

# Appendix 8

# Evaluation Process

### **Parameters – Target and Budget**

**Target:** The “Targets” for AIC and ComEd in this DG RFP are: 1,614 RECs and 6,539 RECs respectively. The Fall DG RFP will not procure RECs for MEC. The “Overall Target”, which is the sum of the Targets across AIC and ComEd, is 8,153 RECs. Each Target represents an annual quantity of RECs.

**Budget:** The Budget spans all years of the applicable supplier contracts. A preliminary Budget for each Company will be announced no later than the Part 1 Date. A final Budget for each Company will be announced no later than three (3) business days prior to Bids being due. The Overall Budget is the sum of the Budgets for the two (2) Companies.

## **Other Parameters**

**Resource Type and Location:** All RECs procured through this RFP must be from Illinois and there are no preferences in the evaluation for one type of eligible renewable resource over another.

**Below 25 kW:** To the extent possible, 50% of RECs procured will come from systems in the Small Size Class (below 25 kW) and 50% of the RECs procured will come from systems in the Large Size Class (25k W to 2,000 kW).

## **Blocks**

Bidders submit Bids in two types of Blocks:

**First Block:** The “First Block” of systems presented by a Bidder must include at least one megawatt, which can include different technologies, both Size Classes, identified systems and a Forecast Quantity.

**Additional Blocks:** All “Additional Blocks” presented by the Bidder must include at least 100 kW of systems from the same Size Class (but may include systems of different technologies). An additional Block of RECs of the Small Size Product may include either identified systems of the Small Size Class, or a Forecast Quantity, or both.

## Bids

A “Bid” is a price per REC for a Product rounded to the nearest cent.

**First Block:** If this block includes RECs from both Products, a Bidder must submit a Bid for each Product and otherwise the Bidder submits a single Bid for the First Block.

**Additional Blocks:** The Bid is a single price specified by the Bidder (as Additional Blocks may consist of one Product only). The Bid in an Additional Block consisting of a Product must be greater than the Bid of that Product in the First Block.

## **Step 1: Application of Benchmarks**

Benchmarks for RECs are established by the Procurement Administrator, in consultation with the Illinois Power Agency, the Procurement Monitor, and the Illinois Commerce Commission (“ICC”) Staff. The benchmarks are confidential and are subject to review and approval by the ICC.

## **Step 2: Price Order**

Bids are ranked in price order until the Overall Target is met on an annual basis or until the Overall Budget is exhausted on a five-year basis, whichever comes first.

### **Overall Target:**

- The Annual Quantity associated with a system and Forecast Quantity is calculated using standard capacity factors associated with the resource type of the system as provided in the RFP Rules. This Annual Quantity is the quantity to be delivered in a delivery year of the applicable supplier contract.
- The Annual Quantity is used for purposes of calculating whether the Overall Target is reached.

### **Overall Budget:**

The total REC output over five years is used for purposes of calculating whether the Overall Budget is reached.

### Step 3: Substitution

**Substitution** to reach the objective of obtaining 50% of the RECs from the Small Size Product and 50% of RECs from the Large Size Product will occur if, after placing Bids in price order: (i) The Overall Target is met on an annual basis; and (ii) one Size Product is less than 50% of the Overall Target and there are rejected Bids of that Product.

**Substitution process: Assume that less than 50% of the RECs come from the Small Size Product.**

- Substitution is made on a REC by REC basis.
- The lowest priced RECs from the Small Size Product not yet selected are considered to replace RECs from the Large Size Product in selected Blocks. Replacement occurs if it can be made without exceeding the Overall Budget.
- The process continues until the 50% balance is reached, no more substitutions are possible, or the Overall Budget is spent.
- Thus, RECs from the Small Size Product can replace RECs from the Large Size Product with a lower price, but only if that selection is required to reach the 50% objective for the Small Size Product.
- The process is analogous if the price order yields less than 50% of RECs from the Large Size Product.



**Step 4: Allocation to AIC and ComEd**

The winning Bids will be allocated to AIC and ComEd considering each Company's Fall Budget, and implementing the following priorities: 1) to minimize the administrative burden for the Companies and Bidders by having each Bidder have a single contract with a single Company to the extent feasible; 2) to have Companies get their pro-rata share of the RECs; and 3) to have 50% of the RECs for each Company come from each Product.

The Procurement Administrator may use its discretion in assigning selected Bids to accommodate the fact that the pro-ration of selected Bids that would be allocated to each Company may not be evenly divided due to the size of the winning Bids and each Company's Budget. Furthermore, the evaluation and selection of RECs in no case will result in the procurement of RECs that exceed the Target for a Company on an annual basis or that combine to cost more than the Budget for that Company.