

Appendix 8 Evaluation Process

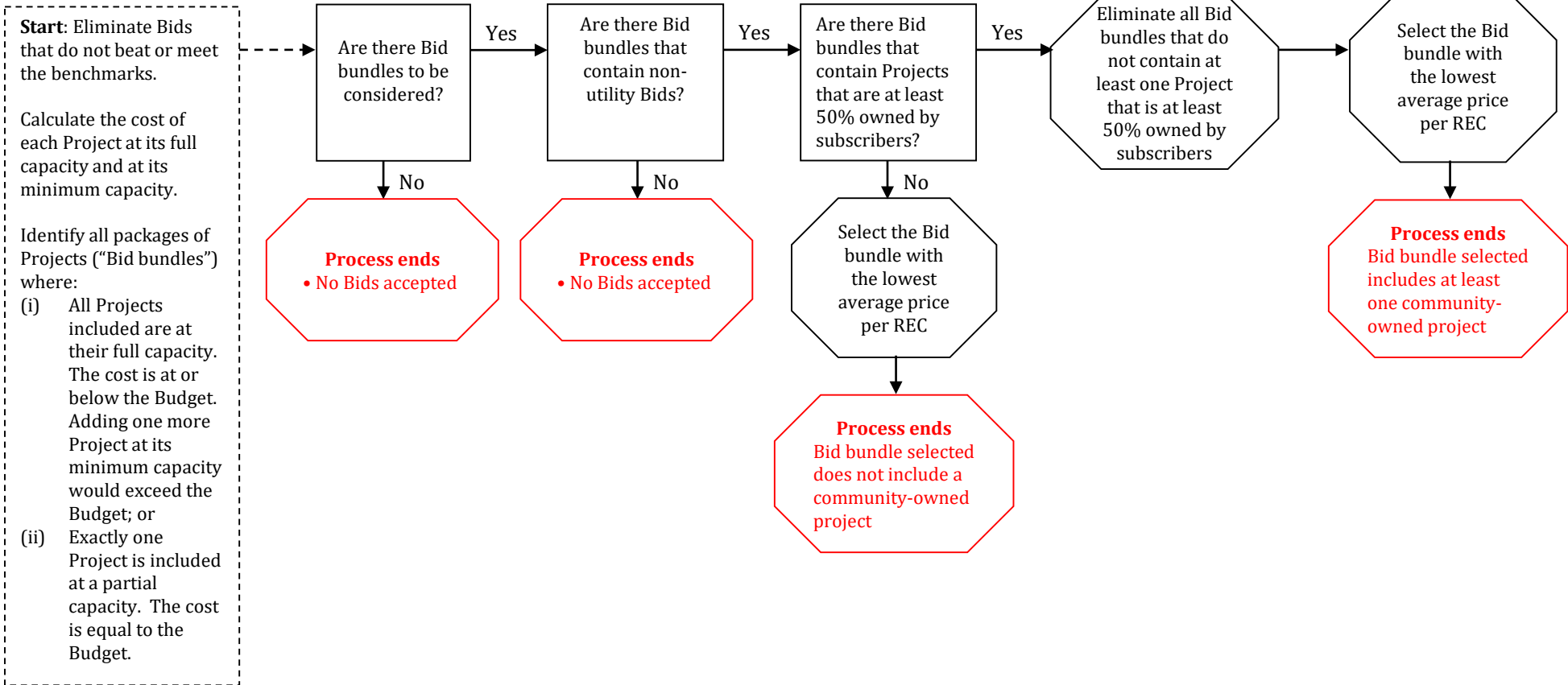
Parameters

Budget: This procurement event has a “Budget” of \$20 million over the 15-year term of the REC Contract. The funding for this procurement event is from the IPA’s Renewable Energy Resources Fund.

Resource Type and Location: A new pilot solar low-income community renewable energy project must be entirely located in Illinois, powered by photovoltaic cells or panels, and interconnected at the distribution system level of an electric utility, a municipal utility, a public utility, or an electric cooperative as defined by the Act.

Unlike other community renewable energy generation projects, a new pilot solar low-income community renewable energy project may exceed 2,000 kW in nameplate capacity (AC rating).

Summary Flow Chart



Step 1: Application of Benchmarks

Benchmarks are established by the Procurement Administrator, in consultation with the IPA, the Procurement Monitor, and ICC Staff. The benchmarks are confidential and subject to review and approval by the Commission.

Bids that fail to meet or beat the benchmarks are eliminated. If there are no Bids that meet or beat the benchmark, then the evaluation ends and no Projects are selected.

Step 2: Identifying Bid Bundles

All Bid bundles that (i) do not go over the Budget; (ii) include at most one Project with a partial capacity; and (iii) “closely fill” the Budget (i.e., adding any one additional Project, even at minimum capacity, would mean that the Bid bundle is over the Budget) are identified.

The cost of a Bid bundle is calculated over all 15 years of the REC Contract. The output is calculated using the standard capacity factor or the capacity factor specified by the bidder.

For any Bid bundle that includes a Project with a partial capacity, this partial capacity is at least the minimum capacity but no more than the full capacity (Project size). The capacity selected for the Project with a partial capacity is the capacity that allows the entire Budget to be spent.

An example follows on the next page.

Step 2: Identifying Bid Bundles

Example 1. (all numbers are for illustrative purposes only)

Project	Utility Project?	Bid (\$/REC)	15-Year Cost	
			@ full capacity	@ minimum
Project 1	Yes	\$50.00	\$3,000,000	\$800,000
Project 2	No	\$64.00	\$6,000,000	\$5,000,000
Project 3	No	\$55.00	\$13,000,000	\$13,000,000
Project 4	Yes	\$62.50	\$15,000,000	\$12,000,000

Bid bundles identified where all Projects are at full capacity: (Project 1, Project 2), (Project 1, Project 3), and (Project 1, Project 4).

Bid bundles identified where one Project is at a partial capacity and the Budget is fully spent: (Project 1 at \$1,000,000, Project 2, Project 3), (Project 2 at \$5,000,000, Project 4), and (Project 2, Project 4 at \$14,000,000).

Step 3. Eliminate Bid Bundles with Only Utility Projects

Available funding may not be distributed solely to a utility. Any Bid bundles that only contain Projects from a utility will be eliminated.

Example 1, continued.

Bid bundles after Step 2:

- Bid bundle 1: Project 1 (utility), Project 2 (non-utility)
- Bid bundle 2: Project 1 (utility), Project 3 (non-utility)
- Bid bundle 3: Project 1 (utility), Project 4 (utility)
- Bid bundle 4: Partial Project 1 (utility), Project 2 (non-utility), Project 3 (non-utility)
- Bid bundle 5: Partial Project 2 (non-utility), Project 4 (utility)
- Bid bundle 6: Project 2 (non-utility), Partial Project 4 (utility)

Bid bundle 3 is eliminated as it contains only utility Projects.

Step 4. Community-Owned Projects

A Project at least 50% owned by subscribers (“community-owned Project”) should be selected if available. The Bid bundles that include a community-owned Project are identified.

Step 4a. If there is at least one Bid bundle that includes a community-owned Project, all Bid bundles that **do not** include a community-owned Project are eliminated. Of the remaining Bid bundles, the Bid bundle selected is the Bid bundle with the lowest average price per REC.

Step 4b. If there are no Bid bundles that include a community-owned Project, the Bid bundle selected is the Bid bundle with the lowest average price per REC.

Example 2. (all numbers are for illustrative purposes only)

Project	Utility Project?	Community Owned?	Bid (\$/REC)	Expected 15-Year Output	Minimum 15-Year Output	15-Year Cost	
						@full cap.	@ min
Project 1	No	No	\$10.00	300,000	200,000	\$3,000,000	\$2,500,000
Project 2	Yes	No	\$25.00	150,000	150,000	\$3,375,000	\$3,375,000
Project 3	Yes	Yes	\$60.00	300,000	300,000	\$18,000,000	\$18,000,000
Project 4	No	No	\$60.00	30,000	10,000	\$1,800,000	\$1,500,000

Step 1. All Bids met or beat the Benchmark.

Step 2. There are two Bid bundles identified:

- Bid bundle 1: Project 1, Project 2, Project 4
- Bid bundle 2: Project 3, Project 4

Step 3. Both Bid bundles include a non-utility Project (Project 1 or Project 4)

Step 4a. Bid bundle 2 includes a community-owned Project but Bid bundle 1 does not. Bid bundle 1 is eliminated.

Bid bundle 2 (Project 3 and Project 4) is selected.

Example 3. (all numbers are for illustrative purposes only)

Project	Utility Project?	Community Owned?	Bid (\$/REC)	Expected 15-Year Output	Minimum 15-Year Output	15-Year Cost	
						@full cap.	@ min
Project 1	Yes	No	\$25.00	450,000	450,000	\$11,250,000	\$11,250,000
Project 2	Yes	No	\$27.00	300,000	200,000	\$8,100,000	\$5,400,000
Project 3	No	No	\$40.00	300,000	200,000	\$12,000,000	\$8,000,000
Project 4	No	No	\$75.00	150,000	150,000	\$11,250,000	\$11,250,000

Step 1. All Bids met or beat the Benchmark.

Step 2. The following Bid bundles are identified:

- Bid bundle 1: Project 1, partial Project 3
- Bid bundle 2: Project 2, partial Project 3
- Bid bundle 3: partial Project 2, Project 3
- Bid bundle 4: Project 1, Project 2
- Bid bundle 5: Project 2, Project 4
- Bid bundle 6: partial Project 3, Project 4

A partial Project in a Bid bundle is re-sized to spend the Budget entirely.

The example continues on the next page.

Example 3. (all numbers are for illustrative purposes only)

Project	Utility Project?	Community Owned?	Bid (\$/REC)	Expected 15-Year Output	Minimum 15-Year Output	15-Year Cost	
						@full cap.	@ min
Project 1	Yes	No	\$25.00	450,000	450,000	\$11,250,000	\$11,250,000
Project 2	Yes	No	\$27.00	300,000	200,000	\$8,100,000	\$5,400,000
Project 3	No	No	\$40.00	300,000	200,000	\$12,000,000	\$8,000,000
Project 4	No	No	\$75.00	150,000	150,000	\$11,250,000	\$11,250,000

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Step 3. Bid bundle 4 is eliminated as it only includes Bids from utility Projects.

Step 4b. There are no community-owned Projects. Each Bid bundle's average REC price is:

- Bid bundle 1: \$29.91/REC [$\$20,000,000 / (450,000 + 218,750)$]
- Bid bundle 2: \$33.47/REC [$\$20,000,000 / (300,000 + 297,500)$]
- Bid bundle 3: \$33.54/REC [$\$20,000,000 / (296,296 + 300,000)$]
- Bid bundle 5: \$43.00/REC [$(\$8,100,000 + \$11,250,000) / (300,000 + 150,000)$]
- Bid bundle 6: \$54.24/REC [$\$20,000,000 / (218,750 + 150,000)$]

Bid bundle 1 (Project 1 and partial Project 3) is selected.