[Commenter 19]

Comments on Draft ISC Contract and Preliminary Proposal Requirements

From: [Commenter 19]
Sent: Thu 5/14/2026 5:35 PM
To: Illinois-RFP <Illinois-RFP@nera.com>
Subject: [Commenter 19] Comments on the Summer 2026 Energy Storage RFP

[Commenter 19] is pleased to submit the following comments in response to the Illinois Power Agency's (IPA) Invitation to Comment on 1) the Draft ISC Contract, 2) the Preliminary Proposal Requirements, and 3) the specified topics listed in Appendix A to this Invitation to Comment document.

If you have any questions or need additional information, please do not hesitate to contact me at [Commenter 19's contact info].

[redacted]

[redacted]

[redacted]

May 13, 2026

Via E-Filing
Illinois Power Agency

RE: **April 22 Illinois Power Agency Summer 2026 Energy Storage RFP Invitation to Comment**

[redacted] is pleased to submit the following comments in response to the **Illinois Power Agency's (**IPA) Invitation to Comment on 1) the Draft ISC Contract, 2) the Preliminary Proposal Requirements, and 3) the specified topics listed in Appendix A to this Invitation to Comment document.

[redacted]

[redacted]

Thank you for your attention to this matter. Please contact the undersigned if you have any questions.

Respectfully submitted

[redacted]

BEFORE THE
ILLINOIS POWER AGENCY

April 22 Illinois Power Agency Summer 2026)
Energy Storage RFP Invitation to Comment)

COMMENTS OF [redacted] IN RESPONSE TO THE SUMMER 2026 ENERGY STORAGE RFP INVITATION TO COMMENT

[redacted] is pleased to submit the following comments in response to the IPA's Invitation to Comment on 1) the Draft ISC Contract, 2) the Preliminary Proposal Requirements, and 3) the specified topics listed in Appendix A to this Invitation to Comment document.

I. INTEREST OF [redacted]

[redacted]

[redacted]

[redacted]

II. INTRODUCTION

[redacted] fully supports the state of Illinois in enhancing its reliability, resiliency, and resource adequacy through greater deployment of battery energy storage systems (BESS). The initiation of a deliberate, thoughtful, and necessary energy storage resource procurement to meet projected electricity demand through 2030 will position Illinois to maintain reliability, manage affordability for Illinois ratepayers, and attract business development.

Illinois's projected electricity demand is expected to grow modestly year-over-year, with incremental increases of hundreds of MW annually, accelerating to several gigawatts cumulatively by 2030. Additionally, studies find that Illinois will likely see a statewide shortfall in PJM territory beginning in 2029 and in MISO territory by 2031[2]. With Illinois sitting in two RTO regions, PJM and MISO, Illinois' resource adequacy efforts strengthen the bulk power system as a whole. The target procurement of 1,038 MW of stand-alone energy storage resources, with 450 MW interconnected within MISO Local Resource Zone 4 ("MISO LRZ 4") and 588 MW interconnected within the PJM ComEd Locational Deliverability Area ("ComEd LDA") will enhance reliability and contribute to meeting the projected demand growth.

The IPA Staff has done a wonderful job incorporating feedback from stakeholders as the ISC contract approaches finalization. The draft contract has undergone several revisions and is enhanced with every workshop and comment opportunity.

[2] 2025 Resource Adequacy (RA) Study, [Illinois Power Agency, Illinois Commerce Commission, and Illinois Environmental Protection Agency],published December 15, 2025 2025 Resource Adequacy Study

[redacted] appreciates the opportunity to provide the IPA with recommendations that could move Illinois closer to supporting a sustainable energy storage market by a) supporting an increase of energy storage through a 3GW procurement target by 2030; b) Use of the missing money compensation mechanism, Index Storage Credit, to incentivize development and make storage developers whole; and c) facilitate the integration of large loads. With that, [redacted] recommends the following:

- Twenty-year (20) Term Contract
- No Imposition of an ELCC Floor
- Objective Criteria for Triggering Payment Suspension
- Distinctions Between Qualifying Events and Varied Cure Periods
- Accommodation for Interconnection Risk and Delays Beyond Bidder's Control

III. BACKGROUND

Per the Illinois Power Agency Act ("IPA Act") and the Illinois Public Utilities Act ("PUA"), including 1-75(d-20) of the IPA Act and 16-111.5 of the PUA and Public Act 103-1066, which was signed into law and became effective on February 20, 2025, an effort has been under way to develop an energy storage resources procurement and model contract for the initial energy storage procurement slated in June 2026.

A robust, effective, and well-run energy storage program will prove to be the backbone of the entire modernized energy grid**.** [redacted] has been participating in the public stakeholder workshops and offering feedback. To that end, as the development stages of the procurement draw near, [redacted] offers these comments to further define the process leading to a successful June 2026 procurement.

IV. COMMENTS

A. [redacted] Supports Illinois' Clean Energy Goals, Inclusive of Establishing an Energy Storage Specific Procurement

Grid-scale, dispatchable, in-state storage will be needed to achieve Illinois' energy goals by 2030, in addition to accommodating projected electricity demand increase from the vast amounts of planned variable generation, acceleration of retirements of thermal generation, and prolific data center integration. BESS will provide much-needed grid resiliency and grid support services.

[redacted] has extensive experience drafting and executing agreements and contracts for standalone storage resources. With that, we offer the following observations and recommendations.

1. A Twenty-Year (20) Contract Term Is Appropriate and Necessary to Provide Both Investor Confidence and Ratepayer Protection.

A 20-year battery energy storage contract is appropriate because it aligns with the expected useful life of the BESS asset, supports financing at reasonable cost, preserves flexibility as storage technologies and system needs evolve, reflects industry-standard practice, and provides adequate rate payer protection.

Battery energy storage systems are designed for an economic life of approximately 20 years. A 20-year term balances investor confidence with ratepayer protection. The proposed ISC contract term, similar to bilateral contracting, supports project financing, lowers cost of capital by allowing projects to raise additional, more cost-effective debt with increased contracted revenue, and provides rate stability and predictability. This certainty is in the public interest because it minimizes total cost to ratepayers while limiting long-term financial and technological risk.

A 20-year contract allows ratepayers to fully amortize the investment over the period in which the asset provides reliable service. Anything shorter would increase annual revenue requirements and raise near-term rates. Conversely, terms in excess of 20 years could result in customers paying beyond the system's cost-effective life. The proposed term protects against technological obsolescence and reserves the ability of BESS owners and the State of Illinois to adopt more efficient, lower-cost, proven storage solutions, if they materialize, in the future.

2. There Should Not Be an Effective Load Carrying Capability (ELCC) Floor if Illinois's Objective Is to Incentive BESS Deployment

The intent of the Index Storage Credit (ISC) compensation mechanism is to make the BESS operator whole. Establishing an ELCC floor does the exact opposite and instead creates a reduction in compensation from the market and could ultimately create a barrier to the storage resources Illinois so desperately needs to meet increased demand.

[redacted] fully supports Illinois' use of the novel Index Storage Credit (ISC) compensation mechanism in this first storage procurement. The ISC addresses the "missing money" problem that creates project financing challenges in certain markets due to the uncertainty around revenue generation. MISO and PJM have been slow to deploy BESS, and the current market rules are undergoing review and potential redesign to accommodate. However, at present, there are minimal energy arbitrage opportunities, potential limitations around ancillary service market participation for BESS, and questions around the adequacy of capacity market revenues for storage as ELCC values in some RTO markets continue to decline significantly.

While there is no question of the value storage brings to markets, these realities make it hard to forecast revenue models and undermine the value proposition for lenders. With that, there is no plausible reason to impose an ELCC floor, as such actions will translate into a price payment ceiling for storage bidders. This will have the exact opposite effect of providing adequate

compensation for storage developers that the ISC was attempting to address. There is ratepayer protections already built into the procurement if that is the objective of those who proposed.

3. Greater Clarity is Needed on the Criteria for Defining "late-stage development."

In order to ensure Bidders understand the criteria and properly submit bids accordingly, stakeholders could benefit from additional clarity on the criteria used to classify a project as "late-stage development," including what specific documentation or milestones (e.g., interconnection status, site control, permitting progress) will be considered sufficient.

4. Additional Specificity Around "Payment Suspension" Protocols Will Provide Buyers and Sellers Assurance and

In Section 2.9, the contract proposes that payment suspension be tied to operational characteristics that the Buyer subjectively can create. The Buyer's ability to suspend payments based on operational characteristics appears overly broad, particularly where compliance is tied to "participation in RTO capacity markets deemed acceptable to the Buyer." [redacted] suggests (1) clarifying that standards are based on commercially reasonable and "objective" criteria, rather than discretionary determination; and (2) that payment suspension be tied to a failure to meet commercially reasonable efforts or clearly defined performance standards, rather than being subject to broad Buyer discretion.

5. Cure Periods Should Vary as Distinctions Needed Between Performance Delays Due to Circumstances Beyond Seller's Control and Pure Underperformance

It would be beneficial to allow for cure periods for minimum operational requirements (e.g., duration, RTE, availability), as many performance issues are driven by OEM equipment and timelines that are outside the Seller's direct control and may require extended resolution periods. The recommended cure periods should require notice and prompt communication from the Seller,

with the Seller being accountable for presenting a cure plan and providing timely updates on said plan.

[redacted] recommends (i) incorporating more flexible cure structures (particularly for availability) where the Seller provides timely notice and is actively working to resolve issues; (ii) distinguishing between temporary performance issues and sustained underperformance, and (iii) introducing performance bands, tolerances, or graduated remedies in place of binary default thresholds.

6. IPA Recognize and Account for Interconnection Risk Impacts on COD Timeline

It does not matter where in the MISO or PJM interconnection study process a project sits; it is inevitable that delays could occur with the overlay of new expedited resource adequacy study processes (ERAS) and potentially large load interconnection processes. While [redacted] has projects that could likely take advantage of such expedited processes, there is still a measure of risk with timelines in PJM and MISO interconnection study processes that must be acknowledged and accounted for.

With that said, [redacted] recommends IPA recognize interconnection delays that may be out of the control of the Seller. Specifically, we recommend allowing day-for-day COD extensions for PJM/MISO interconnection delays that are outside of the Seller's control and consider whether regulatory or transmission delays could be more explicitly addressed.

CONCLUSION

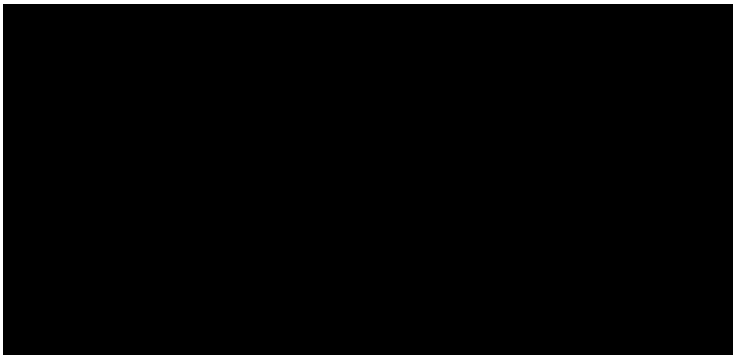
[redacted] appreciates the opportunity to comment on 1) the Draft ISC Contract, 2) the Preliminary Proposal Requirements, and 3) the specified topics listed in Appendix A to the Invitation to Comment document. For the reasons set forth above and below, [redacted] strongly

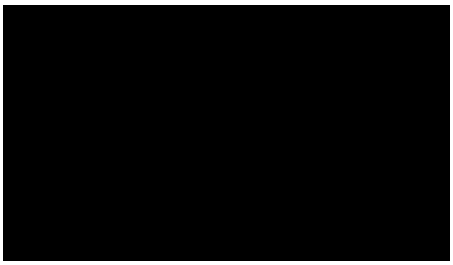
supports the IPA's initiation of an energy storage resources procurement and model contract for the initial energy storage procurement slated to begin in June 2026 and recommends the following:

- Twenty-year (20) Term Contract
- No Imposition of an ELCC Floor
- Objective Criteria for Triggering Payment Suspension
- Distinctions Between Qualifying Events and Varied Cure Periods
- Accommodation for Interconnection Risk and Delays Beyond Bidder's Control

We look forward to continued collaboration and engagement. Please do not hesitate if additional clarity around our comments is desired.

Respectfully submitted





Dated: May 13, 2026