Appendix 15 – Requirements for Adjacent State Project Participation in the Summer 2026 Energy Storage RFP

First Item: Background

The Illinois Power Agency Act ("the Act") (20 ILCS 3855/*et seq*.), as amended by the Clean and Reliable Grid Act, requires all projects participating in the Summer 2026 Energy Storage RFP, regardless of geographic location, to be interconnected within MISO LRZ 4 or PJM ComEd LDA.[1] Section 1-75(d-20)(6) of the Act also provides that procurements conducted pursuant to subsection (d-20) "shall comply with the geographic requirements" in Section 1-75(c)(1)(I) of the Act "to the extent practicable." The Agency is thus tasked with making a determination as to how to apply the Illinois Renewable Portfolio Standard ("RPS") public interest criteria to assess eligibility for an adjacent state energy storage project interconnected within MISO LRZ 4 or PJM ComEd LDA.

Section 1-75(c)(1)(I) of the Act contains a locational eligibility requirement for the Illinois RPS. Specifically, subparagraph (I) provides that "renewable energy credits *shall* be eligible to be counted . . . if they are generated from facilities located in this State," but the Agency "*may* qualify renewable energy credits from facilities located in states adjacent to Illinois" (emphasis added), if such facilities can meet public interest criteria defined in the law.

The statutory public interest criteria that the Agency must consider for the RPS include:

1. Minimizing sulfur dioxide (SO2), nitrogen oxides (NOx), particulate matter (PM), and other pollution that adversely affects public health in this State;
2. Increasing fuel and resource diversity in this State;
3. Enhancing the reliability and resiliency of the electricity distribution system in this State;
4. Meeting goals to limit carbon dioxide emissions under federal or state law; and
5. Contributing to a cleaner and healthier environment for the citizens of this State.

These public interest criteria are not easily applied to energy storage procurements, unlike in the IPA's procurement of renewable energy credits ("RECs") from new renewable generating assets. There are no requirements in the Act related to the emissions profile of the generation powering energy storage projects participating in the procurement. Likewise, there are no requirements related to fuel type, resource diversity, or other attributes of the generating facilities that power the participating energy storage project. In reviewing which criteria, if any, would be practicable to apply, the Agency determined that Criteria 1, 2, 4 and 5 should not apply directly to energy storage projects and thus will be deemed inapplicable at this time. The Agency has determined that Criterion 3 reasonably applies to energy storage facilities. As the public interest criteria scoring process[2] is predicated upon the use of multiple criteria and would not allow for standalone reliability and resilience scoring in quite the same way, a simplifying assumption needs to be made using locational proximity to Illinois as a proxy for contribution to the reliability and resilience of the Illinois electricity distribution system.

[1] 20 ILCS 3855/1-75(d-20)(3)(A).
[2] See Chapter 4 of the IPA's Long-Term Renewable Energy Resources Procurement Plan for more detail on the scoring process utilized for the Indexed REC Procurements.

Based upon its assessment of the public interest criteria provisions through Section 1-75(c)(1)(l) as currently in effect through the Agency's Indexed REC procurement process, in order to ensure that Criterion 3 is met, the Agency will require projects located in adjacent states seeking to participate in the Summer 2026 Energy Storage RFP to demonstrate the ability to satisfy this criterion through a location within five miles of the border of the State.

Second Item: Public Interest Criteria Requirements for the Summer 2026 Energy Storage RFP

Criterion #3: Enhancing the reliability and resiliency of the electricity distribution system in this State. In applying this criterion, the Agency considers the impact on the grid more generally, as distribution service is ultimately supported by the reliability of transmission service. The rationale for this criterion to be paired with a five mile geographic limit is based on the assessment that storage facilities located closer in proximity to Illinois' state borders will have a greater impact on the State's distribution system reliability and resiliency.

Third Item: Determination of Eligibility

Projects must demonstrate conformity with the public interest criteria before receiving approval to bid into a prospective procurement event. With only a single criterion being utilized in the energy storage procurement process – Criterion 3 – the Agency will utilize a binary scoring approach. If the project can satisfy the two requirements of 1) being interconnected within PJM ComEd LDA /MISO LRZ 4 **and** 2) being located within five miles of the Illinois state border, then the adjacent state project will be deemed eligible to participate in the Summer 2026 Energy Storage RFP.

Fourth Item: Process for Approval of Eligibility

To confirm eligibility of a project for the Summer 2026 Energy Storage RFP under the public interest criteria, the project developer should reach out to IPA.Storage@illinois.gov by July 6, 2026. This will allow for the Agency to review and issue a determination on the request prior to the closure of the Part 1 application phase, which is set for July 16, 2026.

The developer must include all the following information in the eligibility request for the project's eligibility in the procurement to be considered:

1. project name;
2. project address;
3. project size (in MW AC);
4. interconnection point;
5. interconnection queue number; and
6. the name of the interconnecting utility/RTO, as appropriate.

Once an eligibility request is received, the Agency will work to issue a determination as soon as practicable. If approved, then the project developer may submit a Part 1 application. If denied, the project is determined to be ineligible for the procurement and may not submit a Part 1 application.

Please note – the Agency will not accept applications for eligibility from developers of adjacent state projects until June 29, 2026 when the final requirements for the procurement will be set via the release of the final ISC Contract and final RFP Rules.