

# Illinois Power Agency

([www.ipa-energyrfp.com](http://www.ipa-energyrfp.com))

## Fall 2020 Procurement Events: Block Energy and Capacity RFP (BEC RFP)

### Webcast

### Wednesday, July 29, 2020

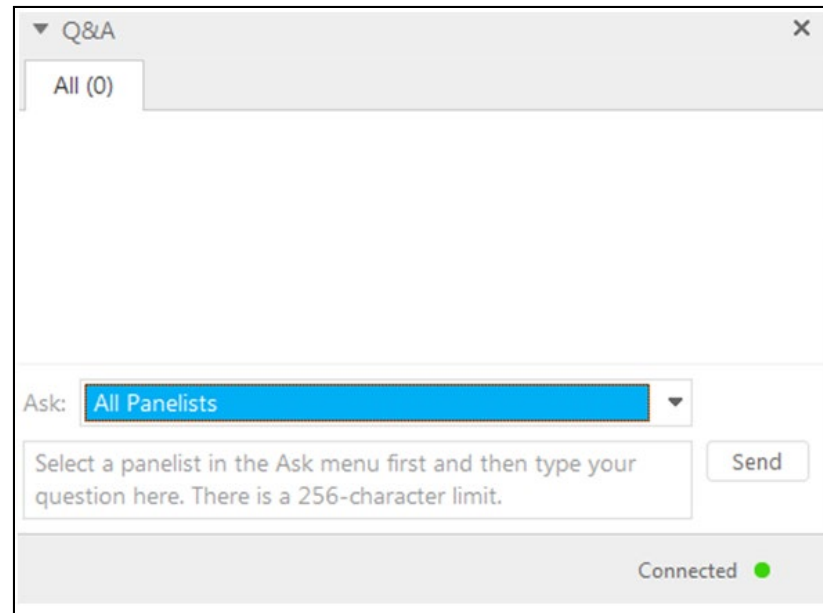
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# Questions?

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 screenshot shows a window titled "Q&A" with a close button in the top right corner. Below the title bar is a dropdown menu currently set to "All (0)". Below that is an "Ask:" label followed by a dropdown menu set to "All Panelists". Underneath is a text input field with the placeholder text: "Select a panelist in the Ask menu first and then type your question here. There is a 256-character limit." To the right of the text field is a "Send" button. At the bottom right of the window, it says "Connected" with a green dot indicator.

Presentation Materials and Q&As will be posted to

[www.ipa-energyrfp.com](http://www.ipa-energyrfp.com)

# Disclaimer

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- Any statements herein or made on the call describing or referring to the RFP and contract documents are summaries only and are qualified in their entirety by the governing documents
- The governing documents include the contract documents and the RFP documents posted on **July 10, 2020** to the procurement website, **[IPA-energyRFP.com](http://IPA-energyRFP.com)**
- Bidders bear full responsibility for reviewing and understanding these documents

# Agenda

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- Overview
- Supplier Contracts
- RFP Process Overview (**including procedures to address COVID-19**)
- RFP Process Requirements
- Bids and Bid Forms

# Overview

# Regulatory Filings by the IPA

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- On **September 30, 2019**, the Illinois Power Agency (“IPA”) filed its Procurement Plan
- On **December 19, 2019**, the Illinois Commerce Commission (“ICC”) approved the Procurement Plan
- Procurement Plan includes procurement events under a **Block Energy and Capacity RFP (“BEC RFP”)** to be held in Fall 2020
- **NERA** serves as Procurement Administrator

# Block Energy and Capacity Products

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- **Block Energy:** AIC and ComEd
  - ◆ Specific quantities of on-peak and off-peak energy in monthly periods from October 1, 2020 through May 31, 2023
  - ◆ No quantities to be procured for MidAmerican Energy Company
- **Capacity:** AIC
  - ◆ Zonal Resource Credits (“ZRCs”) for the 2021-2022 Planning Year and the 2022-2023 Planning Year
  - ◆ ZRCs from all zones can be offered
  - ◆ ZRCs from outside Compliance Zone subject to payment adjustment

# Energy Products

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- A **product** represents block energy for:
  - ◆ a Company
  - ◆ on-peak or off-peak hours
  - ◆ a given month
- The quantity of each product is divided into blocks of **25 MW**
- Targets in RFP documents are **provisional**; updated targets to be posted by **August 25**



# Bidders can Bid for Combinations

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- Bidders may also bid on **Combinations**, which are packages of products: Jan-Feb, Mar-Apr, Jul-Aug, Q4, June-May
- The number of blocks available in a Combination is the minimum number of blocks available in the months of the Combination

# Illustrative Example

Table I-2 Targets for ComEd (Number of Blocks of 25 MW)

Month	On-Peak	Off-Peak	Month	On-Peak	Off-Peak
Oct 2020	23	20	Feb 2022	14	13
Nov 2020	25	22	Mar 2022		
Dec 2020	30	27	Apr 2022		
Jan 2021	30	28	May 2022		
Feb 2021	28	26	Jun 2022		
Mar 2021	25	22	Jul 2022		
Apr 2021	22	20	Aug 2022		
May 2021	23	20	Sep 2022		
Jun 2021	16	13	Oct 2022		
Jul 2021	19	15	Nov 2022	9	8
Aug 2021	18	14	Dec 2022	11	11
Sep 2021	14	11	Jan 2023	11	10
Oct 2021	12	10	Feb 2023	11	9
Nov 2021	13	11	Mar 2023	9	7
Dec 2021	15	14	Apr 2023	6	6
Jan 2022	15	14	May 2023	9	7

Product has 3 elements

- Company: AIC or ComEd
- Segment: on-peak or off-peak
- Month: e.g., Oct 2020

Table I-4. Number of Blocks Available for

Combination	On-Peak	Off-Peak	Combination
Oct-Nov-Dec20	23	20	Jun21 t
Jan-Feb21	28	26	Jul-Aug
Mar-Apr21	22	20	Oct-No
Jul-Aug21	18	14	Jan-Fe
Oct-Nov-Dec21	12	10	Mar-Ap
Jan-Feb22	14	13	Jun22 t
Mar-Apr22	10	10	

Combinations: packages of products

- e.g., Mar-Apr21
- blocks available: minimum number of blocks available in the months of the Combination

# AIC Capacity Products

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- A **ZRC** represents 1 MW of unforced capacity that qualifies to satisfy the resource adequacy requirement for a given Planning Year in a Local Resource Zone (“LRZ” or “Zone”)
- ZRCs must be **transferred using Module E Capacity Tracking Tool** (“MECT”) by the Delivery Deadline specified in the contract prior to MISO’s Planning Resource Auction (“PRA”)
- Payment Adjusted for **ZRCs outside Compliance Zone**
  - ◆ LRZ 4 (or successor zone) is the Compliance Zone
  - ◆ Payment for ZRCs from other zones adjusted based on Auction Clearing Price of Source Zone relative to Compliance Zone
  - ◆ Examples provided in FAQs

# Bid Evaluation

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- Bid Evaluation
  - ◆ The evaluation considers only Bids that **meet or beat the benchmarks**
  - ◆ Block Energy: evaluation identifies the least cost package
  - ◆ Capacity: evaluation selects the lowest-price Bids to fill the target for a Planning Year
- Benchmarks developed using confidential methodology approved by ICC

# Supplier Contracts

# Final Contracts Posted on July 10

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- Separate energy contracts for AIC and ComEd
- A separate contract for AIC Capacity Products
- Each contract is standard and **non-negotiable**
- Bidders **must accept terms** of applicable supplier contract prior to bidding
- Bidders with bids approved by the ICC will execute the applicable supplier contract and related documents after the ICC decision
- Contracts are the same as those used in Spring 2020

# Main Credit Terms – Energy Contracts

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- **Exposure** is based on MtM methodology
- Standard Letter of Credit and Guaranty are provided
- A single Guaranty may be applicable to **multiple contracts**
- Acceptable modifications to Guaranty are provided
- Collateral Requirement applies **only to Seller**

# Main Credit Terms – AIC Capacity Contract

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- **Exposure under contract:**
  - ◆ 10 % of Contract Value required on Effective Date
  - ◆ If Seller is required to pay Buyer after adjusting for ZRCs sourced from other zones: the exposure is simply the amount owed to Buyer
- Form of Letter of Credit and Guaranty provided as Attachments to AIC Capacity Contract
- Acceptable modifications to the Guaranty provided as Schedules to the Guaranty
- Collateral requirement applies **only to Seller**



# **RFP Process Overview**

# NEW Bidders: Register for your Account



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**Qualification Form**

## Qualification Forms

You must be logged in to access the online Forms.

If you have an account, please [log in here](#).

If you do not have an account, please [request login credentials here](#).

**Register for an Account**

**Alternatively, send an email to [Illinois-RFP@nera.com](mailto:Illinois-RFP@nera.com) with:**

- Company name
- full name of contact
- phone and alternate number
- email address

**Previously qualified Bidders will receive login credentials and specific instructions by email from the Procurement Administrator**

# BEC RFP Calendar

10-Aug	11-Aug	12-Aug	13-Aug	14-Aug
		<b>Part 1 Window Opens</b>		
17-Aug	18-Aug	19-Aug	20-Aug	21-Aug
			<b>Part 1 Date Bid Participation Fee Due</b>	
24-Aug	25-Aug	26-Aug	27-Aug	28-Aug
	<b>Part 1 Notification</b>	<b>Part 2 Window Opens</b>		
31-Aug	1-Sep	2-Sep	3-Sep	4-Sep
		<b>Part 2 Date Pre-Bid LC Due for Energy</b>	<b>Bidder Training</b>	
7-Sep	8-Sep	9-Sep	10-Sep	11-Sep
<b>Labor Day</b>		<b>Pre-Bid LC Due for Capacity</b>		
14-Sep	15-Sep	16-Sep	17-Sep	18-Sep
<b>Energy Bids Due</b>			<b>Capacity Bids Due</b>	<b>ICC decision - Energy Products</b>
21-Sep	22-Sep	23-Sep	24-Sep	25-Sep
		<b>ICC decision - Capacity Products</b>		

# Process Steps

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- Suppliers submit the **Part 1 Proposal** to become qualified bidders for one or more procurement events
- Suppliers may submit the **Part 2 Proposal** for any procurement event for which they qualified
- **Bids** are submitted and evaluated
- The Procurement Administrator and Procurement Monitor each submits a report to the Commission
- The Commission **renders a decision** on the results of each procurement event
- Contracts are fully executed
- Winning suppliers pay the **supplier fees** to the IPA

# Supplier Fee Estimates

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- **Estimates of Supplier Fees** at this time:
    - **\$149** per on-peak block
    - **\$99** per off-peak block
    - **\$20** per ZRC
- (Final Supplier Fees will be announced on Part 2 Date)

# Procedures to Address COVID-19

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- In response to emergency measures due to COVID-19, the Procurement Administrator is maintaining the changes introduced in Spring 2020 including:
  - ◆ Digital signatures are acceptable
  - ◆ The bid participation fee must be paid by e-pay or ACH (**NOT check**)
  - ◆ The pre-bid letters of credit must be submitted electronically and **the standard pre-bid letters of credit have changed** to facilitate electronic transmission
  - ◆ A minimum of 10 minutes to resubmit a non-conforming bid form

**If you have any concerns related to COVID-19 and the procurement events not addressed in this presentation, please send a comment to the Procurement Administrator by email at [Illinois-RFP@nera.com](mailto:Illinois-RFP@nera.com)**

# Comments Are Solicited on the Standard Pre-Bid Letters of Credit

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- **Changes have been made to the standard forms to address electronic presentation**
- A Bidder may provide comments on or propose modifications to the standard forms that are (1) non-material in nature, (2) clarify intent, or (3) advantageous to both the Company and Bidder
- To provide comments, **please submit a redline in Microsoft Word of the Standard Pre-Bid Letter of Credit** for a procurement event (or equivalent format)
- **Comments may be submitted ahead of the Part 1 Window** and such comments will be reviewed as soon as practicable (deadline is the Part 1 Date)

**The List of Acceptable Modifications will be updated to reflect any modification acceptable to the Companies**

# **RFP Process Requirements**



# The Part 1 Proposal

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- Part 1 Proposal consists of:
  - ◆ Information submitted through the **online Part 1 Form**
  - ◆ Supporting **documents** (can be uploaded to the form or sent by email to the Procurement Administrator)
  - ◆ **Inserts** (stand-alone forms in Microsoft Word)
  - ◆ Payment of **Bid Participation Fee** to the IPA
- Previously qualified Bidders (successfully completed the Part 1 Proposal in 2018, 2019 or Spring 2020 under the BEC RFP) are eligible to participate in an abbreviated Part 1 Process

<b>Part 1 Date</b>	<b>12 PM CPT on August 20, 2020</b>
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# Basic Information

1. **Name and Address of the Bidder**
2. **Bidder that has not been a Supplier** to a Company as of 2016 must show that it is an Affiliate Member of PJM, Voting Member of PJM or a Certified Market Participant in MISO
3. **Officer of the Bidder** is an individual empowered to undertake contracts and bind the Bidder
  - ◆ Signs all certifications (Part 1 and Part 2)
4. **Representative of the Bidder** serves as contact for purposes of the RFP
5. **Designation of Nominees.** The Representative or the Officer may name up to three Nominees (**Nominee Insert, #P1-2**)
  - ◆ Communications from the Procurement Administrator are sent to the Representative and will also be sent to the Nominees

<b>New</b>	<b>Prev Qual</b>
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<b>Provide</b>	<b>Confirm</b>
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<b>Provide</b>	<b>Recent Sellers Exempt</b>
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<b>Provide</b>	<b>Update as needed</b>
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<b>Provide</b>	<b>Update as needed</b>
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<b>BOTH Provide</b>
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**Inserts available on procurement website**

# Required Signatures

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- The **Officer of the Bidder** is required to sign a number of Inserts for the Part 1 and Part 2 Proposals
- The Officer of the Bidder may sign all Inserts at one time and submit these with the Part 1 Proposal for **early processing**
- Inserts may be
  - printed, signed, scanned, and uploaded to the form – some inserts require that the signature be **notarized**
  - or
  - submitted with a **digital signature along with an additional document or information that verifies the identity of the signatory** (i.e. a certification of completion (DocuSign), Final Audit Report (Adobe Sign), use of a document signing certificate)
- Electronic signatures are **not** acceptable

# Bid Participation Fee

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- **Bid Participation Fee of \$500** is required
  - A single Bid Participation Fee per Bidder and paid once for all 2020 Procurement Events
- **Bid Participation Fee is due** to the IPA by 12 PM (noon) on the **Part 1 Date**
- Two **electronic methods of payment**:
  - ◆ E-Pay online <https://magic.collectorsolutions.com/magic-ui/onetimepayment/illinois-power-agency-ipa>
  - ◆ ACH Automatic Clearing House in CCD or CCD+ format
    - The IPA's bank for ACH transactions changed prior to Spring 2020! Please request instructions from the IPA before using ACH.
- Payment by check is **not** an acceptable method
- For a complete set of instructions, email us at: [Illinois-RFP@nera.com](mailto:Illinois-RFP@nera.com)

# Financial Requirements

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New

Prev Qual

- 1. Name of Entity on Whose Financial Standing the Bidder Relies.** Bidder chooses either to rely on its own financial standing or on the financial standing of another party (“Entity”)
- 2. Credit Ratings for the Entity.**
- 3. Financial Information for the Entity.** Annual and quarterly financial information (**can be uploaded**)

**BOTH Provide**

**BOTH Provide**

**BOTH Provide**

# Company-Specific Requirements for Energy and Capacity Products

Separately for AIC Energy (Section 4), ComEd (Section 5), and AIC Capacity (Section 7) :

New

Prev Qual

- **Information to Prepare the applicable Supplier Contract Documents.** Inserts provided as a **Word document**:
  - AIC Contract Insert (#P1-3)
  - ComEd Contract Insert (#P1-5)
  - AIC Capacity Contract Insert (#P1-7)
- **Representations of the Officer of the Bidder.**
  - AIC Energy P1 Certifications Insert (#P1-4)
  - ComEd Certifications Insert (#P1-6)
  - AIC Capacity P1 Certifications Insert (#P1-8)

**BOTH Provide**

**BOTH Provide**

- ✓ Additional requirements for Bidders in special circumstances (sections 8 & 9)
- ✓ **Comments on standard pre-bid letters of credit can be provided through the Part 1 Date**

# Part 1 Notification

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- A Bidder that successfully completes the Part 1 Proposal for a procurement event (after responding to any deficiency notices issued by the Procurement Administrator) receives a **Part 1 Notification** for that procurement event
- With the Part 1 Notification the Procurement Administrator provides the following **documents for submission of the Part 2 Proposal**:
  - ◆ Bid Forms and instructions for filling out and uploading to **secure bid transfer site**
  - ◆ Username, password, security code for bid submission
  - ◆ Invitation to training session on bid submission procedure
  - ◆ **Amounts of Pre-Bid Letters of Credit required to bid on all blocks for each Company** and updated targets
- Materials provided to Bidders by **a secure electronic method**

# More than One Deadline for the Part 2 Proposal

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- Part 2 Proposal consists of:
  - ◆ Information submitted through the **online Part 2 Form**
  - ◆ Signed certifications (uploaded or sent via email)
  - ◆ Submission of an executed **Pre-Bid Letter of Credit** for each procurement event in which Bidder intends to bid
  - ◆ Bids
- Additional requirements for Bidders in special circumstances

<b>Noon CPT on September 02</b>	<b>Part 2 Form and supporting documents</b>
<b>Noon CPT on September 02</b>	<b>Energy Pre-Bid Letters of Credit</b>
<b>Noon CPT on September 09</b>	<b>Capacity Pre-Bid Letter of Credit</b>
<b>8:30 to 11 AM CPT on September 14</b>	<b>Energy Bids</b>
<b>10 AM to Noon CPT on September 17</b>	<b>Capacity Bids</b>



# Pre-Bid Letters of Credit Must be Submitted Electronically

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## One Pre-Bid Letter of Credit Per Procurement Event

- A Bidder that submits a Proposal for both AIC Energy Products and AIC Capacity Products must submit two separate Pre-Bid Letters of Credit to AIC
- **The Pre-Bid Letters of Credit must be submitted electronically** to each Company (2 email addresses for each Company) and to the Procurement Administrator
- The Pre-Bid Letter of Credit must be in the standard form or incorporate only modifications acceptable to the applicable Company for the applicable procurement event and posted on [www.ipa-energyrfp.com](http://www.ipa-energyrfp.com)
- Pre-Bid Letters of Credit expire no earlier than:
  - ◆ October 8, 2020 for Energy procurement events
  - ◆ October 13, 2020 for Capacity procurement event

# Pre-Bid Letter of Credit Amounts

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## Energy:

- Pre-Bid Letters of Credit in an amount of **\$5,000/block** subject to a \$250,000 minimum
- The Pre-Bid Letter of Credit for a procurement event must in an amount sufficient to support the Bids
- A Bidder is not allowed to submit Bids such that the number of Blocks that the Bidder can win is greater than the amount of the Pre-Bid Letter of Credit divided by \$5,000

## Capacity:

- Capacity Pre-Bid Letter of Credit must be for **\$200,000** regardless of the amount a Bidder plans to bid

# Instructions for Bid Submission

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- The **Bid Form** is the exclusive method for the submission of Bids
  - ◆ Bid Forms incompletely or inconsistently filled out will not be evaluated
- Bid Forms must be submitted to the Procurement Administrator via a **secure bid transfer site**
- **Step-by-step guide** is provided with the Part 1 Notification. A Bidder will have until the end of the submission window to cure any deficiency in the Bid Form (or 10 minutes if Procurement Administrative provides notice with less than 10 minutes left in the Bid Window)
- Bidders will have opportunity to practice and will have a **backup method (by email)** for bid submission

# Overlapping Bid Windows

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## Energy Products: Bids Must Be Received

<b>Bid Date</b>	<b>September 14, 2020</b>	
<b>Overlapping Bid Windows by Delivery Period</b>	<b>2021/2022, 2022/2023</b>	<b>8:30 AM to 10 AM CPT</b>
	<b>2020/2021</b>	<b>8:30 AM to 11 AM CPT</b>

## Capacity Products: Bids Must Be Received

<b>Bid Date</b>	<b>September 17, 2020</b>
<b>Bid Window</b>	<b>10 AM to 12 PM (noon) CPT</b>

# Post-Bid Process: ICC Decision

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- Although no notification is required prior to Commission approval under the PUA, Procurement Administrator aims to notify Bidders by phone by 6 PM **on the Bid Date** whether their Bids are identified as winning Bids to the ICC with a written notice to follow (**the following day as circumstances warrant**)
- If not already done, Bidders with winning Bids must provide the Contract Insert(s) for preparation of the applicable supplier contract documents **by 12 PM (noon) CPT on the day after notification** that the Bidders has Bids identified as winning Bids
- Procurement Administrator and the Procurement Monitor each submits a confidential report to ICC within two business days of the Bid Date
- The ICC will decide whether to accept the results of each procurement event within two business days of receiving the reports from the Procurement Administrator and the Procurement Monitor

# Post-Bid Process: Contract and Supplier Fees

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- Company sends electronically to Bidder partially executed contract documents
  - ◆ ComEd prepares the guaranty for the winning Bidder's guarantor as well
  - ◆ For AIC, Bidder prepares own guaranty and submits executed guaranty for electronic receipt by the Company
- Bidder countersigns, sends back electronically contract documents and fulfills creditworthiness requirements
- **Payment of the Supplier Fee** to the IPA is due seven business days of Commission decision
- Pre-Bid Letter of Credit may be drawn upon if Supplier Fees are not paid by the deadline

# **Energy Bids and Bid Forms**

# Bids in the Energy Procurement Events

- A **Bid** is a price in \$/MWh for a block of a Product or for a block of a Combination

ComEd On-peak blocks	Dec 2021	Jan 2022	Feb 2022	Jan & Feb 2022
1	50.00		50.00	60.00
2			60.00	

Subject to the amount of the Pre-Bid Letter of Credit:

- A Bidder may bid on **any number of Products** and may bid on all Products
- A Bidder may bid on **any number of Combinations** and may bid on all Combinations
- A Bidder may bid **both** on a Product and on a Combination that includes this Product



# Each Tab for a Segment/Delivery Year/Company

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- Twelve tabs for Bid Entry for both Companies across two Bid Forms
  - First Bid Form: 2020-2021 DY: On-Peak and Off-Peak
  - Second Bid Form: 2021-2023 DYs: On-Peak and Off-Peak

Jun-21	Jul-21	Aug-21	Sep-21

Jul-Aug21	Oct-Nov-Dec21	Jan-Feb22

**Bid Entry for  
Single Months**

**Bid Entry for  
Combinations**

# Maximum Willingness to Supply

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- The **maximum willingness to supply** is a maximum number of blocks that a Bidder wants to win for a particular Segment and month for a Company
- It will be assumed that the Bidder is willing to supply up to:
  - ◆ The Target for the Segment and month; OR
  - ◆ The number of blocks bid across all Products and Combinations that include that Segment and monthwhichever is smaller
- The Bidder may, **but is not required to**, specify a **maximum willingness to supply** for a Segment of a month to override this default

# Two Steps to Bid Evaluation

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- 1. First Step:** Bids that fail to meet the benchmarks are eliminated
- 2. Second Step:** Selection of package that yields the lowest average cost per MWh

# **AIC Capacity Bids and Bid Form**

# One Tab Per Planning Year for ZRC Bid Entries

**Section 1. Number of ZRCs bid**

ZRCs Bid

0

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**Section 2. Bids**

Planning Year 2021-2022

	Price (\$/MW-Day)	Number of ZRCs (whole number)	Source Zone
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			

- Bidders must indicate for a given Planning Year
  - ◆ Quantity of ZRCs
  - ◆ Price of ZRCs
  - ◆ Source Zone of ZRCs
- Bidders may bid on ZRCs from **any Source Zone**
- A Bidder may bid on a number of ZRCs not to exceed the Target number of ZRCs for a given Planning Year

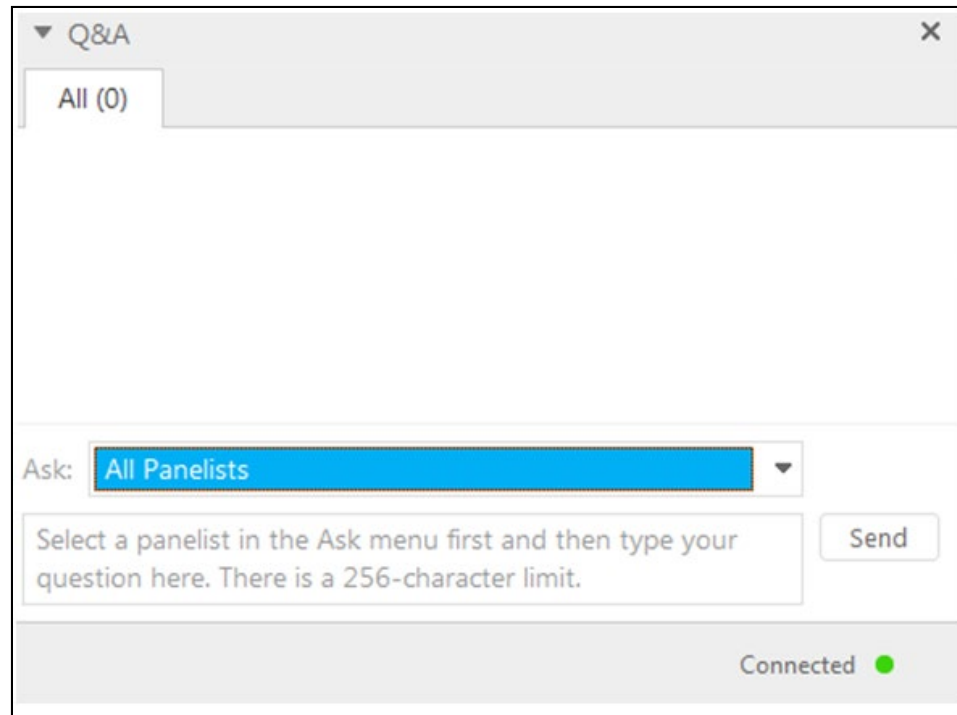
# Bid Evaluation Procedure

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- 1. First Step:** Bids that fail to meet the benchmark are eliminated
- 2. Second Step:** Selection of lowest priced Bids for a Planning Year until the Target for that Planning Year is met

# 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 screenshot shows a Q&A interface window. At the top left, there is a dropdown menu labeled 'Q&A' with a downward arrow. Below it, there is a tab labeled 'All (0)'. The main area is empty. At the bottom, there is an 'Ask:' label followed by a dropdown menu currently showing 'All Panelists'. Below the dropdown is a text input field with the placeholder text: 'Select a panelist in the Ask menu first and then type your question here. There is a 256-character limit.' To the right of the input field is a 'Send' button. At the bottom right of the window, there is a 'Connected' status indicator with a green dot.

**Contact: [Illinois-RFP@nera.com](mailto:Illinois-RFP@nera.com)**