[Commenter 1]

Comments on Draft ISC Contract and Preliminary Proposal Requirements

From: [Commenter 1]
Sent: Tue 5/12/2026 2:23 PM
To: Illinois-RFP <Illinois-RFP@nera.com>
Subject: Summer 2026 Energy Storage RFP comments

Dear NERA team,

Please find attached our comments on the Illinois Summer 2026 Energy Storage RFP.

Best,

[Commenter 1]

[redacted]

[redacted]

May 12, 2026

Submitted Electronically to Illinois-RFP@nera.com

TO: Program Administrator of the Illinois Power Agency's Summer 2026 Energy Storage RFP

RE: **Summer 2026 Energy Storage RFP – Invitation to Comment**

[redacted] is pleased to submit the attached comments for consideration on the draft Standard Form Agreement (SFA) associated with the draft Request for Proposals (RFP) released by the Illinois Power Agency (IPA) on April 22, 2026.

[redacted]

[redacted] we commend the IPA in creating an offtake opportunity that ensures revenue certainty for energy storage in Illinois. We are confident that a successful RFP will play a critical role in helping the state meet its ambitious energy and climate goals.

[redacted] greatly appreciates the Agency's consideration of our comments and recommendations. Please contact me by email at [redacted] any clarifications or further information. Thank you.

Respectfully submitted,

[redacted]

[redacted]

[redacted]

[redacted]

Topic 1: Commercial Readiness

1. *Is a recency requirement of 10 years reasonable? Why or why not?*

Yes, this increases the relevancy of experience.

2. *Should there be a requirement for the location of the energy facility? Why or why not? If yes, please provide the appropriate location requirement, such as within the US or within another particular region.*

The experience should not be limited to US as this ignores companies that have significant experience in highly comparable markets (Canada, UK, Australia etc.) that have recently entered the US market. There is very little energy storage operating in IL today, so many of the participants will be bringing relevant experience from other states like CA & TX as well as abroad given these markets have much higher deployments of Battery Energy Storage Systems (BESS) today.

3. *Should there be a requirement regarding the type of energy facility? Why or why not? If yes, please provide the type(s) of energy facilities that should be counted.*

The requirement should be limited to BESS, as it is a technology with distinct challenges and not comparable to, for example, utility-scale Solar.

4. *Should there be a requirement for the minimum size of the energy facility? Why or why not? If yes, what size is appropriate?*

The requirement should be limited to 20MW BESS and larger, to align with the minimum project size requirement in this procurement and ensure the experience is relevant for delivering utility-scale BESS.

5. *Is there other documentation in addition to a notice to proceed that should be accepted as supporting documentation?*

Evidence of an operational asset via verified press release, third-party announcement, or other.

6. *CRGA specifically states that the Bidder must demonstrate experience in developing to commercial readiness. In order to have a direct link between the commercial readiness experience to the "Seller", which is the entity that will be signing the ISC Contract, it is required for the "Bidder", which is the entity submitting the Proposal, to be either the Seller or the parent of the Seller.*
    - *Is this requirement restrictive? Keeping in mind the language from the law, if this requirement is restrictive, please provide additional arrangements that may comply.*

We agree with this approach.

[redacted]

[redacted] [redacted]

Topic 2: Bid Assurance Collateral

1. *Is the proposed amount of Bid Assurance Collateral reasonable? Why or why not? If not, what would be a more reasonable requirement?*

The proposed $20,000/MW Bid Assurance Collateral is at the high end of comparable programs and, when viewed alongside the proposed $50,000/MW Performance Assurance, results in a combined collateral burden that materially exceeds market norms. Bidders will price this elevated capital cost into their strike prices, and the additional cost will ultimately be passed through to Illinois ratepayers.

For reference, NYSERDA Index Storage Credit RFP requires initial Contract Security of $20,000/MW posted at contract execution, with subsequent tranches phased in over development as risk crystallizes.

The Maryland NGEA Energy Storage program requires a $25,000/MW surety bond posted within 5 business days of Application Approval. There is no separate bid-stage cash or letter-of-credit collateral, and the bond functions narrowly as a COD delay penalty mechanism rather than broad performance assurance.

We acknowledge that the IPA's revised $20,000/MW figure (down from the $50,000/MW) is a meaningful reduction, but it is significantly more stringent at the bid-stage than comparable Energy Storage procurement programs. [redacted] suggests one of the following alternatives, in order of preference:

- Eliminate Bid Assurance Collateral entirely and rely on the existing Bid Participation Fee plus the Performance Assurance Collateral mechanism, consistent with the NYSERDA approach.
- Reduce the requirement to $10,000/MW, recognizing that the narrow purpose (ensuring contract execution and Supplier Fee payment) does not warrant a higher amount, particularly when Performance Assurance is already substantial.

Topic 3: Performance Assurance

1. *Is the proposed amount of Performance Assurance Collateral reasonable? Why or why not? If not, what would be a more reasonable requirement?*

Similarly to the Bid Assurance Collateral, the proposed $50,000/MW Performance Assurance Collateral, held for the full 20-year contract term, is materially more stringent and costly than comparable storage program collateral requirements. This will result in elevated strike prices that flow directly through to Illinois ratepayers under the indexed contract structure. As an example, at the current proposed levels, the cost of holding this collateral for 20 years for a 200MW project with LC fee cost of 2.5% is $250,000 p.a., or $5,000,000 nominal cost of 20 years, or approx. $2.5m present value (8% discount rate) passed on the Illinois ratepayers.

The quantum of $50,000/MW is higher than the highly comparable NYSERDA ISC program ($20,000/MW, stepping up to a maximum of $40,000/MW depending on construction timeline) and the Maryland PSC's NGEA program ($25,000/MW, posted as a surety bond).

The duration requirement, of the Performance Assurance Collateral being locked in for the contract tenor is even more significant. Both the NYSERDA ISC program and the Maryland NGEA program do not have post-COD collateral requirements. The advantage of using the Index Storage Credit contract structure is that it links revenues to actual performance and therefore does not require locked-in Performance Assurance Collateral. In addition, once a project becomes operational there are significant performance requirements outside of the ISC program, specifically debt, tax equity, insurance etc., which are adequate to ensure high performance is achieved.

[redacted]

[redacted] proposes three modifications, which can be considered together or independently:

- Reduce the headline amount to $25,000, bringing Illinois into closer alignment with Maryland's NGEA program and the lower end of NYSERDA's tranche structure. This level remains sufficient to deter speculative bidding and to provide meaningful liquidated damages in the event of default.
- Introduce a post-COD step-down, reducing the requirement to no more than 50% of the pre-COD level once Commercial Operation is certified. The pre-COD risk profile (development, permitting, interconnection, construction) is fundamentally different from the post-COD risk profile (ongoing operations and creditworthiness), and the collateral structure should reflect this. A step-down also matches the NYSERDA approach, which fully refunds Contract Security upon project COD.
- Allow tranche structure during the development phase, with portions of the collateral waived or released upon achievement of key milestones (e.g., executed Interconnection Agreement, Notice to Proceed, financial close). This approach, used by NYSERDA, ensures collateral exposure is calibrated to actual residual risk at each stage of project development, rather than front-loading the full amount before key uncertainties have been resolved.

Topic 4: Double Payment

1. *Are the disclosure requirements and timelines in Section 5.7 clear and reasonable for all parties involved?*

No comment.

2. *Any other forms of additional support that necessitate disclosure requirements? Please provide examples of types of support that should be disclosed and why they should be disclosed.*

No comment.

Topic 5: Labor Peace Agreement

1. *Should the Labor Peace Agreement (LPA) apply to offsite employees (including, but not limited to, scheduling and dispatch, interconnection and permitting, engineering and design), whose job function may not be traditionally associated with a "bona fide labor organization"?*

The LPA serves its intended purpose when applied to roles with realistic local organizing potential and meaningful exposure to work stoppage risk on site. When applied to BESS OEM staff (specialized, multi-state, employed under existing OEM workforce structures), the agreement does not advance the LPA's policy goals and introduces deliverability and compliance friction. We recommend keeping the LPA to in-state, site-based roles with traditional local trade jurisdiction.

2. *Please provide a list of job functions and where those job functions might occur (on vs. offsite) that should or should not be included under the Labor Peace Agreement and why.*

We recommend the LPA only cover O&M roles that draw from local labor pools with realistic on-site organizing potential to maintain alignment with the policy purpose.

- **Groundskeeper (on-site):** Vegetation management, snow removal, site upkeep.
- **Site Laborer (on-site):** General site upkeep, minor civil repairs.

- **Building HVAC Technician (on-site):** Control building and office HVAC (distinct from BESS thermal management below).
- **Balance-of-Plant Electrician (on-site):** Site lighting, building electrical systems, low-voltage distribution maintenance. Local IBEW jurisdiction.

We do not recommend the LPA cover roles are filled by multi-state specialized OEM personnel or remote office staff outside the realistic local organizing pool. LPA application to these roles introduces deliverability and compliance friction without advancing the policy purpose.

- **BESS OEM Warranty and Service Staff (transient):** OEM-employed technicians traveling between projects for scheduled service, warranty work, and unplanned repairs.
- **BESS Maintenance Technicians (transient):** OEM specialists for battery, inverter, and PCS systems.
- **BESS Thermal Management Service (transient):** OEM-specific cooling system service tied to the battery system (distinct from building HVAC above).
- **Major Service and Replacement Crews (transient):** OEM or designated subcontractor crews for module replacement, augmentation, and major component swaps.
- **Monitoring and Control Room Staff (remote):** 24/7 SCADA and fleet-level operations. Centralized facility, not site based.
- **Scheduling and Dispatch (remote):** Market operations, ISO interface, bid optimization.
- **Engineering Support (remote):** Performance analysis, modifications, repowering studies.

3. *Please provide any anticipated challenges related to any job functions related to the ongoing operations and maintenance of the energy storage facility that would be difficult to cover under a Labor Peace Agreement.*

We see three challenges if the LPA reaches BESS OEM staff:

- **Supplier pool reduction.** Most qualifying BESS OEMs operate under multi-state workforce structures incompatible with site-specific LPA terms. Scoping the LPA to OEM staff is expected to materially reduce the bidding pool (medium-high confidence). A smaller pool reduces price competition and project schedule certainty.
- **NLRA pre-emption risk.** LPA terms reaching specialized OEM staff create potential pre-emption issues under the NLRA that could expose the project and the agency to legal challenge.
- **Federal funding interactions.** IRA prevailing wage and apprenticeship requirements already govern much of this scope. Layering LPA terms on top introduces compliance ambiguity that suppliers will price into bids.

Keeping the LPA to in-state, site-based roles (per our response to Topic 5 Question 1) preserves the policy intent while avoiding these risks.

Topic 6: Hourly Availability Report

1. *What PJM, MISO, or alternative systems would allow the Buyer or the IPA to independently verify the availability of the energy storage system? Please provide details regarding how reporting from alternative systems could be accessed and/or verified in order to satisfy the requirements under the ISC Contract for the Hourly Availability Report.*

No comment.

[redacted]

[redacted]

Topic 7: ELCC Floor

1. *Is it appropriate to establish an ELCC floor (for example, setting ELCC to X% if it falls below that threshold)? Please explain the rationale for or against such a floor. If establishing an ELCC floor is appropriate, please propose a value.*

It is not appropriate to set an ELCC floor. ELCC class ratings are determined annually by the RTO based on system-wide resource adequacy modelling, which storage project cannot control. Imposing a floor that triggers when ELCC falls below a defined threshold transfers a portion of this system-level risk to developers, who have no operational lever to manage it and reduces the bankability of the contracted revenue.

If an ELCC floor is introduced, bidders must add a risk premium reflecting both (a) the probability that ELCC falls below the floor in any given delivery year and (b) the expected magnitude of the gap. Under the indexed contract structure, every dollar of risk premium flows directly into a higher strike price and therefore into higher ISC payments.

The ISC Reference Capacity Price formula multiplies project-specific ELCC by the relevant RTO auction clearing price. This structure correctly reflects the actual capacity value the resource provides in any given delivery year, and it incentivises developers to design and operate their projects (e.g., duration, augmentation strategy) in ways that maximize accredited capacity.

[redacted]