

Illinois Power Agency

(www.ipa-energyrfp.com)

Spring 2021 Procurement Events: Block Energy and Capacity RFP (BEC RFP)

Webcast

Thursday, March 4, 2021

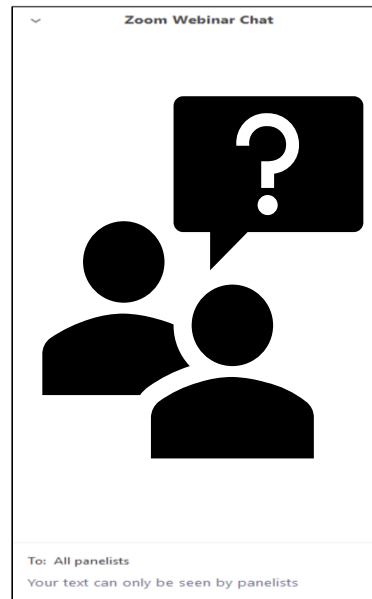
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Questions?

To submit questions to the panelists, **please click on the “Chat” icon on the bottom of your screen;** the chat panel will appear on the right; type in your question and click “Enter”



Presentation Materials and Q&As will be posted to

www.ipa-energyrfp.com

Disclaimer

- 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 **March 3, 2021** to the procurement website, **IPA-energyRFP.com**
- Bidders bear full responsibility for reviewing and understanding these documents

Agenda

- Overview
- Supplier Contracts
- RFP Process Overview
- RFP Process Requirements
- Bids and Bid Forms

Overview

Regulatory Filings by the IPA

- On **September 28, 2020**, the Illinois Power Agency (“IPA”) filed its Procurement Plan
- On **November 05, 2020**, 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 Spring 2021
- **NERA** serves as Procurement Administrator

Block Energy and Capacity Products

- **Block Energy:** AIC, ComEd and MEC
 - ◆ Specific quantities of on-peak and off-peak energy in monthly periods from June 1, 2021 through May 31, 2024
 - ◆ There are no quantities for MEC to be procured for the period June 1, 2022 through May 31, 2024
- **Capacity:** AIC
 - ◆ Zonal Resource Credits (“ZRCs”) for the 2022-2023 Planning Year and the 2023-2024 Planning Year
 - ◆ ZRCs from all zones can be offered
 - ◆ ZRCs from outside Compliance Zone subject to payment adjustment

Energy Products

- 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**; final targets expected to be posted by **March 18**

Bidders can Bid for Combinations

- 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
Jun 2021	65	54	Dec 2022	15	14
Jul 2021	88	64	Jan 2023	15	14
Aug 2021	82	60	Feb 2023		
Sep 2021	55	47	Mar 2023		
Oct 2021	23	20	Apr 2023		
Nov 2021	26	23	May 2023		
Dec 2021	31	28	Jun 2023		
Jan 2022	31	28	Jul 2023		
Feb 2022	29	27	Aug 2023		
Mar 2022	26	23	Sep 2023		
Apr 2022	22	20	Oct 2023		
May 2022	23	20	Nov 2023	9	8
Jun 2022	16	13	Dec 2023	12	11
Jul 2022	19	16	Jan 2024	12	11
Aug 2022	18	15	Feb 2024	11	10
Sep 2022	13	12	Mar 2024	9	8
Oct 2022	11	10	Apr 2024	7	6
Nov 2022	13	12	May 2024	9	7

Product has 3 elements

- Company: AIC, ComEd, or MEC
- Segment: on-peak or off-peak
- Month: e.g., June 2021

Table I-5. Number of Blocks Available for E

Combination	On-Peak	Off-Peak	Combina
Jul-Aug21	82	60	Jan-Feb23
Oct-Nov-Dec21	23	20	Mar-Apr23
Jan-Feb22	29	27	Jun22 to 1
Mar-Apr22	22	20	Jul-Aug23
Jun21 to May22	22	20	Oct-Nov-1
Jul-Aug22	18	15	Jan-Feb24
Oct-Nov-Dec22	11	10	Mar-Apr24

Combinations: packages of products

- e.g., Mar-Apr22
- blocks available: minimum number of blocks available in the months of the Combination

Jun23 to May24	7	6
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AIC Capacity Products

- 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

- 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 March 3

- Separate energy contracts for AIC, ComEd, and MEC
- 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
- Comparisons to 2020 contracts can be found here:
 - ♦ <https://www.ipa-energyrfp.com/block-energy-and-capacity/final-materials/>

Main Credit Terms – Energy Contracts

- **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

- **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**

AIC Capacity Agreement Changes

- New provision under the product definition (page 1-3) describes a process and timeline to develop an **amendment** to the contract that would be invoked if MISO receives FERC approval to make changes to its resource adequacy construct that requires a product other than a ZRC as currently defined
 - ◆ Information on the MISO proceeding to move to a seasonal construct is available on MISO's issue tracking page
- Addition to confidentiality provisions to cover customer account information (also included in the AIC Confirmation Agreement for energy products)

RFP Process Overview

NEW Bidders: Register for your Account



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Capacity
Procurement**

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FAQs

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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 with:

- Company name
- full name of contact
- mobile phone number
- email address

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

BEC RFP Calendar

1-Mar	2-Mar	3-Mar	4-Mar	5-Mar
				Part 1 Window Opens
8-Mar	9-Mar	10-Mar	11-Mar	12-Mar
				Part 1 Date Bid Participation Fee Due
15-Mar	16-Mar	17-Mar	18-Mar	19-Mar
			Part 1 Notification	Part 2 Window Opens
22-Mar	23-Mar	24-Mar	25-Mar	26-Mar
29-Mar	30-Mar	31-Mar	1-Apr	2-Apr
	Part 2 Date Pre-Bid LC Due for Energy	Bidder Training	Pre-Bid LC Due for Capacity	
5-Apr	6-Apr	7-Apr	8-Apr	9-Apr
Energy Bids Due				Cap. Bids Due ICC decision - Energy Products
12-Apr	13-Apr	14-Apr	15-Apr	16-Apr
			ICC decision – Cap. Products	

Process Steps

- 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

- **Estimates of Supplier Fees** at this time:
 - **\$183** per on-peak block
 - **\$122** per off-peak block
 - **\$20** per ZRC
- (Final Supplier Fees will be announced on Part 2 Date)

The Process is Entirely Online

- The Procurement Administrator is maintaining changes introduced in 2020 to move the qualification process entirely online
 - ◆ 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 ONLY**; applicants may submit comments on the standard forms of the pre-bid letters of credit during the Part 1 Window

RFP Process Requirements

The Part 1 Proposal

- 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 2019 or 2020 under the BEC RFP) are eligible to participate in an abbreviated Part 1 Process

Part 1 Date	12 PM CPT on March 12, 2021
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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

New	Prev Qual
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Provide	Confirm
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Provide	Recent Sellers Exempt
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Provide	Update as needed
----------------	-------------------------

Provide	Update as needed
----------------	-------------------------

BOTH Provide

Inserts available on procurement website

Required Signatures

- 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

- **Bid Participation Fee of \$500** is required
 - A single Bid Participation Fee per Bidder and paid once for all 2021 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 [here](#)
 - ◆ ACH Automatic Clearing House in CCD or CCD+ format
- Payment by check is **not** an acceptable method
- For a complete set of instructions, email us at: Illinois-RFP@nera.com

Financial Requirements

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), MEC (Section 6), 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)
 - MEC Contract Insert (#P1-7)
 - AIC Capacity Contract Insert (#P1-9)
- **Representations of the Officer of the Bidder.**
 - AIC Energy P1 Certifications Insert (#P1-4)
 - ComEd Certifications Insert (#P1-6)
 - MEC Certifications Insert (#P1-8)
 - AIC Capacity P1 Certifications Insert (#P1-10)
- ✓ 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**

BOTH Provide

BOTH Provide

Part 1 Notification

- 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

- 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

Noon CPT on March 30	Part 2 Form and supporting documents
Noon CPT on March 30	Energy Pre-Bid Letters of Credit
Noon CPT on April 01	Capacity Pre-Bid Letter of Credit
8:30 to 11 AM CPT on April 05	Energy Bids
10 AM to Noon CPT on April 09	Capacity Bids

Pre-Bid Letters of Credit Must be Submitted Electronically Only

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 by electronically only** 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
- Pre-Bid Letters of Credit expire no earlier than:
 - ◆ April 29, 2021 for Energy procurement events
 - ◆ May 5, 2021 for Capacity procurement event

Pre-Bid Letter of Credit Amounts

Energy:

- Pre-Bid Letters of Credit in an amount of **\$5,000/block** subject to a **\$250,000 minimum** for AIC and ComEd, and a **\$25,000 minimum** for MEC
- 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

- 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

Energy Products: Bids Must Be Received

Bid Date	April 5, 2021	
Overlapping Bid Windows by Delivery Period	2022/2023, 2023/2024	8:30 AM to 10 AM CPT
	2021/2022	8:30 AM to 11 AM CPT

Capacity Products: Bids Must Be Received

Bid Date	April 9, 2021
Bid Window	10 AM to 12 PM (noon) CPT

Post-Bid Process: ICC Decision

- 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

- Company sends electronically to Bidder partially executed contract documents
 - ◆ ComEd prepares the guaranty for the winning Bidder's guarantor as well
 - ◆ For AIC and MEC, Bidder prepares own guaranty and submits executed guaranty for electronic receipt by the applicable Company
- Bidder countersigns, sends back electronically contract documents and fulfills creditworthiness requirements
 - Instructions regarding contract execution procedures will be provided to bidders; sellers that are unable to execute the documents using a wet signature will be required to use a digital signature for ComEd
- **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

- Twelve tabs for Bid Entry for the Companies across two Bid Forms
 - First Bid Form: 2021-2022 DY: On-Peak and Off-Peak
 - Second Bid Form: 2022-2024 DYs: On-Peak and Off-Peak

Jun-23	Jul-23	Aug-23	Sep-23

Jul-Aug23	Oct-Nov-Dec23	Jan-Feb24

**Bid Entry for
Single Months**

**Bid Entry for
Combinations**

Maximum Willingness to Supply

- 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

- 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

Section 2. Bids

Planning Year 2022-2023

	Price (\$/MW-Day)	Number of ZRCs (whole number)	Source Zone
1			
2			
3			
4			
5			
6			

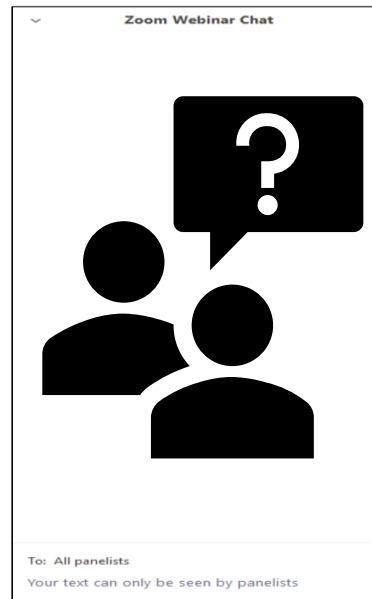
- Bidders must indicate for a given Planning Year
 - ◆ Quantity of ZRCs
 - ◆ Price of ZRCs
 - ◆ Source Zone of ZRCs
- Bidders may bid on ZRCs from **any Source Zone**
- A Bidder may bid on a number of ZRCs not to exceed the Target number of ZRCs for a given Planning Year

Bid Evaluation Procedure

- 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

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