

[Commenter 9]
Comments on
Preliminary Proposal
Requirements

From: [Commenter 9]
Sent: Thursday, May 8, 2025 4:35 PM
To: Illinois-RFP <Illinois-RFP@nera.com>
Cc: [Commenter 9]
Subject: Comments on Indexed REC RFP

Good afternoon,

Attached please find [Commenter 9]'s comments in response to the Procurement Administrator's Invitation to Comment on the Draft Indexed REC Contract and Preliminary Proposal Requirements for the Summer 2025 Indexed REC RFP.

We appreciate the opportunity to provide feedback. If you have any questions, please do not hesitate to contact us at the number and address below.

Thank you,

[Commenter 9]

[Commenter 9]'s contact information

default as a payable claim, and allowing the Obligee to draw on the bond if the Principal defaults under the agreement or fails to replace security, ensuring the duration of the bond matches the contract. The bond also contains waivers of defense which prohibit the surety from doing anything except paying the claim within 10 days once the Principal is defaulted.

- **Surety bonds significantly reduce the carrying cost of the assurance and collateral.** It also allows participants to take advantage of other forms of capital in the market. Access to cheaper, more efficient capital will allow participants to reduce their bid price and pass those savings onto Illinois consumers.

Here is a high-level illustrative example of the savings that come from surety bonds for a 150 MW utility-scale solar project:

The Collateral Requirement for utility-scale solar projects is ten dollars times the Annual Quantity. Based on the Fall 2024 selected projects,³ we can assume that a 150 MW project will produce at least 312,000 RECs annually, which would make the collateral requirement \$3,120,000.

Over the 241-month term of the contract, a participant using a surety bond would realize savings of over \$6 million. The reduced carrying cost will be reflected in the bidder’s strike price, enabling more competitive and efficient REC prices.

Security Type	Required Collateral Amount (est)	Annual Carrying Cost (est)	Months (est)	Total Carrying Cost for 150MW Project (est)	
Cash Deposit	\$3,120,000	12%	241	\$7,519,200	(A)
Letter of Credit	\$3,120,000	12%	241	\$7,519,200	(A)
Surety Bond	\$3,120,000	2%	241	\$1,253,200	(B)
Potential Saving				\$6,266,000	(A – B)

██████████ understands this change is likely infeasible for the Summer 2025 Indexed REC RFP. We are eager to work with the IPA on incorporating surety bonds into future RFP opportunities and we can readily provide draft form language.

³ Indexed Renewable Energy Credit Procurement Results. 05 December 2024. [Fall-2024-Indexed-REC-RFP-Results-05-Dec-2024.pdf](#)



