

Illinois Power Agency
Forward Procurement Event:
Utility-Scale Wind RFP

Stakeholder Workshop
Wednesday, September 16, 2020

Benjamin Chee, NERA
Katie Orlandi, NERA



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”



Today's presentation and audio recording will be posted to: www.ipa-energyrfp.com

Agenda



- 1 Introduction and Objective
- 2 Draft Refreshed REC Contract
- 3 RFP Process
- 4 Draft Proposal Requirements
- 5 Stakeholder Comment Process

Disclaimer

- Any statements herein or made on the call describing or referring to the draft proposal requirements and draft REC Agreement are summaries only and are qualified in their entirety by the draft documents
- Draft Proposal Requirements were posted on **August 13** and the Draft REC Agreement was posted on **September 8** for supplier comments
- Final RFP and Contract documents taking into consideration supplier comments are expected to be posted in November 2020
- When they become available, the final documents will be the governing documents and bidders bear full responsibility for reviewing and understanding the final documents
- Governing documents include Public Act 99-0906, the IPA's Revised Long Term Renewable Resources Procurement Plan ("Revised Plan"), and ICC Order in Docket No. 19-0995

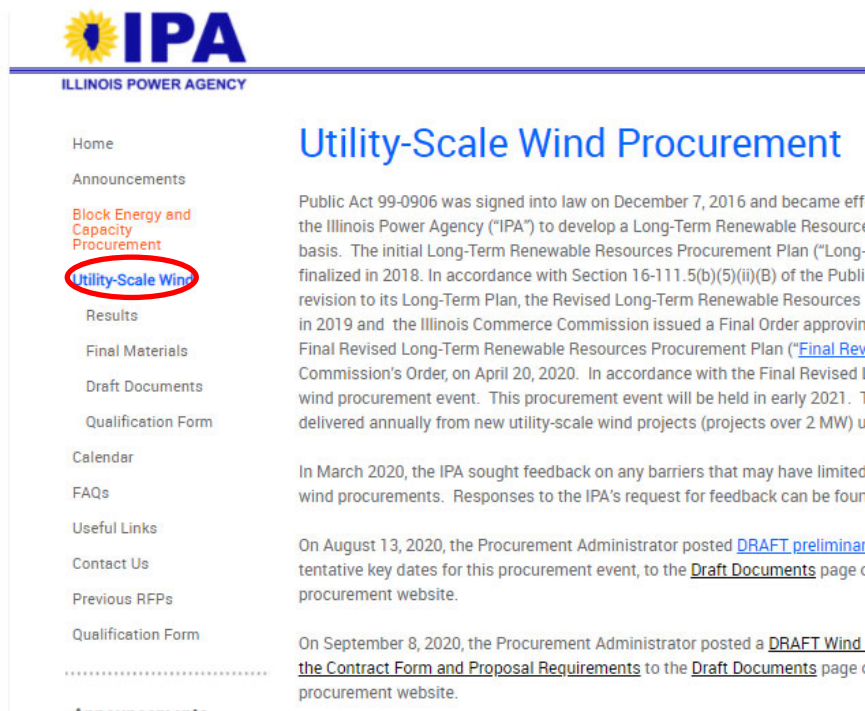
Download materials: www.ipa-energyrfp.com



Introduction and Objective

Sources of Information

Procurement Website for contract, rules, calendar and announcements
www.IPA-energyRFP.com



IPA's Website for information on planning and implementation of RPS
www.illinois.gov/sites/ipa



Today's workshop is to engage stakeholders about key proposal requirements, draft contract elements and the comment process

Comment Process and Timeline

- **March 16, 2020:** Posting of Stakeholder Request for Feedback on barriers that may limit participation in Utility-Scale Wind RFPs
- **March 30, 2020:** Deadline to provide feedback
- **August 13, 2020:** Preliminary Proposal Requirements
- **September 8, 2020:** Draft Wind REC Agreement
- **September 8, 2020:** Invitation to Comment (updated on September 10, 2020)
- **September 16, 2020:** Stakeholder Workshop on Preliminary Proposal Requirements and Draft Wind REC Contract
- **October 1, 2020:** Deadline to provide comments on Preliminary Proposal Requirements and on Draft Wind REC Agreement

Final RFP expected to be issued in November 2020 with expected Bid due date in March 2021

Comment Process



October 1

- ❖ download materials at: <https://www.ipa-energyrfp.com/utility-scale-wind/draft-documents/>
- ❖ you may address any aspect of the documents, including any modifications or clarifications to the DRAFT Wind REC Agreement that may be desirable in light of President Trump's Executive Order 13920
- ❖ email written comments: Illinois-RFP@nera.com
- ❖ use tracked changes; provide explanatory notes in a separate document or highlighted in tracked changes
- ❖ comments will be posted online (with identity of commenter redacted)

Please submit any comments you make today in writing via email as well



Draft Refreshed REC Contract

Refreshed REC Contract

- **Public Act 99-0906** provides for the procurement of RECs from various renewable resources, including from Utility Scale Wind Projects

- Previously conducted Utility-Scale Wind procurements
 - REC Agreement was based on ABA-ACORE-EMA Master REC Agreement
 - prior contract structure included a cover sheet, revisions to the Master REC Agreement, and the Master REC Agreement itself, which required a careful review to understand which provisions are applicable

- **IPA's Revised Plan** proposed a substantial refresh of the REC Contract
 - new, cleaner, more straightforward REC delivery contract
 - shortening and simplifying the REC Contract
 - provide stakeholders opportunity to comment on the refreshed contract draft before finalization



ILLINOIS POWER AGENCY

Home

Announcements

Block Energy and Capacity Procurement

Utility-Scale Wind

Results

Final Materials

Draft Documents

Qualification Form

Calendar

FAQs

Draft Documents

Comment Process on the DRAFT Wind REC Contract and DRAFT Preliminary Proposal Requirements

- [Invitation to Comment \(September 10, 2020\)](#)

Preliminary Proposal Requirements

- [DRAFT Preliminary Proposal Requirements \(August 13, 2020\)](#)

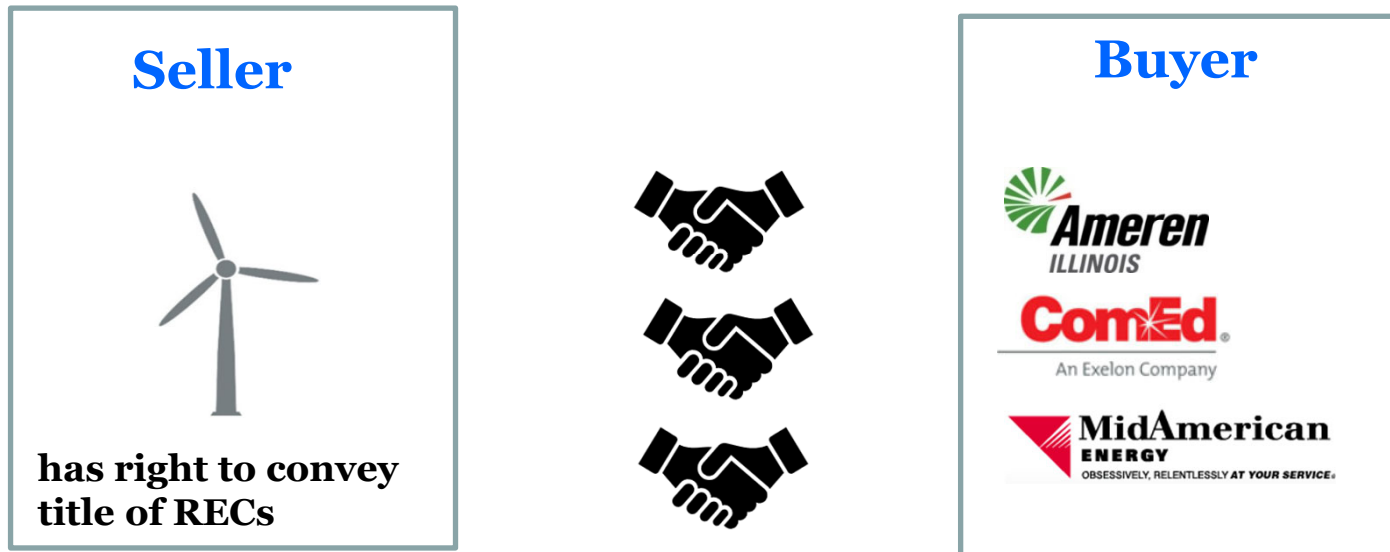
DRAFT Wind REC Agreement

- [DRAFT Wind REC Contract \(September 08, 2020\)](#)
- **Redline Comparison** (The Base Agreement is a restructured version of the FINAL Fall 2019 Wind REC Agreement from the Fall 2019 Utility-Scale Wind RFP that conforms to the structure and section ordering of this DRAFT Wind REC Agreement)
 - [Redline \(DRAFT Utility-Scale Wind REC Agreement vs Base Agreement\)](#)

Draft REC Contract

Redline

Agreement Basics



- you must be willing to sign the agreement with all 3 utilities
- RECs from winning Project are allocated among AIC, ComEd, and MEC
- contract administered separately by each applicable utility
- payment for **Delivered RECs only** (no payment for energy or capacity)

Draft REC Agreement consists of 15 Articles and 6 Exhibits

Article	Topic Covered
1	Definitions
2	Product and Facility Requirements
3	Term of Agreement
4	Delivery Obligations
5	Payment And Invoicing
6	Reporting Requirements (Reserved)
7	Credit And Collateral Requirements; Performance Assurance
8	Representations and Warranties
9	Events Of Default; Remedies
10	Force Majeure
11	Government Action
12	Governing Law
13	Assignment
14	Indemnification and Liability
15	Miscellaneous

Exhibit	Topic Covered
A	• Form of Product Order
B	• Contact Information for Notices
C	• Form of Reports and Notices (Reserved)
D	• Form of Invoice
E	• Form of Security Instruments – Letters of Credit – Letters of Full Transfer – Form of Guaranty
F	• Examples – Example of Delivery Year Requirement Calculation

REC Agreement is no longer divided into a Cover Sheet and Master Agreement; it is now **one** document

If any inconsistency between main body and exhibits, the **main body** shall govern understanding

Transaction details are in the Product Order

- **Annual Quantities** across utilities sum up to the annual quantity that Seller bid to offer from such winning Project
- **Maximum Contract Quantity** is Annual Quantity x 15 years

Example.

- Seller wins to deliver **100,000 RECs annually** from a Project at **\$10**
- Allocation across utilities

Buyer	Annual Quantity	Purchase Price
AIC	29,000 RECs	\$10 / REC
ComEd	70,000 RECs	\$10 / REC
MEC	1,000 RECs	\$10 / REC

Example: MEC Contract

Project Information	Class of Resource: Utility-Scale Wind Project Site Description: [Site Location and details]
Annual Quantity	1,000 RECs
Maximum Contract Quantity	15,000 RECs (i.e. Annual Quantity x 15 years)
Purchase Price (\$ per REC)	\$10.00
Certified by Tracking System	PJM EIS GATS or M-RETS

Contract includes a 15-Year Delivery Term

- **Delivery Term** commences upon first REC issuance and is for 15 years of REC deliveries
 - ◆ **New!** REC Deliveries via Standing Order
 - ◆ Project operational within 3 years of ICC approval
 - ◆ Delivery first REC within 1,185 days of ICC approval
- Delivery Term is divided into **Delivery Years**
 - ◆ Starts in June and ends in May of following year
 - ◆ Delivery obligations are for each Delivery Year
- Each Delivery Year is divided into **Delivery Months**
 - ◆ Invoices due by 10th day after each Delivery Month
 - ◆ Payments due by end of month of receipt of timely invoices

What are my Delivery Obligations ?

- The obligation is the **Delivery Year Requirement, which is the Annual Quantity** for Delivery Year except:
 - ◆ First and Last Delivery Years will be pro-rated if Delivery Term does not begin on June 1st
 - ◆ First 365 days: Requirement can be reduced up to 50%

- **If:** (a) you fail to meet the Delivery Year Requirement in any 3 or more Delivery Years **and** (b) the amount of shortfalls equals or exceeds the Annual Quantity
 - ◆ Contract with that utility is terminated
 - ◆ Collateral Requirement is forfeited

Flexible Vintage allows for Banking of RECs

- RECs delivered in any Delivery Year:
 - ◆ must allow Buyer to comply with Illinois RPS
 - ◆ must be from Project (no Replacement RECs)
 - ◆ need not be from same Delivery Year as long as REC is based on electricity generation anytime in the **15-year Delivery Term and 2 additional months** before the Delivery Term
- **Excess RECs** are the property of the Seller
 - ◆ Seller may sell excess RECs elsewhere
 - ◆ Delivery in future Delivery Year to meet subsequent Delivery Year Requirement
 - ◆ Delivery in last Delivery Year up to Maximum Contract Quantity

Registration with PJM EIS GATS or M-RETS

- **New! Standing Order**

- ◆ required to be established within 30 days of date of first operation
- ◆ reflect Buyer's pro-rata share up to Delivery Year Requirement
- ◆ revocation request to be made 30 days prior to Delivery Term end

- ◆ **Delivery Year Requirement** is via Standing Order unless there is a shortfall

- ◆ **Excess RECs** are the property of Seller
 - may be sold elsewhere
 - may be delivered during future Delivery Year to meet shortfall
 - delivered in future Delivery Year by **manual transfer**

Credit Requirements

- Collateral Requirement is based on Annual Quantity of RECs
 - ◆ **\$4.00** x Annual Quantity of RECs
 - ◆ Collateral Requirement is subject to \$20,000 minimum during first 10 delivery years of Delivery Term
- Unsecured Credit granted to entities that are investment grade (or that rely on guarantor that is investment grade)

S&P	Moody's	Fitch	Collateral Threshold
BBB- or above	Baa3 or above	BBB- or above	\$2,500,000

- ◆ Standard forms of the Guaranty and Letter of Credit are provided as exhibits to the Agreement

Project Requirements

Project Requirements	Common Remedy for Failure to comply
<ul style="list-style-type: none">▪ Date of First Operation after June 1, 2017 and before 3 years of ICC Bid Approval Date▪ Utility-Scale Wind as specified in IPA Act or ICC rules▪ Located in Illinois (or adjacent to Illinois and meet specific public interest criteria)▪ $\geq 50\%$ of Project is located on identified site▪ NOT a generating unit whose costs are being recovered through rate	<p>Event of Default:</p> <p>Termination</p> <p>Loss of Collateral Requirement + 100% of payments</p> <p>Loss of Collateral Requirement + 110% of payments</p>

Collateral Requirement is forfeited for default prior to energization

Product Requirements

Product Requirements

- Standard RECs from **Project**
- Transferred to Buyer's PJM GATS or M-RETS account in **unretired** state
- Comply with Illinois RPS at the time of Delivery
- Delivery Term starts no earlier than **ICC Bid Approval Date** and no later than **1,185 days after ICC Bid Approval Date**
 - ◆ based on electricity generation anytime in the **15-year Delivery Term and 2 additional months** before the Delivery Term

Delivery Requirements

Event of Default if Seller:

- fails to deliver 1 REC by 1,185 days after ICC Bid Approval Date
- fails to meet Delivery Year Requirement 3 or more times and cumulative Shortfall Amount \geq Annual Quantity

Contract Termination

+ Loss of Collateral Requirement

Payment Terms

- **Single price per REC**, applicable to all years of the REC Contract
 - ◆ price is based on Bid; no adders and no price escalation

- Seller to submit invoice by 10th of the month after Delivery Month

- Buyer to pay Seller by last Business Day of the month of receipt of timely submitted invoice; 1 invoice to be processed per Delivery Month

- **In the event Buyer is not allowed to recover costs**
 - ◆ obligations will be suspended; Seller may sell or transfer RECs to third party during suspension period

 - ◆ Seller has right to terminate the contract after 365 days; Buyer has right to terminate the contract after 730 days

Product is Regulatorily Continuing

- RECs must comply with the requirements under IL RPS as the Applicable Program and must allow Buyer to meet the IL RPS
- Government Action that has a material adverse effect on the Product is Seller's responsibility
- **New!** Notwithstanding, if Government Action renders Delivery illegal under applicable law, or product no longer complies with Applicable Program, and **no commercially reasonable modification** taken by Seller would allow Product to comply with the Applicable Program, the Transaction will be terminated and Seller's Performance Assurance will be returned
 - ◆ "**Commercially reasonable**" efforts shall include proof by Seller that the estimated expenditure \geq Collateral Requirement

Force Majeure

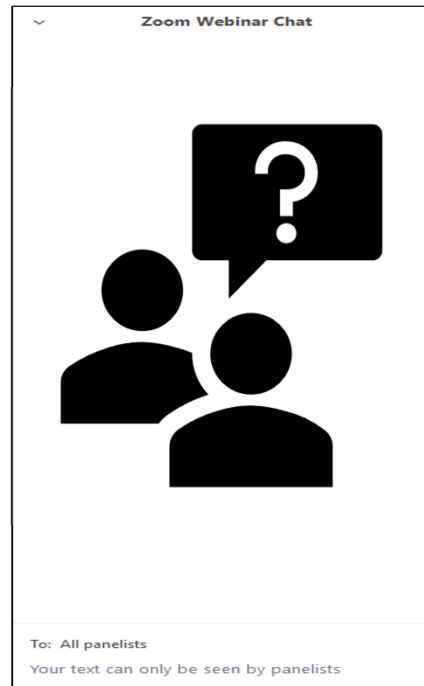
- Force Majeure may extend the Date of First Energization
- **New!** Force Majeure includes acts of God, **pandemics as declared by WHO**, explosions, war, hostilities, riots and acts or threats of terrorism, **delays associated with processing of permit requests or addressing regulatory requirements** or delays in the establishment by the Project of an operating interconnection with the applicable RTO, and curtailment for reliability purposes that occurs after the 5th delivery year
- **New!** If Force Majeure adversely affects the operability of the Project and damage is irreparable, then Seller may request for contract termination and refund of Performance Assurance
- **New!** Any determination to object to or dispute the existence of Force Majeure by Buyer shall be subject to the concurrence of the IPA

New! Additional Items

- Governing law is the law of the State of Illinois ~~New York~~
- Seller's Limit of Liability = Collateral Requirement + 110 % payments
- Notices by electronic means (contact sheet in Exhibit B)
- Confidentiality applies to generally non-public information obtained through contract administration

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”





The RFP Process

One Proposal per Project

- **Part 1:** respond to qualification standards
- **Part 2:** make certifications; provide bid assurance collateral

Part 1 Proposal:

- **Online:** provide information using online Part 1 form
- **Online:** upload completed Inserts
- **Online:** upload required supporting documents

Part 2 Proposal:

- **Online:** provide information using online Part 2 form
- **Online:** upload completed Inserts
- **Send to Companies:** bid assurance collateral (cash or letter of credit)

Proposal Processing

- Part 1 and Part 2 Proposals are submitted electronically via online forms accessed on the procurement website
 - Complete fields and upload supporting documentation
- Proposals are evaluated promptly when the Bidder clicks **SUBMIT** in the online form
- Procurement Administrator will provide notices to bidders noting any deficiencies
- Bidders generally are given until the deadline (Part 1 or Part 2 Date) or **one to two business days** to respond

Registering for an Account

IPA
ILLINOIS POWER AGENCY

Home
Announcements
Block Energy and Capacity Procurement
Utility-Scale Wind
Calendar
FAQs
Useful Links
Contact Us
Previous RFPs
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, email Illinois-RFP@nera.com with:

- Company name
- full name of contact
- phone and alternate number
- email address
- Interest in Utility-Scale Wind RFP
- Number of Projects

Separate accounts for different Projects

Contact Information Required

- A “**Bidder**” is the entity that submits the Proposal; the “**Seller**” is the entity that will sign the REC Contract if the Project is selected and approved by the ICC

- Name **Representatives**
 - ◆ Name at least one and up to four individuals who can respond to questions regarding the Project and the Proposal

- Name an **Officer of the Seller**
 - ◆ An individual who has the power to undertake contracts and to bind the Seller

Bid Participation Fee and Supplier Fee

- **Bid Participation Fee of \$500** is paid by **Bidders** to the IPA by the **Part 1 Date**
- **Supplier Fee** is paid by **Winning Bidders only** to IPA within **7 business days of ICC decision**

Bid Submission and Evaluation

- Bid Submission
 - ◆ Bidders enter their Bids in an **Excel spreadsheet** that will be provided by Procurement Administrator
 - ◆ Bidders will **transfer** their spreadsheet through a secure interface
- Bid Evaluation
 - ◆ considers only Bids that **meet or beat the benchmark**
 - ◆ Evaluation is on **price-only basis**
- Benchmark developed using confidential methodology approved by ICC

Tentative Calendar for RFP Process

1-Feb	2-Feb	3-Feb	4-Feb	5-Feb
		Part 1 Window Opens		
8-Feb	9-Feb	10-Feb	11-Feb	12-Feb
15-Feb	16-Feb	17-Feb	18-Feb	19-Feb
		Part 1 Date		
22-Feb	23-Feb	24-Feb	25-Feb	26-Feb
		Part 1 Notification	Part 2 Window Opens	
1-Mar	2-Mar	3-Mar	4-Mar	5-Mar
			Part 2 Date	
8-Mar	9-Mar	10-Mar	11-Mar	12-Mar
			Bids Due¹	

¹ The Bid Date is tentative and will potentially be adjusted to conform with the ICC 2021 calendar once it becomes available. The results of the RFP are subject to ICC approval. The ICC will issue a decision on whether to approve the results four business days after the bid date. Contracts must be executed within three business days of ICC approval.



Draft Proposal Requirements

Part 1 Proposal - Project Description and Site

- Basic Information:
 - ◆ **Name of Project**
 - ◆ **Project Size** (AC rating) in MW
 - ◆ **Date** of First Operation (actual or expected)

- Project Location:
 - ◆ **Complete address**
 - ◆ **Map** of the Project site
 - ◆ **Projects located in a state adjacent to Illinois** must meet public interest criteria in the Act
 - Methodology explained in Chapter 4 of the Final Revised Long-Term Plan
 - Evaluation spreadsheet to be completed available here:
<https://www2.illinois.gov/sites/ipa/Documents/2018ProcurementPlan/IL-RPS-Adjacent-State-Facility-Determination-Eligibility-Revised%20-October-12-2018.xls>

Part 1 Proposal - Project Information

PJM Interconnection	MISO Interconnection	Electric Distribution Utility
<ul style="list-style-type: none"> The Project has completed the System Impact Study; or Site control for an area of at least 40 acres times the Project size in MW (AC rating). 	<p>If the Project is in the DPP-2020-Cycle 1 or a later study cycle: The Project has completed Definitive Planning Phase 1 (“DPP 1”); Or Site control for an area of at least 40 acres times the Project size in MW (AC rating).</p> <p>If the Project is in a study cycle prior to DPP-2020-Cycle 1: The Project has a fully executed interconnection agreement; Or Site control for an area of at least 40 acres times the Project size in MW (AC rating)</p>	<ul style="list-style-type: none"> The Project has completed the Interconnection System Impact Study; and site control for an area of at least 40 acres times the Project size in MW (AC rating).

2. Project Information (cont'd)

- A Bidder that demonstrates **site control**, must do so for an area of at least **40 acres times the Project** size and must describe the development milestones achieved
 - ◆ Different documents are accepted (lease, memorandum of understanding, etc.)
 - ◆ It is expected that document includes the number of acres controlled by Owner (further information may be required if not)

- Description of stage of development

Additional Part 1 Proposal Requirements

- **Representations.** The Seller makes a number of certifications
 - Regarding the Project: meets requirements in RFP Rules; is not located outside Illinois and adjacent states, etc.
 - Regarding the Seller: accepts the terms of the REC Contract, is aware of the collateral requirements under the REC Contract, etc.

- **Financial Information.** Credit ratings, if available, for Seller or guarantor of Seller

Part 2 Proposal

- **Part 2 Proposal consists of:**
 - ◆ Information submitted through the **online Part 2 Form**
 - ◆ Signed certifications
 - ◆ Submission of **bid assurance collateral**
 - ◆ Bids

Bid Assurance Collateral

- **Bid Assurance Collateral** must be in the form of cash or a Pre-Bid Letter of Credit provided to each Company separately
- Bid Assurance Collateral is a function of the Project size (rounded to nearest MW) and is subject to a ceiling

Company	Amount	Ceiling
AIC	\$1,600/MW	\$1,075,000
ComEd	\$4,000/MW	\$2,750,000
MEC	\$400/MW	\$175,000

- If a Bidder presents Proposals for multiple Projects, such Bidder may submit a single Pre-Bid Letter of Credit or effect a single wire transfer to a Company in the amount required for all Projects
- The **Pre-Bid Letter of Credit** for a Company must be either in the standard form provided, or incorporate only modifications acceptable to that Company and posted to the procurement website

Three Elements of a Bid

- A Bid has three elements:
 - ◆ A price per REC that represents the price at which the Seller is willing to deliver RECs
 - ◆ A “full quantity” of RECs that represents the annual quantity that the Seller is offering to deliver under the terms of the REC Contract
 - ◆ A “minimum quantity” that represents the minimum annual quantity of RECs that the Seller is willing to accept as a partial award

Name of Seller	Project Tag	Project Size (MW)	Max Bid Size (# of RECs)	Price (\$/REC)	Full Quantity (# of RECs)	Minimum Quantity (# of RECs)
Sample Seller 1	SMP-01	100.00	394,200	30.00	390,000	290,000

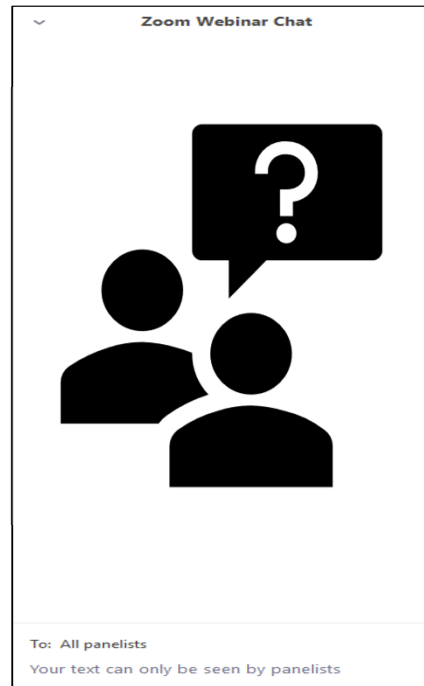
- ◆ Quantity also subject to a maximum calculated on the basis of a 45% capacity factor
- The Procurement Administrator provides each Bidder with a custom Bid Form to use for all Projects that qualify

Post-Bid Process: ICC Decision

- **Within 2 business days of Bid Date:** Procurement Administrator and the Procurement Monitor each submits a confidential report to the ICC
- **Within 2 business days of Report:** The ICC decides whether to accept or reject the results

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”



Comment Process



October 1

- ❖ download materials at: <https://www.ipa-energyrfp.com/utility-scale-wind/draft-documents/>
- ❖ you may address any aspect of the documents, including any modifications or clarifications to the DRAFT Wind REC Agreement that may be desirable in light of President Trump's Executive Order 13920
- ❖ email written comments: Illinois-RFP@nera.com
- ❖ use tracked changes; provide explanatory notes in a separate document or highlighted in tracked changes
- ❖ comments will be posted online (with identity of commenter redacted)

Please submit any comments you make today in writing via email as well

Contact: Illinois-RFP@nera.com