

[Commenter 3]
Comments on
Indexed REC
Contract

From: [Commenter 3]
Sent: Monday, October 6, 2025 1:53 PM
To: Illinois-RFP <Illinois-RFP@nera.com>
Cc: [Commenter 3]
Subject: [Commenter 3] comments on draft fall 2025 indexed-REC contract

To the Procurement Administrator,

Pursuant to the invitation to comment issued on September 22, 2025, [Commenter 3] submits its feedback on the Draft Fall 2025 Indexed-REC Contract.

Please feel free to reach out with questions at any time.

Best,

[Commenter 3]

[Commenter 3]'s contact information

ILLINOIS POWER AGENCY Indexed REC RFP

TOPIC 1: Strike Price Adjustment Mechanism

Questions:

4. An alternative option to evaluating Opt-in Bids and Opt-out Bids together using a forecast would be to either:

- Accept Opt-in Bids and Opt-out Bids in alternating procurement events (i.e. only Opt-in Bids are submitted in procurement events held in the Summer and only Opt-out Bids are submitted in Fall procurement events held in the Fall).
- Use separate targets for Opt-in Bids and Opt-out Bids in a procurement event.

Is one of these alternative options preferred over the proposed approach? Why or why not?

█ prefers using separate targets for opt-in bids and opt-out bids in each procurement event. Separating opt-in and opt-out bids into two events effectively reduces the number of procurement opportunities that a particular bidder can participate in based on its tolerance for the use of this mechanism.

Topic 2: Impacts of H.R. 1

Questions:

1. Beginning with the Summer 2025 Indexed REC RFP, Section 11.3 Investment Tax Credit (ITC), Production Tax Credit (PTC) or Clean Electricity Investment Credit Contingency was added to the Indexed REC Contract. This contract term has been maintained for the Fall 2025 Indexed REC RFP. The intent of this term is to protect Sellers from potential future changes to the availability of investment tax credits or other such clean electricity investment credits used to develop projects participating in the upcoming procurement. Relief under Section 11.3 is intended to address bona fide and material changes in ITC or PTC eligibility arising from government actions occurring after contract execution.
 - a. Does Section 11.3 provide sufficient protection for Sellers from potential future changes? Why or why not? What are the current unknowns for whether a Project will receive the ITC and PTC federal tax benefits?

█ notes that Contract Section 11.3, retains the discretion of the IPA to determine whether to provide this available relief for projects affected by an elimination, reduction, or unavailability of the federal investment tax credit, production tax credit, or clean electricity

investment credit. [REDACTED] [REDACTED] have expressed concern that the language under this section does not provide adequate certainty that projects will be afforded necessary relief. [REDACTED] suggests that in the case that a seller can show that it has been materially affected by a change to these tax credits, relief should be granted automatically.

2. What other uncertainties stemming from H.R. 1 or other government actions can and should be addressed by the Indexed REC Contract? Are there contract terms currently in use to address such uncertainties? If so, please provide available samples.

The current contract does not address the significant potential impacts of the imposition of tariffs to projects that are under contract. [REDACTED] suggests amending Section 11.3 of the Indexed REC contract to also automatically allow a Seller to terminate the contract if the project becomes economically unviable due to the imposition of tariffs. The provision could be expanded to include the ability to negotiate other (non-price related) adjustments for projects affected by tax credit changes or tariffs, subject to the discretion of the IPA. To avail itself of this remedy, the Seller would need to demonstrate how contract adjustments would address the detrimental impacts of the tariffs or changes to the tax incentives.

Other areas for feedback:

Contract changes or modifications

[REDACTED] believes it could be beneficial for the IPA, in order to facilitate REC delivery, to allow developers to replace contracted projects with projects with similar attributes while maintaining the contracted strike price. This could resolve concerns where a development is facing either economic or timing challenges due to changes in tax credits, tariffs, materials availability, interconnection queues, or permitting delays.

In addition, pending legislation in Illinois would allow a process for direct negotiation with the IPA for amendment of non-price terms of utility-scale competitively procured REC contracts and a process for getting to a fully executed contract amendment. In the event that this provision is enacted, [REDACTED] encourages the IPA to work directly with any sellers as expeditiously as possible to approve requested contract modifications to address these non-price term changes necessary to ensure project completion. [REDACTED] also encourages the IPA to incorporate this process into the current contract.

Use of Surety Bonds to Meet Seller's Collateral Requirement

Article 7 of the IPA's Indexed REC contract currently provides that Seller may provide performance assurance through either posting a letter of credit or posting cash collateral with Buyer if Seller's collateral threshold is lower than the collateral requirement. Through Indexed REC contract development processes, the Agency has received requests from Sellers to include an option to use surety bonds as collateral instruments. The Agency seeks stakeholder feedback on the potential benefits or drawbacks to including surety bonds as a means for Seller to provide performance assurance.

█ supports adding surety bonds as a payment option. Surety bonds have a significantly lower carrying cost than letter of credit and since it's a different source of capital, it alleviates constraints on letter of credit availability. Maximizing flexibility in this manner will enable project developers to utilize their preferred financing methods and increase project viability. More importantly, access to cheaper, more efficient capital will allow participants to reduce their bid price and pass those savings onto Illinois consumers.