - ◆ Specific quantities of on-peak and off-peak energy in monthly periods from June 1, 2020 through May 31, 2023
 - ◆ There are no quantities for MEC to be procured for the period June 1, 2021 through May 31, 2023
- **Capacity:** AIC
 - ◆ Zonal Resource Credits (“ZRCs”) for the 2021-2022 Planning Year and the 2022-2023 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 **provisional**; final targets to be posted by **April 06**

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

Targets for ComEd (Number of Blocks of 25 MW)

| Month | On-Peak | Off-Peak | Month | On-Peak | Off-Peak |
|----------|---------|----------|----------|---------|----------|
| Jun 2020 | 64 | 53 | Dec 2021 | 15 | 13 |
| Jul 2020 | 87 | 62 | Jan 2022 | 15 | 14 |
| Aug 2020 | 81 | 59 | Feb 2022 | | |
| Sep 2020 | 54 | 46 | Mar 2022 | | |
| Oct 2020 | 23 | 20 | Apr 2022 | | |
| Nov 2020 | 26 | 23 | May 2022 | | |
| Dec 2020 | 29 | 27 | Jun 2022 | | |
| Jan 2021 | 30 | 27 | Jul 2022 | | |
| Feb 2021 | 29 | 25 | Aug 2022 | | |
| Mar 2021 | 25 | 23 | Sep 2022 | | |
| Apr 2021 | 22 | 20 | Oct 2022 | | |
| May 2021 | 22 | 20 | Nov 2022 | 9 | 7 |
| Jun 2021 | 16 | 13 | Dec 2022 | 12 | 10 |
| Jul 2021 | 19 | 16 | Jan 2023 | 12 | 10 |
| Aug 2021 | 18 | 15 | Feb 2023 | 11 | 10 |
| Sep 2021 | 13 | 11 | Mar 2023 | 9 | 7 |
| Oct 2021 | 11 | 10 | Apr 2023 | 7 | 6 |
| Nov 2021 | 13 | 11 | May 2023 | 8 | 6 |

Product has 3 elements

- Company: AIC, ComEd, or MEC
- Segment: on-peak or off-peak
- Month: e.g., Nov 2020

Number of Blocks Available for Each Combination

| Combination | On-Peak | Off-Peak | Combination |
|----------------|---------|----------|----------------|
| Jul-Aug20 | 81 | 59 | Jan-Feb22 |
| Oct-Nov-Dec20 | 23 | 20 | Mar-Apr22 |
| Jan-Feb21 | 29 | 25 | Jun21 to May22 |
| Mar-Apr21 | 22 | 20 | Jul-Aug22 |
| Jun20 to May21 | 22 | 20 | Oct-Nov-Dec22 |
| Jul-Aug21 | 18 | 15 | Jan-Feb23 |
| Oct-Nov-Dec21 | 11 | 10 | Mar-Apr23 |
| Jun22 to May23 | 7 | 6 | |

Combinations: packages of products

- e.g., Mar-Apr21
- 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 (“ACP”) 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 March 23

- Separate energy contracts for AIC, ComEd, and MEC
- 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 will execute the applicable supplier contract and related documents after the ICC decision
- Comparisons to 2019 contracts can be found here:
 - ◆ <https://www.ipa-energyrfp.com/spring-block-energy/final-materials/>

Supplement Added to Each Contract

- In response to bidder comments, a Supplement has been added to each contract, which the bidder and the Company can mutually agree to execute
- For a bidder that is **NOT** a “Regulated Entity” under the International Swaps and Derivatives Association 2018 U.S. Resolution Stay Protocol, there is effectively no changes to the contracts
- **For a bidder that is a “Regulated Entity” under the International Swaps and Derivatives Association 2018 U.S. Resolution Stay Protocol**, executing the Supplement incorporates the terms of the Protocol into the contract

Main Credit Terms – Energy Contracts

- **Exposure** is based on MtM methodology
- Standard Letter of Credit and Guaranty are provided
 - ◆ Exhibits to Confirmation Agreement (AIC and MEC); Schedules to Collateral Annex (ComEd)
- A single Guaranty may be applicable to **multiple contracts**
- Acceptable modifications to Guaranty are provided
 - ◆ Schedules to the Confirmation Agreement (AIC and MEC); schedule to the Collateral Annex (ComEd)
- 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 Confirmation Agreement

- Acceptable modifications to the Guaranty provided as Schedules to the Guaranty

- Collateral requirement applies **only to Seller**

The RFP Process

BEC RFP Calendar

| 23-Mar | 24-Mar | 25-Mar | 26-Mar | 27-Mar |
|----------------------------|--|--------------------------|------------------------------------|---------------------------------------|
| | Part 1 Window Opens | | | |
| 30-Mar | 31-Mar | 1-Apr | 2-Apr | 3-Apr |
| | Part 1 Date Bid Participation Fee Due | | | |
| 6-Apr | 7-Apr | 8-Apr | 9-Apr | 10-Apr |
| Part 1 Notification | Part 2 Window Opens | | | |
| 13-Apr | 14-Apr | 15-Apr | 16-Apr | 17-Apr |
| | Part 2 Date Pre-Bid LC Due for Energy | Bidder Training | Pre-Bid LC Due for Capacity | |
| 20-Apr | 21-Apr | 22-Apr | 23-Apr | 24-Apr |
| Energy Bids Due | | Capacity Bids Due | | ICC decision - Energy Products |
| 27-Apr | 28-Apr | 29-Apr | 30-Apr | 1-May |
| | ICC decision - Capacity Products | | | |

NEW Bidders: Register for your Account

IPA
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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 [request login credentials here](#).

Register for an Account

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

- Company name
- full name of contact
- phone and alternate number
- email address

Previously qualified Bidders will receive login credentials and specific instructions by email from the Procurement Administrator

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**
 - ◆ Payment of **Bid Participation Fee** to the IPA
- Previously qualified Bidders (successfully completed the Part 1 Proposal in 2018 or 2019 under the BEC RFP) are eligible to participate in an abbreviated Part 1 Process

| | |
|--------------------|------------------------------------|
| Part 1 Date | 12 PM CPT on March 31, 2020 |
|--------------------|------------------------------------|

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 representations (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 sent to the Representative and will also be sent to the Nominees

| | |
|------------|------------------|
| New | Prev Qual |
|------------|------------------|

| | |
|----------------|----------------|
| Provide | Confirm |
|----------------|----------------|

| | |
|----------------|------------------------------|
| Provide | Recent Sellers Exempt |
|----------------|------------------------------|

| | |
|----------------|-------------------------|
| Provide | Update as needed |
|----------------|-------------------------|

| | |
|----------------|-------------------------|
| Provide | Update as needed |
|----------------|-------------------------|

| |
|---------------------|
| BOTH Provide |
|---------------------|

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 Proposal
- 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 AND a certificate of completion** (or equivalent document) that verifies the identity of the signatory
- Electronic signatures are **not** acceptable

Bid Participation Fee

- **Bid Participation Fee of \$500** is required
 - A single Bid Participation Fee per Bidder
 - paid once for all 2020 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 <https://magic.collectorsolutions.com/magic-ui/onetimepayment/illinois-power-agency-ipa>
 - ◆ **ACH Automatic Clearing House in CCD or CCD+ format**
 - **The IPA's bank for ACH transactions has changed! You must request new instructions from the IPA before using ACH.**

- Payment by check is **not** an acceptable method

- For a complete set of instructions, email us at: Illinois-RFP@nera.com

Financial Requirements

New

Prev Qual

- 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 (**can be uploaded**)

BOTH Provide

BOTH Provide

BOTH Provide

Company-Specific Requirements for Energy and Capacity Products

Separately for AIC Energy (Section 4), ComEd (Section 5), MEC (Section 6), and AIC Capacity (Section 7) :

New

Prev Qual

- **Information to Prepare the applicable Supplier Contract Documents.** Inserts provided as a **Word document:**

BOTH Provide

- AIC Contract Insert (#P1-3)
- ComEd Contract Insert (#P1-5)
- MEC Contract Insert (#P1-7)
- AIC Capacity Contract Insert (#P1-9)

- **Representations of the Officer of the Bidder.**

- AIC Energy P1 Certifications Insert (#P1-4)
- ComEd Certifications Insert (#P1-6)
- MEC Certifications Insert (#P1-8)
- AIC Capacity P1 Certifications Insert (#P1-10)

BOTH Provide

- **No comments solicited on the Letters of Credit for Spring 2020 procurement events**

- ✓ Additional requirements for Bidders in special circumstances (sections 8 & 9)

Part 1 Notification

- 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**

Part 1 Notification

April 06, 2020

More than One Deadline for the Part 2 Proposal

- Part 2 Proposal consists of:
 - ◆ Information submitted through the **online Part 2 Form** (updating contact information)
 - ◆ Signed certifications (scan can be 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

| | |
|---|---|
| Part 2 Date: Noon CPT on Apr. 14 | Part 2 Form and supporting documents |
| Noon CPT on Apr. 14 | Energy Pre-Bid Letters of Credit |
| Noon CPT on Apr. 16 | Capacity Pre-Bid Letter of Credit |

Pre-Bid Letters of Credit

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 LCs to AIC
- 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
- **Delivery procedures** for the Pre-Bid Letters of Credit will be provided no later than the Part 1 Notification Date

Pre-Bid Letter of Credit Amounts

Energy:

- **Indicative Quantity** is the most blocks that a Bidder intends to bid across all Segments and all months for a Company
- Pre-Bid Letters of Credit in an amount of **\$5,000/block** of the Indicative Quantity subject to:
 - ◆ a **\$250,000 minimum for AIC and ComEd**
 - ◆ a **\$25,000 minimum for MEC**
 - ◆ **The maximum for a Company** that allows for a Bidder to bid on all blocks for that Company (provided with the final targets)

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** provided with the Part 1 Notification will include modifications to the bidding procedures as necessary
- Bidders will have opportunity to practice and will have a **backup method (by email)** for bid submission

Overlapping Bid Windows

Energy Products: Bids Must Be Received

| | | |
|---|-----------------------------|-----------------------------|
| Bid Date | April 20, 2020 | |
| Overlapping Bid Windows by Delivery Period | 2021/2022, 2022/2023 | 8:30 AM to 10 AM CPT |
| | 2020/2021 | 8:30 AM to 11 AM CPT |

Capacity Products: Bids Must Be Received

| | |
|-------------------|-------------------------|
| Bid Date | April 22, 2020 |
| Bid Window | 1 PM to 3 PM CPT |

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 6PM **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 12PM 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
 - ♦ **April 22** for Energy procurement events
 - ♦ **April 24** for Capacity procurement event
- The ICC will decide whether to accept the results of each procurement event
 - ♦ **April 24** for Energy procurement events
 - ♦ **April 28** for Capacity procurement event

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 and MEC, 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
- **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

Supplier Fee Estimates

- **Estimates of Supplier Fees** at this time:
 - **\$157** per on-peak block
 - **\$104** per off-peak block
 - **\$20** per ZRC
- (Final Supplier Fees will be announced on Part 2 Date)

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 | 50.00 | | 50.00 | 60.00 |
| 2 | | | 60.00 | |

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

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

| <u>Section 1. Number of ZRCs bid</u> | | |
|---|--|--|
| ZRCs Bid | | |
| <input type="text" value="0"/> | | |

| <u>Section 2. Bids</u> | | | |
|--------------------------------|----------------------|----------------------------------|----------------|
| Planning Year 2021-2022 | | | |
| | Price (\$/MW-Day) | Number of ZRCs (whole number) | Source Zone |
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 | | | |
| 9 | | | |
| 10 | | | |
| 11 | | | |
| 12 | | | |

ZRCs can be from any Zone

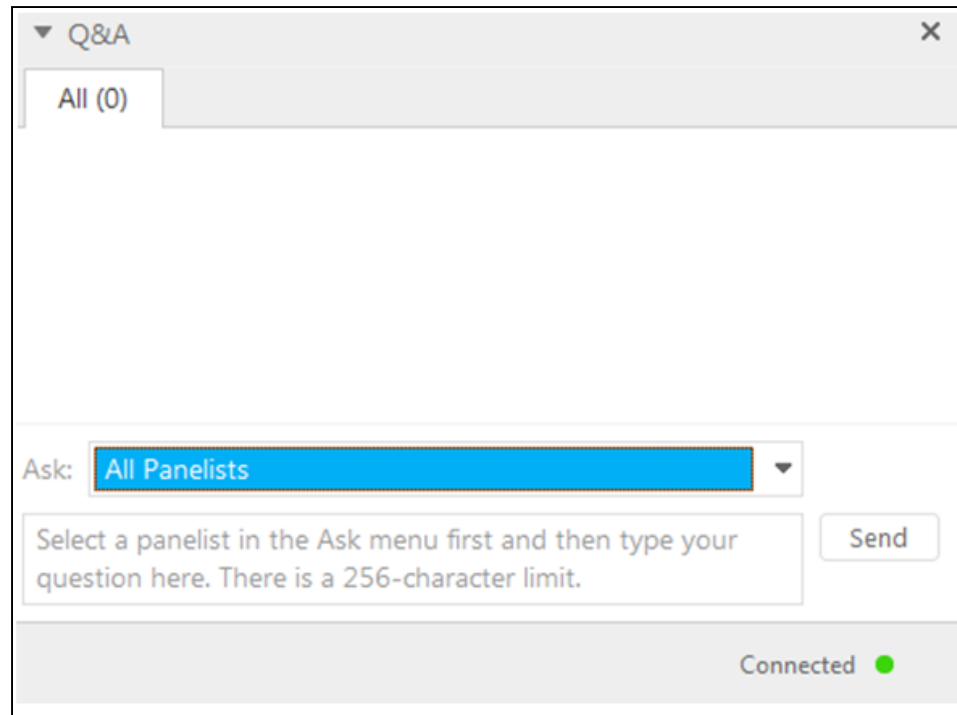
- Bidders must indicate for a given Planning Year
 - ◆ Quantity of ZRCs
 - ◆ Price of ZRCs
 - ◆ Source Zone of ZRCs
- Bidders may bid on ZRCs from **any Source Zone**
- A Bidder may bid on a number of ZRCs not to exceed the Target number of ZRCs for a given Planning Year

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

Questions?

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