

[Commenter 3]

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

From: [Commenter 3]

Sent: Wed 5/13/2026 12:17 PM

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

Subject: [Commenter 3] Comments on Draft ISC Contract and Draft Preliminary Proposal Requirements for the Summer 2026 Energy Storage RFP

Dear Procurement Administrator,

Attached please find the comments of [Commenter 3] on the Draft Indexed Storage Credit Agreement (ISC Contract) and the Draft Preliminary Proposal Requirements for the Summer 2026 Energy Storage RFP (Round 1 of 2). These comments are submitted in response to the Illinois Power Agency's Invitation to Comment dated April 22, 2026, and address both documents as well as the specific topics outlined in Appendix A.

For any questions or to seek clarification regarding these comments, please contact:

[Commenter 3's contact information]


Thank you for the opportunity to provide feedback. We appreciate your consideration of these comments and look forward to continuing to support the IPA's energy storage procurement efforts.

Best regards,

[Commenter 3]

Attachments:

1. [Commenter 3] Comments on Draft ISC Contract and Draft Preliminary Proposal Requirements for the Summer 2026 Energy Storage RFP.pdf



May 13, 2026

Illinois Power Agency
180 N Wabash Ave, Suite 500
Chicago, Illinois 60601
Via email: Illinois-RFP@nera.com

Re: [REDACTED] Comments on Draft ISC Contract and Draft Preliminary Proposal Requirements for the Summer 2026 Energy Storage RFP


Submitted by: [REDACTED]

[REDACTED] appreciates the opportunity to submit these comments in response to the Illinois Power Agency's (IPA) Invitation to Comment dated April 22, 2026, on the Draft Indexed Storage Credit Agreement (ISC Contract) and Draft Preliminary Proposal Requirements for the Summer 2026 Energy Storage RFP (Round 1 of 2). [REDACTED]

[REDACTED] iron flow technology utilizes abundant, domestically available iron, salt, and water electrolytes to deliver safe (non-flammable, aqueous electrolyte with no risk of thermal runaway), sustainable, and highly durable long-duration energy storage (LDES). Key performance attributes include: no capacity degradation over a 25+ year design life, unlimited cycling capability with no cycle-life limits, 10-hours of duration (or longer with modular tank scaling), while excelling in other metrics such as zero degradation and exceptional safety. All [REDACTED] systems are designed, engineered, and manufactured in the United States, supporting domestic jobs, supply-chain resilience, and compliance with federal priorities for critical energy infrastructure.

[REDACTED] systems are already deployed in utility-scale, commercial & industrial, and resilience applications across the U.S., providing proven grid services including renewable firming, peak shaving, frequency regulation, black-start capability, and energy shifting. [REDACTED] strongly supports the IPA's procurement of approximately 1,038 MW of new standalone energy storage capacity under the Clean and Reliable Grid Affordability Act (CRGA), with targeted volumes in MISO Local Resource Zone 4 (450 MW) and PJM ComEd Local Delivery Area (588 MW). This RFP is a pivotal step toward achieving a resilient, affordable, reliable, and decarbonized Illinois grid.

Our comments are offered constructively to ensure the procurement framework remains technology-neutral while maximizing technology diversity, grid reliability value, safety, environmental sustainability, domestic economic benefits, and long-term ratepayer savings. We address the specific topics outlined in Appendix A of the Invitation to Comment, as well as broader elements of the Draft Preliminary Proposal Requirements and ISC Contract.



1. General Comments on the Draft Documents and Procurement Design

The Draft Preliminary Proposal Requirements appropriately establish a technology-neutral framework for new standalone storage projects (minimum 20 MW AC nameplate, minimum 4 hours of continuous discharge at full Contract Capacity. The price-based evaluation using strike price (\$/MWh) for Indexed Storage Credits (ISCs), with tie-breaking preference for Energy Transition Community Grant Areas (ETCGA), provides bidders with clarity, predictability, and administrative simplicity. The ISC Contract's availability-based payment mechanism (4 ISCs per MW of Contract Capacity on each day, indexed to project-specific Effective Load Carrying Capability (ELCC) and energy arbitrage locational marginal prices (LMPs)) represents a reasonable and financeable forward-contract structure.

To further enhance the procurement's effectiveness in delivering maximum grid, resilience, and societal value, [REDACTED] recommends the following targeted, technology-neutral enhancements that would particularly benefit LDES solutions such as iron flow batteries:

- **Strongly incentivize longer-duration capabilities:** Projects capable of 8–10+ hours of continuous discharge provide materially higher ELCC values, superior inter-day renewable energy firming, and enhanced system resilience during extreme weather events, or prolonged outages. The current flat 4-hour minimum design undervalues these attributes. We recommend the addition of optional bid categories, scoring adders, or scaled ISC crediting mechanisms that reflect actual offered duration and demonstrated ELCC performance. This would align directly with CRGA's statutory goals of grid reliability and affordability without adding undue complexity to the initial procurement round.
- **Promote technology diversity, safety, sustainability, and domestic supply-chain security, including full compliance with the One Big Beautiful Bill Act (OBBBA) Prohibited Foreign Entity (PFE) restrictions:** Iron flow batteries eliminate fire risk associated with certain lithium-based chemistries, use recyclable domestic materials with zero reliance on rare-earth or conflict minerals, and deliver unmatched longevity and cycling flexibility. These attributes reduce long-term insurance costs, permitting delays, community opposition, and decommissioning liabilities while advancing equity, environmental justice, and national security objectives.

In particular, we recommend that the IPA introduce a clear preference mechanism—such as a scoring adder, enhanced tie-breaker priority, or separate priority ranking category—for bids proposing energy storage technologies that fully comply with the OBBBA's PFE restrictions (enacted July 4, 2025, and effective for projects beginning construction after December 31, 2025). Compliance should be demonstrated through bidder certification regarding the Material Assistance Cost Ratio (MACR), absence of effective control by prohibited foreign entities, and adherence to all entity-level, payment, and sourcing rules under IRC Sections 48E, 45Y, and related guidance (including IRS Notice 2026-15). This preference would align the state RFP with federal supply-chain security and tax-credit eligibility requirements, maximize stackability of federal incentives (e.g., 48E ITC), reduce ratepayer exposure to supply-chain disruption risks, and favor truly domestic manufacturing like [REDACTED]'s U.S.-produced iron flow systems. Such a preference is technology-neutral, administratively straightforward (via self-certification subject

to audit), and directly supports national policy goals of reducing reliance on adversarial nations for critical energy infrastructure.

- **RTE clarification and performance flexibility:** The proposed $\geq 85\%$ RTE threshold at COD (declining to $\geq 70\%$ thereafter) is appropriate for 4-hour lithium-ion battery technology, but the threshold for LDES should be $\geq 70\%$ RTE at COD (declining to $\geq 65\%$ thereafter). For projects offering longer periods of continuous discharge (8–10+ hours), round-trip efficiency has significantly lower economic and technical importance. Efficiency losses are amortized over substantially larger quantities of energy shifted per discharge cycle, and LDES systems typically perform far fewer full equivalent cycles annually than short-duration batteries because they are used for inter-day renewable firming, seasonal shifting, and extreme-weather resilience rather than daily arbitrage. As a result, the impact of a modestly lower RTE on levelized cost of storage (LCOS), lifecycle economics, net arbitrage revenues, and overall project economics is minimal. LDES technologies such as iron flow batteries instead deliver far superior overall value to ratepayers through zero capacity degradation over a 25+ year design life, unlimited cycling capability, materially lower long-term operations, maintenance, insurance, and replacement costs, higher Effective Load Carrying Capacity (ELCC), and enhanced inter-day grid reliability. We request explicit clarification that RTE is measured on an AC-to-AC basis consistent with applicable RTO metering and testing standards (e.g., PJM/MISO protocols). A rigid 85% floor could inadvertently exclude innovative LDES solutions that provide greater long-term ratepayer savings and grid benefits. We suggest a holistic, technology-neutral performance evaluation framework or adjustment mechanism (including differentiated RTE thresholds based on offered discharge duration) that appropriately weights durability, safety, ELCC, and total cost of ownership alongside RTE.
- **ELCC and operational metrics:** The contract's reference to project-specific ELCC is appropriate. We urge the IPA to work with RTOs to ensure ELCC methodologies fully and fairly credit longer-duration storage and to allow post-COD annual updates (per Draft ISC Contract Section 2.7) to recognize sustained or improved performance without arbitrary caps.

2. Comments on Specific Topics in Appendix A

Topic 1: Commercial Readiness (Preliminary Proposal Requirements, pp. 9–10)

The proposed 10-year recency requirement (operational experience with combined ≥ 100 MW nameplate capacity since June 1, 2016), with no restrictions on location, fuel type, or size, is generally reasonable and appropriately broad to encourage participation by both established and emerging LDES providers. We support inclusion of both generation and storage experience, as well as U.S. or international projects.

However, the strict ≥ 100 MW cumulative nameplate capacity threshold, when applied without exception, inadvertently disadvantages numerous innovative American manufacturers of non-lithium battery energy storage technologies—including iron flow batteries and other emerging LDES solutions. Many of these domestic innovators have focused on rapid technology

maturation, demonstration-scale commercial deployments, and supply-chain development rather than immediate large-scale commercial rollouts, precisely because their chemistries (aqueous, non-flammable, fully recyclable) represent a deliberate departure from lithium-ion dominance. As a result, even highly credible U.S.-based LDES companies with proven manufacturing facilities, executed offtake agreements, and third-party validated performance data may fall short of the 100 MW threshold through no fault of their own technological or commercial readiness. This outcome conflicts with CRGA's goals of technology diversity, domestic manufacturing support, and supply-chain resilience.

To remedy this, we recommend that the IPA establish a clear, transparent waiver or exception process specifically available to new or emerging energy storage technologies (such as LDES systems) that cannot meet the ≥ 100 MW threshold solely due to the relative novelty of their chemistry or deployment timeline. Such waivers could be granted upon demonstration of alternative commercial readiness indicators, including (but not limited to):

- Executed EPC contracts with performance guarantees and liquidated damages;
- Substantial completion certificates or operational data from pilot/utility-scale demonstration projects (even if below 100 MW aggregate);
- Verified manufacturing capacity and domestic supply-chain commitments;
- Third-party technology validations, bankability letters from lenders or insurers, or independent engineering reports;
- Evidence of prior commercial deployments of related or predecessor technologies by the bidder or its affiliates; and
- Financial and project execution capability demonstrated through parent guarantees, signed off-take agreements or investment-grade credit support.

This waiver mechanism would remain technology-neutral on its face while directly addressing the disadvantage faced by American non-lithium LDES manufacturers. It would promote genuine competition, accelerate deployment of safer and more sustainable storage solutions, and better align the RFP with both state and federal policy objectives (including OBBBA domestic content and PFE compliance priorities). The IPA could administer the waiver through a simple supplemental submission reviewed during the preliminary proposal stage, preserving administrative efficiency.

The requirement that the Bidder must itself (or its parent/affiliate) meet the experience threshold is consistent with CRGA statutory language; the waiver process we propose would operate as a narrow, justified exception that maintains this core principle while enabling broader participation by U.S. innovators.

Topic 2: Bid Assurance Collateral (\$20,000/MW)

The proposed \$20,000/MW Bid Assurance Collateral amount is generally reasonable and serves the important purpose of ensuring serious bidder intent. However, for bidders proposing newer LDES technologies—many of which are manufactured by smaller, rapidly scaling American companies with innovative technologies *not* reliant on PFE-dominated supply

chains—this requirement can place disproportionate strain on working capital and available credit facilities that favor shorter-duration lithium-ion solutions.

To improve accessibility while maintaining appropriate safeguards and promoting genuine technology diversity, we recommend that the IPA provide targeted flexibility for bidders proposing newer LDES technologies, particularly those that are domestically manufactured and fully compliant with OBBBA Prohibited Foreign Entity (PFE) restrictions. Acceptable solutions include:

- permitting alternative forms of security such as parent company guarantees (from creditworthy parents), irrevocable letters of credit from qualified U.S. banks, surety bonds, or insurance products meeting IPA standards;
- offering tiered or reduced collateral amounts (e.g., \$12,500/MW) for bidders demonstrating strong domestic manufacturing content and full OBBBA PFE compliance;
- allowing phased posting of collateral; and
- accepting instruments that reflect the inherently lower risk profile of non-flammable aqueous technologies like iron flow batteries.

These measures would promote broader participation by U.S. innovators without materially increasing risk to the IPA or ratepayers.

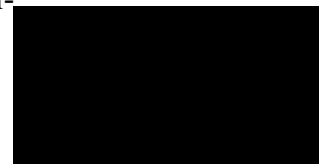
Topic 3: Performance Assurance Collateral (\$50,000/MW)

The proposed \$50,000/MW Performance Assurance Collateral is a significant amount, particularly for larger projects, and while it is an improvement over prior models, it can still pose challenges for developers proposing newer domestic LDES technology. We appreciate the bidder-friendly provision allowing Bid Assurance cash to be applied toward Performance Assurance (Draft ISC Contract §7.1(b)).

We recommend further flexibility mechanisms tailored to support bidders who elect to propose American non-lithium LDES manufacturers, including: allowing a broader range of collateral instruments (surety bonds, parent guarantees, performance bonds, and insurance products), permitting phased or milestone-based posting/release of collateral (e.g., reductions after successful COD and initial performance testing), considering modest reductions or alternative security for projects using domestic, OBBBA PFE-compliant technologies, and the ability to substitute a portion with robust manufacturer warranties or EPC performance guarantees. Such accommodations would enhance competition, support domestic supply chain goals, and align with the State's interest in technology diversity while continuing to protect the IPA's interests.

Topic 4: Double Payment / Economic Support Disclosures (Draft ISC Contract §5.7)

The disclosure requirements are generally clear and appropriately support the statutory additionality principle. We recommend minor clarifications for administrative efficiency, such as standardizing the notice timeline to a consistent 10 Business Days for both receipt and commitment of support, and providing illustrative examples of disclosable versus non-



disclosable items (e.g., federal tax credits already embedded in ISC pricing, or co-located load that does not impose operational constraints). The per-invoice certification requirement is appropriate.

3. Additional Comments on Draft Preliminary Proposal Requirements and ISC Contract

- **Labor and Equity Standards:** We support the Minimum Equity Standard (10%), Project Labor Agreement, and Labor Peace Agreement requirements as aligned with CRGA policy objectives. Compliance plans and annual reporting should be designed to remain practical and not overly burdensome for storage developers.
- **COD Deadlines and Extensions:** The adjusted timelines in the redline (automatic extension to May 31, 2030, with further IPA discretion) are constructive and recognize real-world supply-chain realities. Iron flow systems, being modular and factory-built, are well-positioned for reliable, on-schedule COD.
- **Force Majeure and Technical Curtailment:** Explicitly counting these events toward the 4,320 Availability hours per Delivery Year is fair and reduces unnecessary default risk, particularly for weather-resilient LDES technologies.
- **Cybersecurity:** Alignment with RTO and NERC standards is appropriate; the availability of IPA waivers for cure periods provides necessary flexibility for good-faith compliance.

4. Conclusion and Recommendations

█ strongly endorses the IPA’s leadership in advancing energy storage procurement and stands ready to support the successful deployment of diverse, high-value, long-duration storage resources in Illinois. Our iron flow battery technology is uniquely positioned—through superior safety, longevity, domestic manufacturing content, and full compliance with OBBBA PFE requirements—to deliver the reliable, resilient, and sustainable grid services the state requires.

We recommend the IPA incorporate the enhancements outlined above, particularly the proposed preference for OBBBA PFE-compliant technologies and the commercial-readiness flexibility for emerging American LDES manufacturers, when finalizing these documents and in future procurement rounds. These changes would maximize grid benefits, technology innovation, federal incentive stackability, and long-term ratepayer value while maintaining technology neutrality.

We appreciate the opportunity to comment and are available for any questions, clarification discussions, or technical briefings.

