

[Committer 16]

**Comments on Draft
ISC Contract and
Preliminary
Proposal
Requirements**

From: [Commenter 16]

Sent: Tue 6/16/2026 12:01 AM

To: Illinois-RFP <Illinois-RFP@nera.com>

Subject: Re: Comments on Final Draft ISC Contract and Preliminary Proposal Requirements — Summer 2026 Energy Storage RFP (Final Round)

Procurement Administrator team,

Please find attached our comments on Final Draft ISC Contract and Preliminary Proposal Requirements — Summer 2026 Energy Storage RFP (Final Round) with a few last-minute additions.

We appreciate the Agency's continued engagement with stakeholders on this first-of-its-kind procurement, and we're glad to discuss any of these points further.

Respectfully,

[Commenter 16]

From: [Commenter 16]

Sent: Mon 6/15/2026 7:45 PM

To: Illinois-RFP <Illinois-RFP@nera.com>

Subject: Comments on Final Draft ISC Contract and Preliminary Proposal Requirements — Summer 2026 Energy Storage RFP (Final Round)

Procurement Administrator team,

Please find attached our comments on Final Draft ISC Contract and Preliminary Proposal Requirements — Summer 2026 Energy Storage RFP (Final Round)

We appreciate the Agency's continued engagement with stakeholders on this first-of-its-kind procurement, and we're glad to discuss any of these points further.

Respectfully,

[Commenter 16]

[REDACTED]

Via email: Illinois-RFP@nera.com

June 15, 2026

Mr. Brian Granahan
Director
Illinois Power Agency
105 West Madison Street
Suite 1401
Chicago, IL 60602

RE: Comments on Final Draft ISC Contract and Preliminary Proposal Requirements — Summer 2026 Energy Storage RFP (Final Round)

Dear Director Granahan,

[REDACTED] appreciates the opportunity to comment on the Final Draft Proposal Requirements and Indexed Storage Credit Agreement (“ISC Contract”) for the Summer 2026 Energy Storage RFP. [REDACTED]

[REDACTED] Our comments fall in two parts:

- Part I addresses adjacent-state project eligibility under Appendix A;
- Part II sets out the commercial issues in the ISC Contract that bear most directly on bankability and, in turn, on the bid prices Illinois ratepayers will pay.

Part I — Appendix A: Adjacent-State Project Eligibility (Criterion 3)

We support the Agency's determination that, of the five public interest criteria, only Criterion 3 (enhancing the reliability and resiliency of the Illinois electricity system) is practicable to apply to standalone storage. Our concern is with how the draft proposes to measure it. As drafted, Appendix A deems an adjacent-state project to satisfy Criterion 3 only if it sits within five miles of the Illinois border. We recommend instead that the Agency measure Criterion 3 by a project's electrical contribution to the Illinois-serving transmission system, which is the interest the criterion exists to protect and the one a five-mile proxy does not reliably fulfill.

Recommendation:

Replace, or at minimum supplement, the five-mile geographic test with an electrical-contribution standard: an adjacent-state project satisfies Criterion 3 where the Bidder demonstrates that the project is electrically integrated with, and contributes to the reliability or resiliency of, the transmission system serving Illinois load.

The five-mile test is a weak proxy for the criterion it is meant to measure. A resource's contribution to reliability is a function of electrical topology: where it sits on the network, which power flows it supports, which constraints it relieves, and which load pockets it can serve. Power flows follow impedance and network

configuration, not distance to a political boundary. The proxy is therefore both over- and under-inclusive. A project four miles from the border on a radial feeder oriented away from Illinois load may deliver no measurable benefit yet pass; a project somewhat beyond five miles on the principal corridor feeding a northern-Illinois load pocket may be central to Illinois reliability yet fail. The test admits the first and excludes the second, the inverse of what Criterion 3 is designed to do.

An electrical-contribution standard is no harder to administer. The procurement already requires interconnection within the MISO and PJM systems that serve Illinois load (LRZ 4 / ComEd LDA) and already collects each project's point of interconnection, queue identifier, and interconnecting RTO. The data needed to evaluate electrical contribution (POI location relative to Illinois load and constraints, deliverability, and congestion impact) are drawn from the same public MISO and PJM records developers already rely on. The Agency would be applying a more accurate standard to information it already gathers, not imposing a new evidentiary burden.

The gap between the two standards is concrete. A utility-scale battery interconnecting in southeastern Wisconsin, close to but potentially just beyond a five-mile line from the border, sits at the southeastern-Wisconsin bottleneck, on the corridor that carries MISO power south and east into the Chicago load pocket and across the MISO-PJM seam. Several of the most costly and frequently binding real-time constraints in the region sit in the Chicagoland and northern-Illinois corridor immediately proximate to that node, across a footprint that spans southeastern Wisconsin and northern Illinois as one continuous constrained region. A resource at that node relieves those Illinois-area constraints directly: it charges when surplus upper-Midwest generation overwhelms the southbound corridor, and discharges into the Illinois load pocket when the corridor cannot serve peak demand from the north. None of this surfaces, or counts, under a five-mile radial test. Under an electrical-contribution standard, all of it is demonstrable against publicly available data.

Recommended standard:

We respectfully recommend that Appendix A deem an adjacent-state project to satisfy Criterion 3 where the Bidder demonstrates that the project is electrically integrated with, and contributes to the reliability or resiliency of, the transmission system serving Illinois load. Such a demonstration may rest on evidence including, but not limited to: (i) that the project's interconnection lies on a transmission path delivering into an Illinois load pocket; (ii) that the project relieves, or is electrically positioned to relieve, one or more transmission constraints materially affecting Illinois load; or (iii) that the project is electrically proximate, by network topology, to the ComEd LDA or MISO LRZ 4 boundary. Interconnection within the Illinois-serving footprint is the contribution Criterion 3 seeks. This preserves the Agency's binary, pre-approval eligibility framework and its existing procurement timelines, while substituting a measure that better follows the statutory purpose.

Separately, we recognize that a distance test has real merits. It is objective, administrable, and applies uniformly across bidders, which suits the Agency's binary eligibility framework. The question is where the line is drawn. A five-mile radius can exclude nodes that, on the electrical evidence, serve Illinois load. If the Agency prefers to retain a distance test, extending the radius to ten (10) miles would preserve a defensible bright-line rule while capturing those nodes or points of interconnection.



Part II — ISC Contract: Key Commercial Issues

The issues below bear materially on bankability and bid pricing. References herein are made to the ISC Contract; capitalized terms have the meanings given there. This list identifies key issues that require further review; we expect to provide Exhibit-level comments during the RFP phase.

Key Issues

1. Availability Reporting (Section 6.1)

The hourly availability reporting obligation is largely duplicative, as the Buyer will have much of this information through other channels. A defined set of SCADA data points is the most operationally authoritative record of unit performance, dispatch response, and real-time operating conditions. Unlike settlement data or manual reporting, SCADA shows how the asset actually performed, which makes it better suited to independent verification. We recommend narrowing Section 6.1 to a defined SCADA dataset, paired with a mutually agreed validation and reconciliation process that lets the Buyer assess performance while allowing the Seller to confirm data integrity and reconcile discrepancies.

2. Credit Support and Performance Assurance (Section 1.11; 7.1).

Three related points. First, Performance Assurance should not be limited to cash and letters of credit. Parent guarantees and surety bonds provide equivalent protection when appropriately sized and structured, and admitting them reduces the cost of capital embedded in bids without diminishing the Buyer's protection. Second, the Collateral Requirement in Section 1.11 should step down more quickly once the facility demonstrates reliable performance shortly after COD, reflecting the decline in risk over time rather than holding collateral at conservative levels throughout the term. Third, Performance Assurance runs only from the Seller, while the ISC is a two-way settlement under which the Buyer can owe the Seller in any positive month over a term of up to 240 months; the contract should ensure the Seller's payment protections are commensurate. We recognize the Buyer's obligation is supported by regulated cost recovery under Section 5.4, and we would want to address the specifics in Exhibit-level comments.

3. Change in Tax Law (Section 11.3)

Section 11.3 permits the Seller to request termination only if the Section 48 or 48E credit is eliminated or materially reduced before COD, and only with the IPA's consent. As currently proposed, there is no price re-opener, and there is no relief for a change in tax law that occurs after COD or that reduces the credit without eliminating it. Sellers must bid the Strike against an assumed federal tax-credit value with no ability to reprice if that value moves through legislation or implementing guidance. That unhedged exposure is priced into bids or causes bidders to sit out. We ask the Agency to provide defined relief for a material change in the tax treatment of energy storage and wish to propose specific mechanics in Exhibit-level comments.

4. Tariffs and Trade Measures (no current provision)

The ISC Contract provides no relief for tariffs, duties, AD/CVD actions, or import restrictions affecting cells, modules, or other critical components procured after a bid is locked, and Force Majeure does not reach equipment or supply-chain cost. The Seller therefore bears all post-bid trade-policy cost on a fixed-price, multi-decade settlement, over which it has no control and which it cannot reliably forecast at bid. We ask the Agency to recognize defined relief, at minimum schedule relief toward the Commercial Operations Deadline, for trade actions affecting a project's critical components, and wish to address the form of that relief in Exhibit-level comments.



1. Federal Action and Permitting Delay (Sections 2.3, 10.1)

The Commercial Operations Deadline permits only one extension, to December 31, 2030, and only if the Seller posts the Increased Collateral Requirement. Force Majeure does not clearly cover state or federal administrative or permitting action, such as an executive order or a federal agency's failure to issue a required permit. A Seller ready to build but delayed by federal action it does not control can face a deadline default, and the sole available extension is conditioned on posting additional collateral. We ask the Agency to provide schedule relief for delay caused by state or federal action outside the Seller's control, and would propose the specifics in Exhibit-level comments.

2. Interconnection Delay (Sections 2.3, 5.6)

The contract ties COD to a fixed deadline but does not clearly excuse delay caused by the ISO's or transmission owner's construction of interconnection facilities or network upgrades, work that is outside the Seller's control and is commonly the critical path on a storage project. Treating queue and transmission-owner delay as Seller default risk discourages bids in precisely the constrained zones where capacity is most needed, and prices that risk into the Strike. We ask the Agency to provide schedule relief for COD delay attributable to interconnection or upgrade construction not within the Seller's control, and wish to address the drafting in Exhibit-level comments.

3. Eligibility-Breach Remedy (Sections 2.2, 9.2)

If the Project is found not to meet any eligibility representation in Section 2.2(a) through (h), including the prevailing-wage, project-labor, and labor-peace requirements, the Buyer recovers the Collateral Requirement plus 100% of all payments the Seller has received, regardless of how minor or curable the breach, and several of the underlying obligations carry no cure period. A remedy of that magnitude, untied to the nature or duration of the non-compliance, is difficult to finance and is conservatively priced into bids. We ask the Agency to make the remedy proportionate and to afford a reasonable cure period for the administrative and labor obligations, while preserving full protection against genuine, uncured non-compliance. We would propose specific revisions in Exhibit-level comments.

4. Minimum Availability Default (Section 2.6)

A failure to meet the 4,320-hour annual availability minimum is an Event of Default with no cure period, excused only by IPA waiver, Force Majeure, or Technical Curtailment. A single short year, including one driven by an extended equipment outage that does not rise to Force Majeure, can mature directly into termination, even though no ISCs are generated and no payment is made during any period of non-performance. We ask the Agency to consider measuring availability on an averaged or rolling basis, or affording a cure opportunity, before the shortfall becomes an Event of Default, and would address the mechanics in Exhibit-level comments.

5. Buyer and IPA Discretion Over Payment (Sections 2.5–2.9, 6.1)

Many determinations that affect Seller cash flow, including acceptance of operational data, sufficiency of verification, Force Majeure, and cure extensions, rest with the Buyer in its reasonable discretion or the IPA in its sole discretion, and the Buyer may suspend payment where it deems documentation deficient. Broad discretion over the timing of payment, without objective standards or defined timelines, is a risk that financing parties price conservatively. We ask the Agency to pair determinations that suspend or reduce



payment with commercially reasonable standards, defined timelines, and a neutral path to resolve disputes, and would propose specific language in Exhibit-level comments.

In summary, these revisions would improve the practicality, bankability and commercial reasonableness of the ISC Contract while preserving the Buyer's ability to verify performance and manage credit exposure. The propose changes also leave intact the ISC's commercial structure and the ratepayer protections built into the program. Refining the reporting requirement and broadening acceptable credit support would better align the contract with established market practice and support more efficient participation in the RFP. Each of the proposed considerations constitutes a non-price risk allocation that, in our view, drives bid prices and completion rates and, in turn, the cost Illinois ratepayers will bear. We flag them now at a summary level and look forward to working through the details with the Agency during the RFP phase

We appreciate the Agency's careful work on this first-of-its-kind procurement and its continued engagement with stakeholders. We would welcome the opportunity to discuss these comments or to provide the underlying details based on a direct request from the Agency.

Respectfully submitted,

[Redacted signature line]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]