

Illinois Power Agency

Supplemental Photovoltaic RFP

Overview of Draft Contract

Bidder Information Call
Wednesday, March 25, 2015

Agenda

- Review of Governing Elements
- Overview of Contract Elements
- The Comment Process
- Q&A

Review of Governing Elements

Main Milestones

- **June 28, 2014:** Illinois House Bill 2427 was signed into law as Public Act 98-0672 creating Section 1-56(i) of IPA Act
- **October 28, 2014:** IPA filed its supplemental photovoltaic procurement plan (the “SPV Plan”) with the ICC
- **January 21, 2015:** the ICC issued its order approving the SPV Plan in Docket No. 14-0651 with certain modifications
- **March 3, 2015:** An updated SPV Plan is posted to the IPA website with modifications set forth in the ICC Order

Disclaimer

- Any statements herein or made on the call describing or referring to the draft agreement or governing documents are summaries only and are qualified in their entirety by the documents
- The draft contract was posted on March 19, 2015 and a corrected draft was posted on March 25, 2015 to the RFP Web site and bidders bear full responsibility for reviewing and understanding the written agreement
- Governing documents include Public Act 98-0672, the ICC Order and SPV Plan in Docket No. 14-0651

Framework

- Public Act 98-0672 calls for purchase of renewable energy credits specifically from photovoltaics
 - ◆ the Renewable Energy Resources Fund (“RERF”) administered by the IPA used for procurement of renewable energy credits
 - ◆ IPA contracts with aggregators or system owners
 - ◆ Two procurement events planned for 2015

- The IPA is also conducting a number of other procurement events in 2015
 - ◆ Blocks of energy and capacity (utilities contract with suppliers)
 - ◆ Renewable energy credits from solar photovoltaic resources under the renewable resource budget (utilities contract with suppliers)
 - ◆ Distributed generation under the renewables resource budget (utilities contract with suppliers)

SPV Plan at a high level

- Procurement of renewable energy credits from **new** solar PV installations through three events
- Five-year contract for purchase of RECs
- RECs delivered through PJM-EIS GATS or M-RETS
- Larger systems (≥ 25 kW and $\leq 2,000$ kW) must be identified while smaller systems (< 25 kW) may be identified after selection through the bid process

Timeline and Budget

| | Funds | System Size | Notes |
|----------------------|--------------|---|--|
| June 2015 | \$5M | Under 25 kW 25-500kW | 5,000 REC maximum bid size in the under 25 kW category |
| November 2015 | \$10M | Under 25 kW 25-500 kW 500-2,000 kW | |
| March 2016 | \$15M | Under 25 kW 25-500 kW 500-2,000 kW | Additional event for balance of funds as needed in Early 2017 |

New Systems only

- System energized no earlier than Jan. 21, 2015
- System energized and registered with tracking system no later than 12 months after procurement event
- If award is based on Forecast REC Quantity, systems must:
 - ◆ be identified within 6 months of procurement event
 - ◆ be energized and registered within 12 months after identification
- Extensions may be allowed under certain circumstances for system to be energized or identified

Other System Characteristics

- system is of solar photovoltaic technology
- distributed renewable energy generation devices
- interconnected with a regulated utility, municipal utility, rural electric cooperative in Illinois
- behind customer side of revenue quality meter
- registered with PJM-EIS GATS/M-RETS
- Installed by Qualified Persons

Overview of Contract

Agreement follows Other DG Contracts

- The draft REC Purchase & Sale Agreement is developed based on review of contract elements of other distributed generation programs
 - ◆ Connecticut LREC/ZREC program
 - ◆ New Jersey SREC Based Financing Program
 - ◆ Delaware SREC Program

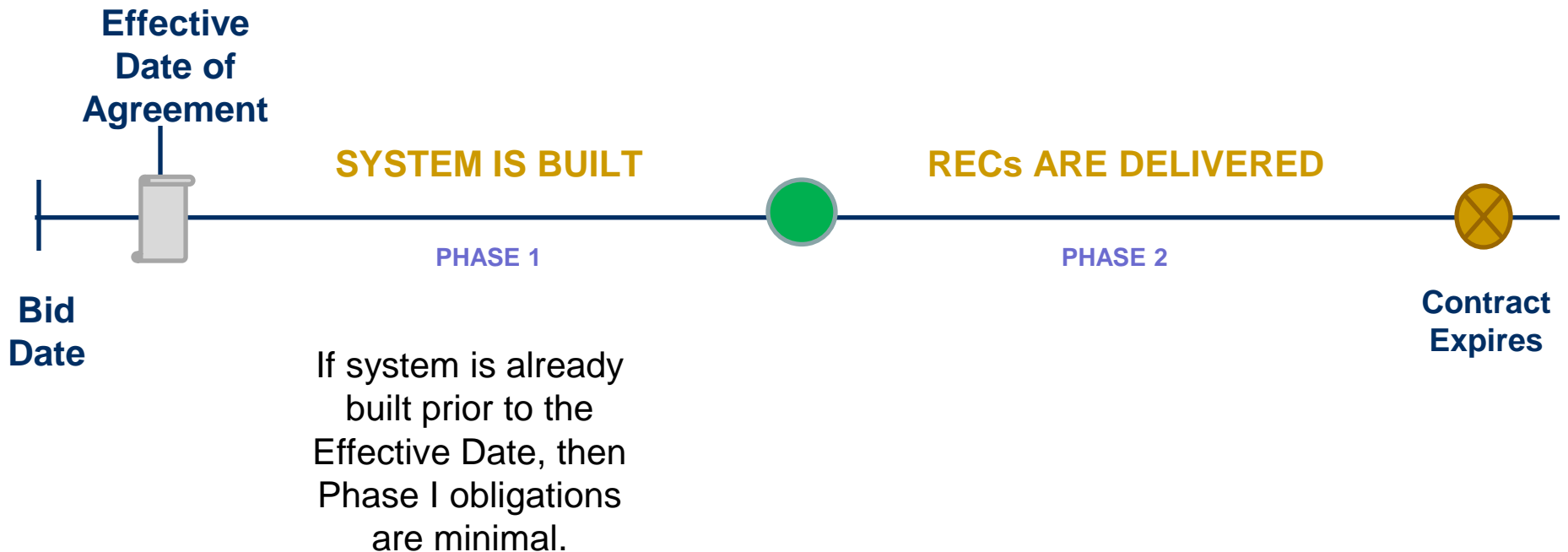
- Incorporates SPV Plan specific elements

- Includes IL State Requirements

One Contract per System

- **Coversheet**
 - ◆ System Identification Form: system \geq 25 kW (Ex. A)
 - ◆ System Identification Form: system $<$ 25 kW (Ex. B)
 - ◆ System Energized Notification Form (Exhibit C)
 - ◆ Delivery Term Declaration Form (Exhibit D)
- **General Terms & Conditions**
- **Appendices**
 - ◆ A: IL State Requirements
 - ◆ B: Standard Letter of Credit
 - ◆ C: Host Acknowledgment
 - ◆ D: Sample Invoice Form

Contract envisions obligations in 2 Phases



Contract Quarters coincide with IL State Fiscal Calendar

In PHASE 1:
Contract
Quarters
used in how
we determine
Delivery Term
Start Date



In PHASE 2:
Contract
Quarters used
in Invoicing &
Billing
Obligations

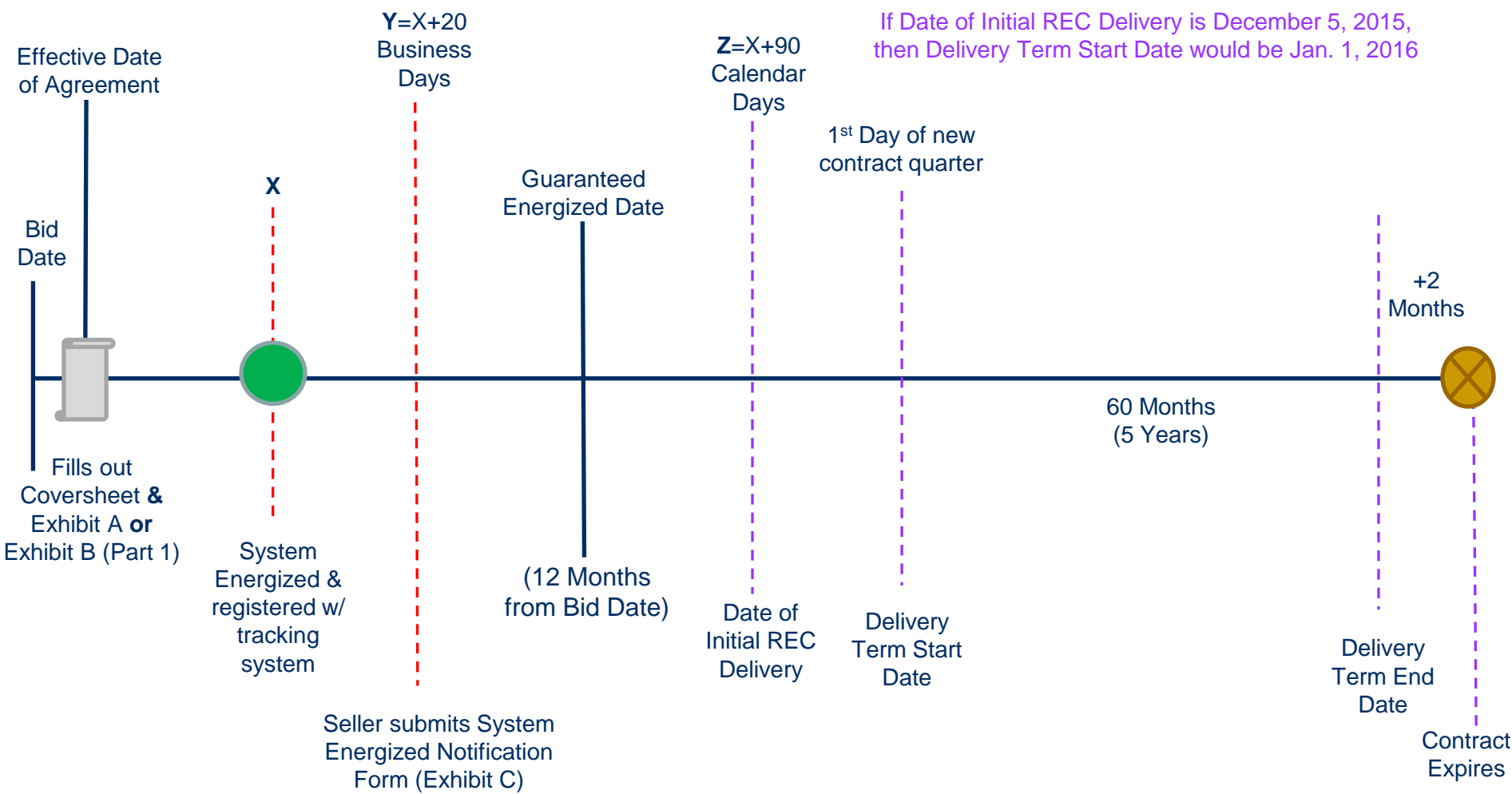
SPV Plan envisions 3 Types of Awards

- **Case 1: Systems Identified, but not yet built as of Bid Date**
- **Case 2: Identified Systems that are Energized between Jan. 21, 2015 and Bid Date**
- **Case 3: Speculative Bids based on Forecast REC Quantities**

**Phase I:
Identified System
(Case 1 and Case 2)**

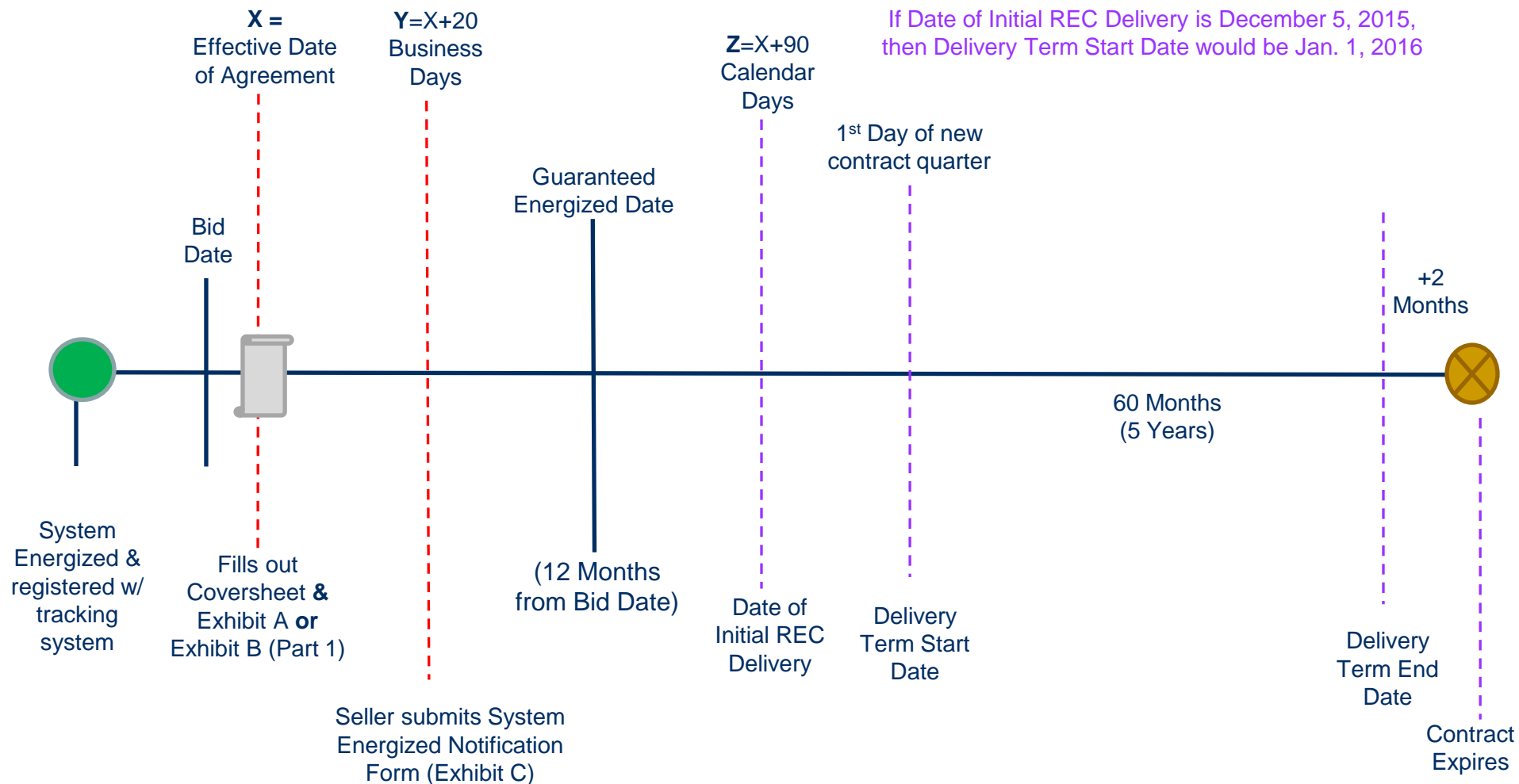
Timeline of Events

Case 1: System Identified, but not Energized



Timeline of Events

Case 2: System Energized Prior to Bid Date



Cover Sheet & System Identification Form is completed upon Bid Award

- **Cover Sheet** contain **counterparty information**
 - ◆ company and contact information
 - ◆ accounting/banking information

- **System Identification Form** contains **planned system information**
 - ◆ Site Address
 - ◆ Interconnecting Utility & Customer Account
 - ◆ Planned System Size
 - ◆ Maximum Contract Quantity & Price per REC
 - ◆ Guaranteed Energized Date
 - ◆ Performance Assurance of \$8/REC

System Energized Notification Form

- **System Energized Notification Form** (completed by Seller)
 - ◆ due to IPA within 20 business days after system has been energized and registered with tracking system
 - ◆ required before initial REC Delivery

- **Seller**
 - ◆ makes certifications
 - ◆ reports actual energized date
 - ◆ reports final system size
 - ◆ provides GATS/M-RETS account Number
 - ◆ provides for system the GATS/M-RETS Unit ID

Delivery Term is declared after Initial REC Delivery

- **Delivery Term Declaration Form** is completed by IPA after Date of Initial REC Delivery
 - ◆ Date of Initial REC Delivery must occur within 90 calendar days of:
 - ◆ Energized Date of System (Case 1)
 - ◆ Effective Date of Agreement (Case 2)

- The **Date of Initial REC Delivery** determines:
 - ◆ Delivery Term Start Date
 - ◆ Delivery Term End Date
 - ◆ Contract expires 2 months after the Delivery Term End Date

What happens if System Size is different between Planned and Final?

- Size Changes must be approved by Buyer :
 - ◆ Final system size (Exhibit C) is within the greater of 25% or 5kW of planned system size (Exhibit A or B)
 - ◆ Change does not result in a change in size category
 - ◆ Otherwise results in termination

- Maximum Contract Quantity tied to planned system size

How about Substitute Systems?

- If system cannot be developed, Seller may request for one or more substitute systems to replace the original system
 - ◆ The size of substitute systems in aggregate must be within the greater of 25% or 5kW of planned system size of system that is being replaced
 - ◆ Maximum Contract Quantity of all substitute systems combined cannot exceed Maximum Contract Quantity of original system
 - ◆ Substitute systems are of the same size category
 - ◆ Meet all the same requirements as the original system

- Approval is at discretion of IPA

- “Additional Agreements” to be entered for each substitute system(s)

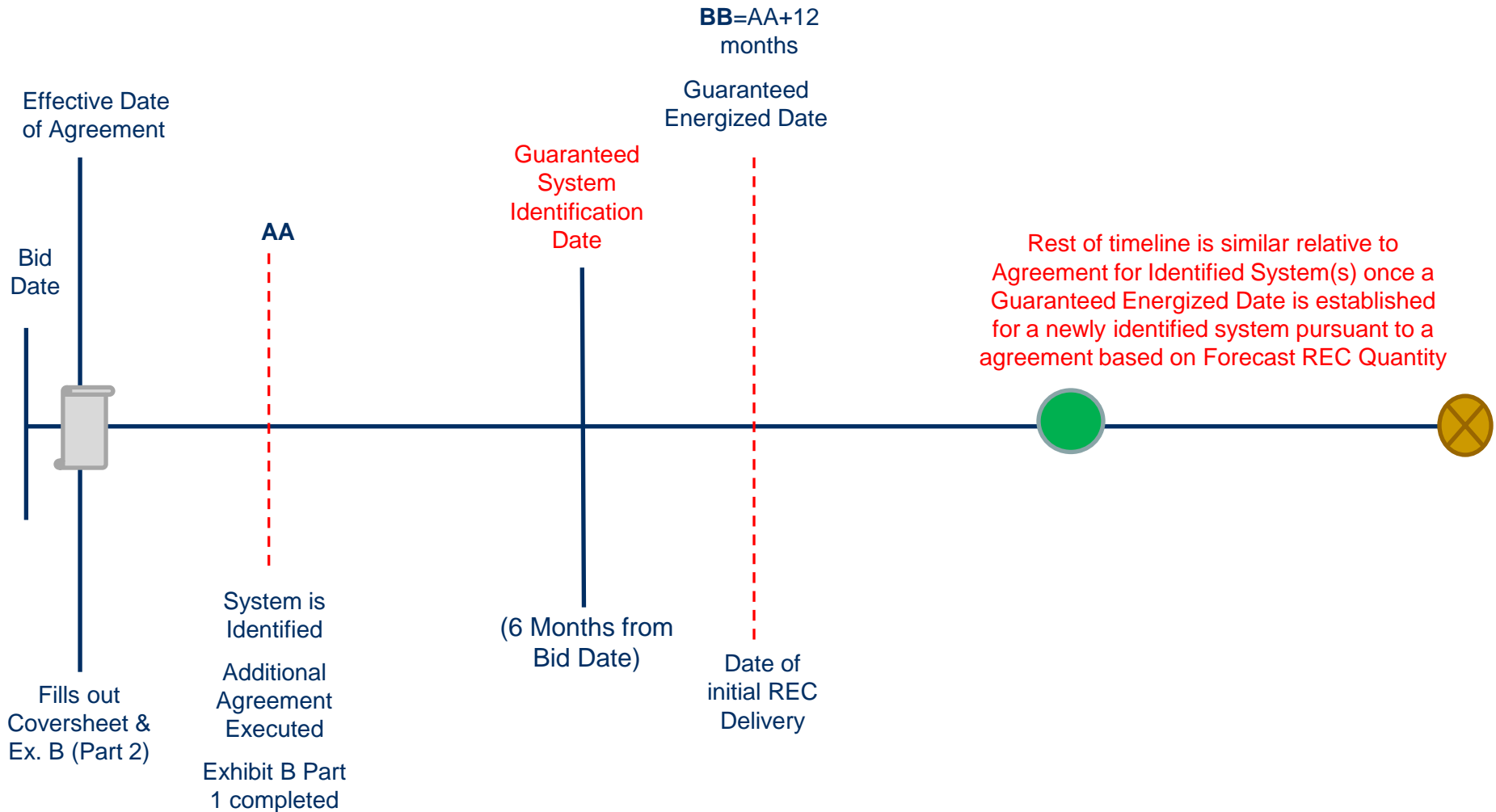
**Phase I:
Forecast REC Quantity
(Case 3)**

SPV Plan allows for Forecast REC Quantity

- **Forecast REC Quantity** are awarded based on “speculative bids” for a block of RECs for which a system(s) have not yet been identified
 - Exhibit B Part 2 filled out under Agreement
- Systems must be identified and an Additional Agreement for such newly identified system(s) must be executed no later than 6 months after Bid Date (the “**Guaranteed System Identification Date**”)
 - ♦ Exhibit B Part 1 filled out under Additional Agreement
- Once the Additional Agreement is executed, the applicable contractual obligations would follow any Agreement associated with an “Identified System”

Timeline of Events

Time is provided to Identify System(s)



Cover Sheet & System Identification Form is completed upon Bid Award

- **Cover Sheet** contain **counterparty information**
 - ◆ company and contact information
 - ◆ accounting/banking information

- **System Identification Form** contains Forecast REC Quantity (Exhibit B Part 2)
 - ◆ Forecast REC Quantity
 - ◆ Price per REC
 - ◆ Performance Assurance of \$16/REC

Once a System is identified, Exhibit B is amended

| | |
|---|---|
| Forecast REC Quantity | <u>500</u> RECs |
| Purchase Price | \$ <u>123</u> per REC |
| <p>In this example, an Additional Agreement is executed with a Maximum Contract Quantity of 50 RECs</p> <p>Have some Systems been identified?</p> <p>In this example, Performance Assurance is:</p> <p>(a) reduced by \$800 under this Agreement (50 RECs x \$16).</p> <p>(b) increased by \$400 under the Additional Agreement (50 RECs x \$8)</p> | <p><input type="checkbox"/> No. Remaining Forecast REC Quantity is Forecast REC Quantity Above</p> <p><input checked="" type="checkbox"/> Yes. If yes, Contract Numbers, Maximum Contract Quantities, and remaining Forecast Quantity:</p> <p>Contract Number <u>123-ABC-456</u> Maximum Contract Quantity: <u>50 RECs</u></p> <p>Contract Number _____ Maximum Contract Quantity: _____</p> <p>Contract Number _____ Maximum Contract Quantity: _____</p> <p>Contract Number _____ Maximum Contract Quantity: _____</p> <p>Remaining Forecast REC Quantity: <u>500 450 RECs</u></p> |
| Performance Assurance (amount) | \$ <u>8,000 7,200</u> (\$16 x the Remaining Forecast REC Quantity) |

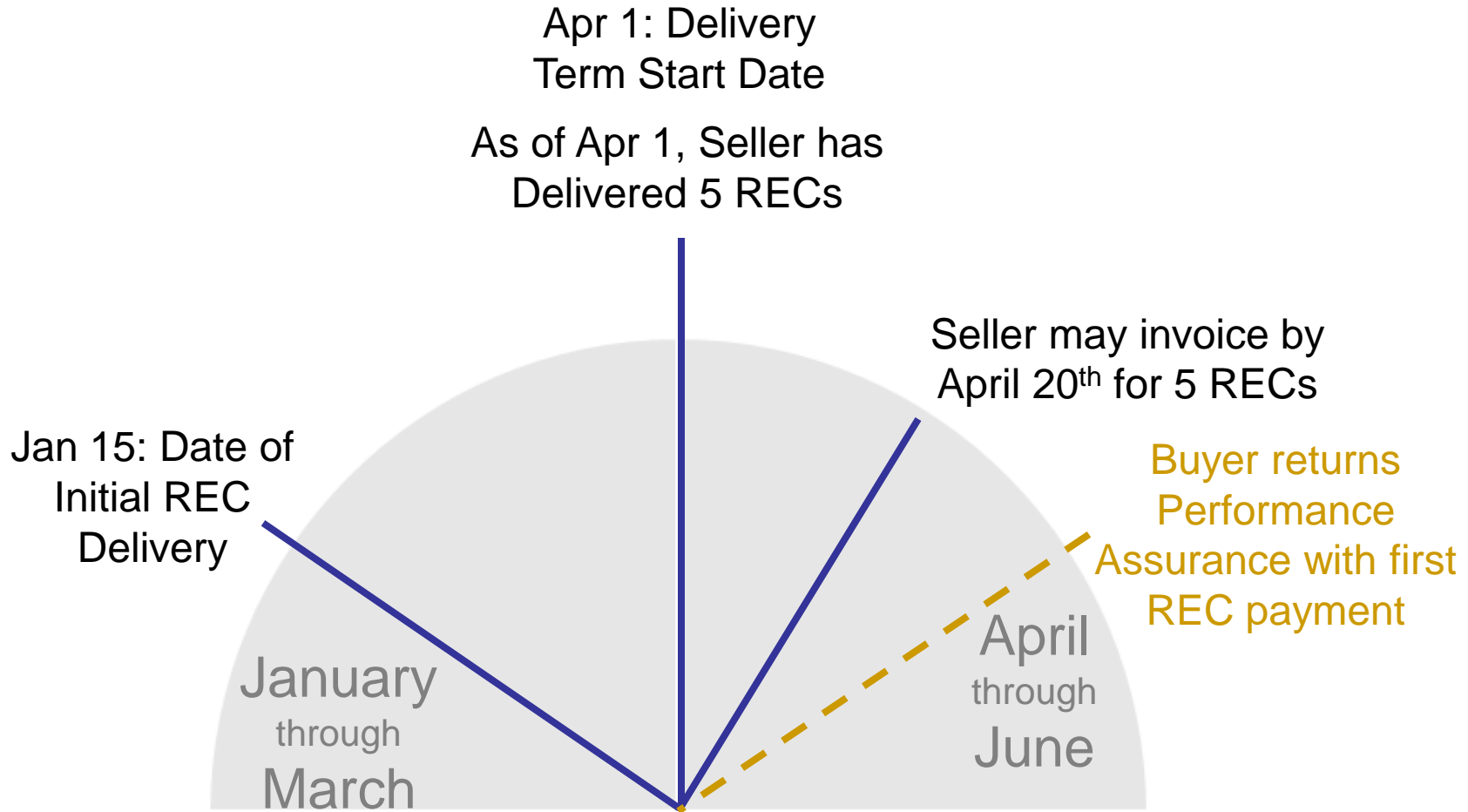


Phase II: Purchase & Sale of RECs

Seller Delivers RECs and invoices Buyer on Quarterly Basis



Seller may invoice Buyer for RECs delivered prior to Delivery Term in first quarter



Late Invoices and Payments

- Buyer will make payments as soon as practicable in accordance with the procedures of the Illinois Office of the Comptroller
 - ◆ Buyer will only pay for RECs delivered to Buyer's PJM-EIS GATS or M-RETS account
 - ◆ Buyer will only pay for RECs that are invoiced by Seller

- IL State fiscal year begins July 1st and ends June 30th
 - ◆ For RECs delivered in a given fiscal year, if Seller fails to invoice Buyer by August 15th, then Seller may have to seek payment through the Illinois Court of Claims

Comment Process

Comments are solicited also for other sections in contract

Article 1

- **Definitions**

Article 2

- **Term of Agreement; Delivery Team**

Article 3

- **System**

Article 4

- **Prerequisites for Purchases**

Article 5

- **Purchase & Sale of RECs**

Article 6

- **Metering; Interconnection**

Article 7

- **Quantity; Purchase Price**

Article 8

- **Billing & Payment**

Article 9

- **Performance Assurance**

Article 10

- **Covenants, Representations & Warranties**

Article 11

- **Assignment**

Article 12

- **Appropriation Approval**

Article 13

- **Events of Default; Remedies**

Article 14

- **Notices & Contact Information**

Article 15

- **Force Majeure**

Article 16

- **Liability**

Article 17

- **Dispute Resolution**

Article 18

- **Miscellaneous**

April 3 (Noon): First Round of Comments Due

- All comments will be reviewed by IPA, the Procurement Administrator, the Procurement Monitor and ICC Staff
- Please submit your comments: Illinois-RFP@nera.com
- Please provide telephone and email contact information
- Each of your comments must be clearly indicated with tracked changes in Microsoft Word
- Please provide explanatory notes either in a separate document or highlighted in tracked changes.

Subsequent Rounds of Comment

| Event | Date |
|--|--------------------------------|
| Round 1 Comments Due | Friday, April 3, 2015 |
| Stakeholder Workshop (In-Person in Chicago) | Tuesday, April 14, 2015 |
| Second Draft Posted | Tuesday, April 21, 2015 |
| Round 2 Comments Due | Friday, May 1, 2015 |
| Final Agreement Posted | Wednesday, May 13, 2015 |

Proposal Submission Process

Proposal Submission Process Will Be Online

- **Part 1: respond to qualification standards**
- **Part 2: provide a deposit as financial guarantee**

Part 1 Proposal (May. 14 – May. 27)

- **Online:** Provide information using online form
- **Online:** Provide supporting documents by upload to the online form

Part 2 Proposal (Jun. 2 – Jun. 12)

- **Online:** Additional information or documents using online form
- **Send to IPA:** deposit
- **Submit Bids (June 18)**

Tentative Calendar

| 11-May | 12-May | 13-May | 14-May | 15-May |
|--------|--------------------------------------|------------------------------------|--|----------------------------|
| | | Final Supplier Contracts posted | Webcast + RFP Docs Issued / P1 Window Opens | |
| 18-May | 19-May | 20-May | 21-May | 22-May |
| | | | | |
| 25-May | 26-May | 27-May | 28-May | 29-May |
| | | PART 1 Date | | |
| 1-Jun | 2-Jun | 3-Jun | 4-Jun | 5-Jun |
| | P1 Notification / P2 Window Opens | | | |
| 8-Jun | 9-Jun | 10-Jun | 11-Jun | 12-Jun |
| | | | | PART 2 Date Deposit Due |
| 15-Jun | 16-Jun | 17-Jun | 18-Jun | 19-Jun |
| | Bidder Training | | <u>Bid Date</u> | |

Communications

- The **Procurement Administrator**
 - ◆ Evaluates your submission
 - ◆ Notifies you if additional information is required and provides a deadline
 - ◆ Notifies you at end of window whether or not your proposal is successful
- Procurement Administrator provides to those with successful proposals **documents for submission of bids**, including a bid form and a guide for completing the bid form
- Bids are submitted in a particular **time window** and Procurement Administrator confirms receipt of the bids by phone

Bid Submission and Evaluation

- Bid Submission
 - ◆ Bidders enter their Bids in an **Excel spreadsheet** that will be provided to them
 - ◆ Bidders will **transfer** their spreadsheet through a secure interface

- Bid Evaluation
 - ◆ The evaluation considers only Bids that **meet or beat the benchmarks**
 - ◆ Evaluation has the objective of having 50% of the RECs for the procurement event from systems less than 25 kW

Website is a central source of information

Home

Announcements

Standard Products
Section

Renewable Energy
Resources Section

Supplemental PV
Procurement Section

Calendar

Ask a Question

Register

FAQs

Related Links

Previous RFPs

Qualification Form

www.IPA-energyrfp.com



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- Renewable Energy Resources Section
- Supplemental PV Procurement Section
- Calendar
- Ask a Question
- Register
- FAQs
- Related Links
- Previous RFPs
- Qualification Form



Illinois Power Agency RFPs

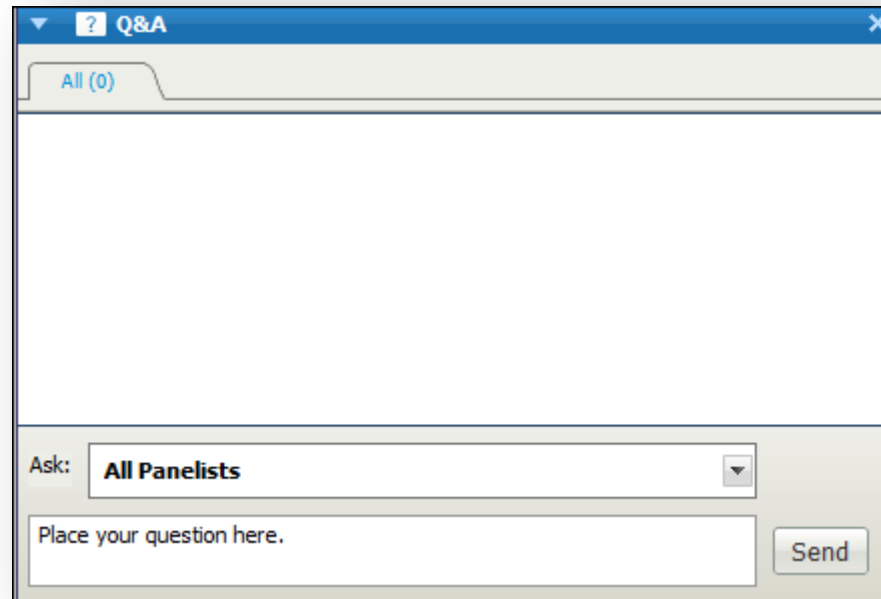
For Electric Supply and Renewable Energy Products

This website provides information for prospective energy suppliers to Ameren Illinois Company d/b/a Ameren Illinois ("Ameren") and Commonwealth Edison Company ("ComEd"). This website contains the official documents and announcements related to the Requests for Proposals ("RFPs") for electric supply and renewable energy products. This website also provides information related to the supplemental procurement of renewable energy credits from photovoltaics. This website is currently managed by the Procurement Administrator retained by the Illinois Power Agency ("IPA"). The IPA has retained NERA Economic Consulting



Questions?

To submit questions to the presenters, please **locate the “Q&A” on the right hand side of your screen**, and select **“All Panelists”** in the **“Ask”** box; type in your question and click **“Send”** to submit your question



The image shows a screenshot of a web application window titled "Q&A". The window has a blue header bar with a question mark icon and the text "Q&A". Below the header, there is a tab labeled "All (0)". The main content area is empty. At the bottom of the window, there is a form with the following elements:

- An "Ask:" label followed by a dropdown menu currently showing "All Panelists".
- A text input field with the placeholder text "Place your question here."
- A "Send" button.

Contact: Illinois-RFP@nera.com