

[Commenter 6]

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

From: [Commenter 6]
Sent: Mon 6/15/2026 2:34 PM
To: Illinois-RFP <Illinois-RFP@nera.com>
Subject: Re: [Commenter 6] Comments on Draft ISC RFP

Sir / Ma'am - Please find attached Round 2 Comments on the Draft ISC from [Commenter 6].

We appreciate the opportunity to provide these comments and are open at any time to discuss in more detail.

Respectfully,

[Commenter 6]

[REDACTED]

Comments on Illinois Power Authority Energy Storage RFP
Round 2 Comments – June 1, 2026 Draft ISC Contract
June 15, 2026

To: Illinois Power Authority
Illinois-RFP@nera.com

To whom it may concern,

[REDACTED] appreciates the opportunity to submit these follow-up comments on the June 1, 2026 draft Indexed Storage Credit (ISC) Agreement for the Summer 2026 Energy Storage RFP. These comments build on our [REDACTED], in which we described [REDACTED] technology and its key characteristics, including:

[REDACTED]

Below, we follow up on the items raised in our Round 1 letter in light of the June 1, 2026 draft, and offer additional comments on provisions that affect the financeability of long-duration, non-degrading storage technologies such as [REDACTED]

A. Follow-Up: Sections 2.5 and 2.6 – Duration, RTE, and Availability Trade-Offs

Section 2.5(c) and Section 2.6(a) of the June 1, 2026 draft continue to require that, as of COD and throughout the Term: (1) the Project operate for a duration of 4 hours of continuous discharge of the Contract Capacity; (2) the RTE be at least 85% for the first Delivery Year and at least 70% thereafter; and (3) the Project maintain a minimum Availability of 4,320 hours per Delivery Year.

Comment: We appreciate that the June 1 draft retains a workable framework for storage resources generally, but we note that the 85% RTE requirement for the first Delivery Year (Section 2.6(a)(iii)) does not appear to have changed from the April 22 draft on which we commented. This requirement appears to have been calibrated to lithium-ion technologies and may not reflect the performance characteristics of long duration energy storage (LDES) technologies more broadly. A range of LDES technologies operate at real-world round-trip efficiencies below 85%, and in some cases at or below 60%, as a structural trade-off for benefits such as 100% depth of discharge, unlimited cycling, and minimal or no capacity degradation over a multi-decade service life. As drafted, an LDES project that achieves its steady-state real-world RTE from COD (rather than 85% in the first Delivery Year) could be in deficiency of Section 2.6(a)(iii) during its first Delivery Year, even though its 90-day cure period under Section 2.5(c) is intended for commissioning issues rather than a structural chemistry characteristic.

We reiterate [REDACTED] that the Authority adopt qualification parameters that recognize trade-offs between RTE, discharge duration, and depth of discharge, rather than applying a single RTE threshold across all technologies. As a concrete proposal for Round 2, we recommend either (i) replacing the 85% first-year RTE requirement in Section 2.6(a)(iii) with a minimum ongoing RTE standard of 60% applicable from COD for non-lithium, non-degrading LDES technologies, on the basis that such technologies do not experience the RTE decline over time that the current 85%/70% step-down appears designed to accommodate; or (ii) allowing Sellers to elect, at the time of the Section 2.5(a) notice, a technology-appropriate RTE baseline (supported by manufacturer specifications and/or independent test data), against which the Section 2.6(a)(iii) minimum RTE requirement would then apply on a flat basis for the Term. A technology-neutral RTE standard along these lines would help ensure the procurement framework does not unintentionally exclude commercially viable LDES technologies on the basis of a single performance metric.

Separately, we note that Section 1.28 (definition of “ELCC”) continues to reference an 85% RTE assumption in the fallback 4-hour class rating used when a project-specific ELCC is unavailable. To the extent this fallback could apply to an LDES project (for example, prior to RTO establishing a project-specific ELCC), we ask the Authority to confirm that an LDES project offering longer discharge duration (8, 12, or up to 24 hours) and operating at its real-world RTE would not be disadvantaged relative to a 4-hour, 85%-RTE class rating in this fallback calculation.

[REDACTED]

B. Follow-Up: Topic 1, Commercial Readiness – Clarification Regarding Technology Providers

[REDACTED] requested that the Authority clarify that the ≥ 100 MW combined nameplate capacity “notice to proceed” requirement under Topic 1 (Commercial Readiness) applies to the project developer/Bidder, and not to the technology provider supplying the storage system.

[REDACTED] **Comment:** We did not see this clarification addressed in the June 1 draft Preliminary Proposal Requirements or ISC Contract, and respectfully request that the Authority confirm its position on this question prior to finalization. As a reminder, [REDACTED] has installed over [REDACTED] projects worldwide, totaling over [REDACTED] commissioned and under commitment, and over [REDACTED] hours of cumulative field operation – including a [REDACTED] system integrated with [REDACTED], which now participates in [REDACTED]. Confirming that the commercial readiness threshold is assessed at the level of the project developer (who would be the Seller/Bidder under the ISC Contract), rather than requiring the underlying battery technology manufacturer itself to independently satisfy the 100 MW threshold, would remove ambiguity for developers evaluating non-lithium technologies such as [REDACTED].

C. Follow-Up: Topic 4, Double Payment – Electrolyte Value and Capital Stack

In Round 1, [REDACTED] noted that the capital stack for a VFB project differs materially from a Li-ion project because the electrolyte – which can represent roughly 50% of total system cost – does not degrade and retains residual value at end of life, and suggested the Authority consider (i) incentivizing strategic electrolyte reserves and (ii) establishing criteria that value reuse or recycling of battery components in future solicitations.

[REDACTED] **Comment:** We understand that addressing electrolyte reuse/recycling criteria within the current ISC Contract and Preliminary Proposal Requirements may be more appropriate for future procurement rounds rather than the Summer 2026 RFP, and we do not propose specific contract language on this topic at this time. However, we would welcome the opportunity to discuss this further with the Authority in a future stakeholder workshop, as we believe recognizing the residual value of non-degrading electrolyte (whether through reuse, resale, or reclamation for high-grade steel production) is relevant to a full accounting of long-term ratepayer costs and benefits across competing storage technologies.

D. New Comment: Section 1.28 – ELCC Floor

We understand that other stakeholders have proposed establishing a floor on the ELCC value used in the ISC Reference Capacity Price calculation (Section 1.28 and the definition of “ISC Reference Capacity Price”), while other stakeholders have opposed any such floor on the basis that ELCC is determined by RTO methodologies outside a Seller’s control.

[REDACTED] **Comment:** [REDACTED] did not address this topic in our Round 1 letter but offers the following perspective given its relevance to the financeability of long-duration storage bids generally, including [REDACTED]-equipped projects. We agree that ELCC is a metric determined by RTO methodology and is not within a Seller’s operational control, and that an ELCC floor applied against a non-controllable variable would introduce financing risk that bidders would need to price into their Strike Price, to the detriment of ratepayers. If the Authority nonetheless determines that some form of floor or guardrail is appropriate, we would ask that any such mechanism distinguish between (i) reductions in a project’s ELCC attributable to RTO-wide methodology changes (which affect all similarly situated resources and are outside any individual Seller’s control), and (ii) reductions attributable to a decline in a specific project’s own performance or capacity (for example, due to degradation). For a non-degrading VFB resource that continues to deliver its full Contract Capacity and duration for the full Term, a project-specific ELCC decline of the second type would be unlikely to occur, and we would not want a floor calibrated to address degradation-driven ELCC decline in degrading technologies to instead penalize non-degrading technologies for RTO-wide methodology changes beyond their control.

[REDACTED]

E. New Comment: Section 7.1 – Collateral Requirements and Risk Profile of Non-Flammable, Non-Degrading Technology

Section 1.11 (Collateral Requirement) and Section 7.1 (Performance Assurance) of the June 1, 2026 draft establish a Collateral Requirement of \$50,000 per MW, both prior to and after COD, with an Increased Collateral Requirement of \$100,000 per MW (stepping down to \$50,000 per MW upon COD by the extended deadline) if the Commercial Operations Deadline is extended.

Comment: [REDACTED] did not address collateral requirements in our Round 1 letter. We raise it now because the collateral framework, as a fixed dollar amount per MW, does not vary based on technology risk profile, even though technologies differ meaningfully in their post-COD performance risk. [REDACTED] are non-flammable with no risk of thermal runaway [REDACTED] require no augmentation over a [REDACTED] [REDACTED] and have demonstrated stable performance with almost no capacity loss over [REDACTED] of independently validated field operation. We ask the Authority to consider whether collateral instruments – separate from the dollar amount – could be expanded to include manufacturer performance guarantees or warranties (in addition to Letters of Credit and cash) as acceptable forms of Seller’s Performance Assurance under Section 7.1, where such guarantees are provided by an investment-grade manufacturer and cover the specific minimum operational requirements in Section 2.6(a). This would not change the dollar-denominated Collateral Requirement itself, but would give Sellers deploying technologies with strong manufacturer-backed performance assurances additional flexibility in how that requirement is satisfied.

F. New Comment: Charging-Related Costs and Transmission Service

Comment: We understand other stakeholders have raised questions in Round 1 regarding the treatment of charges associated with charging the storage resource from the grid, including MISO Network Integration Transmission Service (NITS) and related transmission costs, and whether the ISC Contract should clarify that such costs are not borne by Seller. [REDACTED] did not address this in our Round 1 letter but supports clarification of this point in Round 2, as the treatment of charging-related costs affects bid pricing for any storage resource that charges from the grid, regardless of underlying battery chemistry. We would welcome the Authority’s guidance on whether ComEd and Ameren Illinois anticipate granting NITS to ISC Contract Projects, and whether this is an appropriate topic for clarification in the ISC Contract itself (for example, through a new section addressing charging costs) or through separate utility tariff guidance.

We appreciate the Authority’s continued engagement with stakeholders throughout this process and look forward to the finalization of the ISC Contract and Preliminary Proposal Requirements. If you would like any clarification on the comments above, please do not hesitate to contact us.

[REDACTED]