

Appendix 7 Evaluation Process

Parameters

Target: This procurement event has a “Target” of 19,712 RECs (of which 6,518 are allocated to Ameren and 13,194 to ComEd), which represents an annual quantity of RECs.

Budget: This procurement event has a “Budget” of \$13,399,238 on a preliminary basis, which is the amount available from hourly ACP funds (corresponding to \$5,556,580 collected by Ameren Illinois and \$7,842,658 collected by ComEd). The Budget spans all years of the applicable supplier contracts.

Resource Type and Location: All RECs procured through this RFP must be from Illinois and there are no preferences in the evaluation for one type of eligible renewable resource over another.

Below 25 kW: To the extent possible, 50% of RECs procured will come from Small Size (below 25 kW) systems and 50% of the RECs procured will come Large Size (25kW to 2,000kW systems).

Blocks Bid

Bidders submit Bids in two types of Blocks. The Bidder must specify a price per REC rounded to the nearest cent for each Block Bid:

First Block: The “First Block” of systems presented by a Bidder must include at least one megawatt, which can include different technologies and both size classes. The Bid for the First Block must be the lowest price submitted by the Bidder.

Additional Blocks: All “Additional Blocks” presented by the Bidder must include at least 100 kW of systems from the same size class (but may include systems of different technologies).

Step 1: Application of Benchmarks

Benchmarks for RECs were established by the Procurement Administrator, in consultation with the Illinois Power Agency, the Procurement Monitor, and the Illinois Commerce Commission (“ICC”) Staff. The benchmarks are confidential and are subject to review and approval by the ICC.

If the quantity of Bids that passes the benchmarks for a Bidder is below 1 MW, then the Bidder’s Bids do not proceed further in the evaluation.

Step 2: Price Order

Bids are ranked in price order until the Target is met on an annual basis or until the Budget is exhausted on a five-year basis, whichever comes first.

Target:

- The Annual Quantity associated with a system is calculated using a set capacity factor associated with the resource type of the system. This Annual Quantity is the quantity to be delivered: (i) in all years of the applicable supplier contract for existing systems; (ii) in the 2nd through 5th year of the applicable supplier contract for new systems.
- For new systems, a Bidder may specify a quantity to be delivered in the 1st year, which is equal to or less than the Annual Quantity.
- The Annual Quantity is used for purposes of calculating whether the Target is reached.

Budget:

The total REC output over all five years is used for purposes of calculating whether the Budget is reached.

Step 3: Substitution

Substitution to reach the objective of obtaining 50% of the RECs from systems of the Small Size Class and 50% of RECs from systems of the Large Size Class will occur if, after placing Bids in price order: (i) The Target is met on an annual basis; (ii) One Size Class is less than 50% of the Target and there are rejected Bids of that Class; and (iii) The Budget is not spent.

Substitution process: Assume that less than 50% of the RECs come from the Small Size Class.

- Substitution is made on a Block basis not a system basis.
- The lowest priced Block of RECs from the Small Size Class not yet selected is considered to replace a portion, a complete Block, or several selected Blocks that hold RECs from the Large Size Class. Replacement occurs if it can be made without exceeding the Budget and without leaving a Bidder with winning less than 1 MW.
- The process continues until no more substitutions are possible or the Budget is spent.
- Thus, a Block with RECs from the Small Size Class can be selected instead of a Block in the Large Size Class with a lower price, but only if that selection is required to reach the 50% objective for the Small Size Class.
- The process is analogous if the price order yields less than 50% of RECs from the Large Size Class.

Step 4: Allocation to AIC and ComEd

The winning Bids will be allocated to AIC and ComEd. The Plan provides that “winning bids will be assigned to the utilities based on the utilities’ pro rata share of the total RECs procured in each category.” The Plan notes that “this will create situations where some winning bidders have contracts with each utility.”