

**[Commenter 3]**

**Comments on Indexed  
REC RFP Rules**

**From:** [Commenter 3]

**Sent:** Thursday, August 29, 2024 1:18 PM

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

**Subject:** [Commenter 3]'s Comments in Response to Illinois Power Agency's Invitation to Comment on the Draft Indexed REC Contract and Preliminary Proposal Requirements for the Fall 2024 Indexed REC Procurement Event

Attached please find [Commenter 3]'s Comments in Response to Illinois Power Agency's Invitation to Comment on the

Draft Indexed REC Contract and Preliminary Proposal Requirements for the Fall 2024 Indexed REC Procurement Event. [Commenter 3] appreciates the opportunity to offer these comments and is happy to further discuss or answer questions as needed. Thank you for your time and consideration.

[Commenter 3]'s contact information

**██████████ Comments in Response to  
Illinois Power Agency’s Invitation to Comment on the  
Draft Indexed REC Contract and Preliminary Proposal Requirements  
for the Fall 2024 Indexed REC Procurement Event**

**I. Introduction**

██████████ is submitting comments in response to the Invitation to Comment (Invitation) posted on August 9, 2024, by the Illinois Power Agency’s (IPA) Procurement Administrator for the upcoming Fall 2024 renewable energy credits (REC) procurement event. The Fall 2024 procurement will seek to select Sellers to contract with Illinois electric utilities to provide RECs from utility-scale wind projects, utility-scale solar projects, and brownfield photovoltaic projects, pursuant to the Illinois Power Agency Act (IPA Act) and the Public Utilities Act (PUA). ██████████

In this Response, ██████████ is providing comments on the three questions listed in Appendix A to the Invitation under Topic 1, Energy Transition Community Grant Areas.

**II. ██████████ Contact Information**

Questions concerning these comments should be directed to:

██████████  
██████████  
██████████  
██████████

**III. ██████████ Comments on Topic 1 – Energy Transition Community Grant Areas**

As Topic 1 points out, Section 1-75(c)(1)(P) of the IPA Act requires the IPA to develop “a method to optimize procurement of renewable energy credits from proposed utility-scale projects that are located in communities eligible to receive Energy Transition Community Grants pursuant to Section 10-20 of the Energy Community Reinvestment Act” (ECRA).<sup>1</sup> Topic 1 points out that the Department of Commerce and Economic Opportunity (DCEO) is, by statute, responsible for administering the Energy Transition Community Grants Program, not the IPA (nor the Illinois Commerce Commission (ICC)). In response to the directive in Section 1-75(c)(1)(P) of the IPA Act, IPA has in three recent Indexed REC procurements, for purposes of ordering bidders’ proposed strike prices for selection purposes, made a favorable downward adjustment to the bid of any project located within an Energy Transition Community Grant Area (Grant Area), *i.e.*, projects within a “community” eligible to receive grants under the Energy Transition Community

---

<sup>1</sup> Topic 1 incorrectly states that Section 1-75(c)(1)(P) is found in the Public Utilities Act (PUA); in fact, it is a provision in the IPA Act.

Grants Program. Topic 1 further notes that “[i]n practice, the DCEO considers the communities eligible to receive grants under the Energy Transition Community Grant program as the area covered by a 30-mile radius around qualifying fossil fuel facilities, nuclear facilities, and coal mines” that have been retired or significantly reduced service within a period beginning six years before the application for designation as an eligible Energy Transition Community was or will be submitted.<sup>2</sup>

For the Fall 2024 Indexed REC procurement event, the IPA is considering determining Grant Areas as the area covered by a 30-mile radius around qualifying fossil fuel or nuclear plants or coal mines. Thus, under this proposal, a utility-scale wind or solar project or a brownfield photovoltaic project located or to be located within the 30-mile radius of a qualifying fossil fuel or nuclear plant or coal mine will receive the favorable downward bid adjustment described above.

Topic 1 poses three questions pertaining to designation of renewables projects as eligible for the downward bid adjustment in an IPA REC procurement.

**Question 1:** For purposes of future RFPs, including the Fall 2024 Indexed REC RFPs, should the Energy Transition Community Grant Areas be determined using the area covered by a 30-mile radius around fossil fuel facilities, nuclear facilities, and coal mines qualified by the DCEO as opposed to the host villages, cities and counties applicable to these qualifying facilities and mines? Why or why not.

**Response:** [REDACTED] strongly supports use of the “30-mile radius from a qualifying facility” approach to determine the Grant Areas. This approach is consistent with the DCEO’s method for determining eligible Energy Transition Community areas for purposes of the Energy Transition Community Grant Program. More importantly, it best carries out the objectives of Section 10-20 of the Energy Transition Community Reinvestment Act and of Section 1-75(c)(1)(P) of the PUA, to support reinvestment in communities in areas of this State that have been or will be adversely impacted economically, fiscally and in terms of employment by the retirement or anticipated retirement or significantly reduced service of a fossil-fueled or nuclear facility or a coal mine.

As the IPA points out in Topic 1, the DCEO is responsible for running the Energy Transition Community Grant Program (including, specifically, the designation of eligible communities), not the IPA (or the ICC), and the DCEO considers communities eligible to receive grants under the Grant Program to be the area covered by the 30-mile radius around qualifying fossil facilities, nuclear facilities, and coal mines. DCEO has used the 30-mile radius approach to determine communities eligible to receive grants under the Grant Program since it began implementing the Grant Program following enactment of the Climate and Equitable Jobs Act (CEJA), Public Act 102-0662, in September 2021. For example, the description of the Grant Program in the Catalog of State Financial Assistance on DCEO’s website has stated, under the heading “Applicant Eligibility,” that eligibility to apply for a grant includes “Local units of government, including municipalities, counties, school districts, and other taxing districts, within 30 miles of a closed or

---

<sup>2</sup> “Qualifying” facility or coal mine meaning that the facility or coal mine has been retired or significantly reduced service within the applicable six-year period.



be felt for a considerable distance from the plant locations.

Similarly, ██████████ seeks to utilize the services of area businesses and to make purchases of materials, supplies, and equipment from area businesses to the extent possible. Again, however, given the rural or semi-rural nature of the areas in which its plants are located, ██████████ often needs to purchase particular services, materials, supplies, and equipment from businesses located at some distance from the power plant itself. These businesses and the communities in which they are located will feel the adverse impacts of closing or reducing operations of power plants (and coal mines).

Thus, defining the Grant Areas as a 30 mile radius from a retired, to-be-retired, or reduced operations power plant (or coal mine) will best represent the area in which the adverse employment, economic, and fiscal impacts of closing power plants (and coal mines) will be felt (as well as maintaining consistency with Governor Pritzker's and DCEO's public descriptions of the criteria for eligible applicants under the Grant Program). Defining the Grant Area to encompass a 30-mile radius from the retired, to-be-retired, or reduced operations plant or coal mine will support the overall purpose of the ECRA and the Grant Program to provide a just transition for the areas of this State which are adversely impacted by the closures of fossil plants (and coal mines) to achieve the State's decarbonization goals.

██████████ acknowledges that the size of the specific area impacted by closure or reduced operations of each qualifying facility will vary from plant to plant (and coal mine to coal mine). However, ██████████ believes use of a 30-mile radius from the qualifying plant or coal mine site to define the Grant Area will reasonably define the area in which adverse economic and employment impacts of plant or mine closures or reduced operations will be felt (as well as remaining consistent with Governor Pritzker's and DCEO's public descriptions of the criteria for eligible applicants under the Grant Program). This in turn will help to foster reinvestment in these Grant Areas through the construction and installation of utility-scale wind and solar renewables facilities and brownfield photovoltaic projects that are selected in the IPA's procurement events due to receiving the bid adjustment developed by IPA in response to the directive in Section 10-20(c) of the ECRA and Section 1-75(c)(1)(P) of the IPA Act. This will be consistent with the overall objectives of Section 1-75(c)(1)(P) and of the ECRA, to provide economic (re)development support for areas in Illinois that are adversely impacted by power plant and coal mine closures and reduced operations – specifically, by supporting investment in and development of new utility-scale wind and solar energy projects and brownfield photovoltaic facilities in such areas.

**Question 2:** Using a 30-mile radius around qualifying facilities and mines would extend some of the areas into states adjacent to Illinois. If a project is located in a state adjacent to Illinois (not located in Illinois) and within the 30-mile radius, should the project be eligible for the downward strike price adjustment? Why or why not?

**Response:** As an initial matter, the plant located in an adjacent state must be determined to be eligible to participate in the REC procurement event based on the criteria the IPA has developed and implemented in accordance with Section 1-75(c)(1)(I) of the IPA Act. If the project is determined, based on those criteria, to be eligible to participate in the procurement event, it should be eligible for the downward strike price if located within the 30-mile radius of a qualifying facility. ██████████ notes that under the facts posed in Question 2, the project would be

within no more than 30 miles, and likely less, outside Illinois, thus its economic and employment impacts would likely benefit the nearby areas of Illinois that are within the Grant Area.

**Question 3:** The list of qualifying fossil fuel facilities, nuclear facilities, and coal mines is updated by the DCEO on an annual basis due to the recency requirement under Public Act 102-662. The current list of qualifying facilities and mines is provided in Table B in Appendix B. For purposes of the Indexed REC RFP, should all facilities and mines qualified historically by the DCEO be used in determining the ETCGAs? For example, should a coal facility that was qualified by the DCEO in 2023, but not in 2024, due to the recency requirement continue to be used for determining ETCGAs? Why or why not?

**Response:** The 6-year recency requirement is expressly embedded in statute (the ECRA), so the IPA cannot depart from it or modify it. This is unfortunate, as it may result in some areas not being designated as Grant Areas solely due to the six-year recency requirement. In hindsight, it would have been better for the statute to encompass fossil and nuclear plant facilities and coal mines that have been retired or significantly reduced their service subsequent to a specific date, e.g., January 1, 2016. Revising this statutory provision can be a subject for legislative advocacy and action.

**IV. [REDACTED] Comments on Draft Preliminary Proposal Requirements and Draft Indexed REC Contract for Fall 2024 Procurement Event.**

[REDACTED] is not submitting any specific comments at this time on the text of the draft Preliminary Proposal Requirements and draft Indexed REC Contract for the Fall 2014 Indexed REC procurement event.