

Appendix 10 Evaluation Process

Parameters

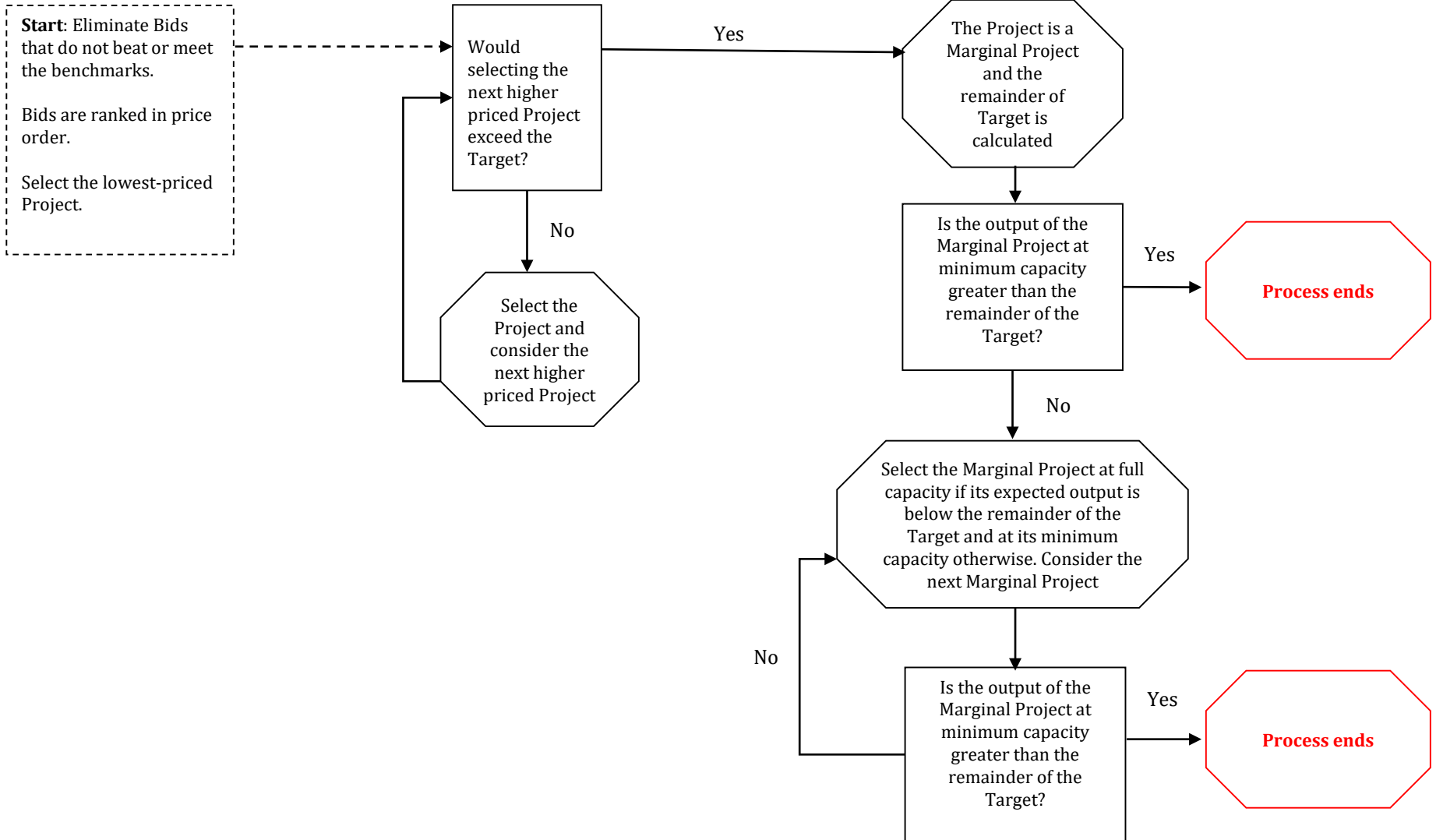
Target: This procurement event has a Target of 50,000 RECs to be delivered annually over the 15 year-term of the REC Contracts. In no event will the evaluation result in the Target being exceeded.

Resource Type and Location: A new non-solar community renewable generation project must be entirely located in Illinois, powered by (i) wind; or (ii) crops and untreated and unadulterated organic waste biomass; or (iii) tree waste.

Size: The project must have a nameplate capacity of no more than 2,000 kW (AC rating).

Allocation: The RECs from each Project selected through this RFP and approved by the Commission will be allocated by the Procurement Administrator to AIC and/or ComEd.

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: Price Order and Initial Selection

Expected output: The expected output for each Project is a number of RECs for a year calculated on the basis of the size of the Project (in kW AC rating) and the capacity factor (either the standard capacity factor or the capacity factor submitted by the Bidder as part of its Proposal).

Ranking: Bids are ranked in price order. The expected output of each Project is calculated using the size of the Project provided in the Proposal.

Initial Selection: The lowest-priced Projects are selected, until selecting the next higher-priced Project (the “Marginal Project”) would exceed the Target.

Step 3. Consideration of Marginal Projects

The evaluation never results in the Target being exceeded. The evaluation procedure never selects Projects out of price order.

A Bidder specifies a “minimum capacity” in kW (AC rating) with its Bid. If the Project is selected, the Bidder must be willing to reduce the size of the Project down to the minimum capacity.

The “remainder of the Target” is the difference between the Target and the sum of the expected output of the Projects that have been selected up to that point in the evaluation.

Step 3a: Starting with the Initial Selection, if the expected output of the Marginal Project at minimum capacity is greater than the remainder of the Target, the Marginal Project is not selected and no other Projects are selected. The evaluation ends.

Step 3. Consideration of Marginal Projects

Step 3b: Starting with the Initial Selection, if the expected output of the Marginal Project at its minimum capacity is at or below the remainder of the Target:

- The Marginal Project is selected at its minimum capacity.
- The next higher priced Project (“Next Marginal Project”) is considered.
 - If its minimum capacity is above the remainder of the Target, the evaluation ends. The Next Marginal Project is not selected and no other Projects are selected.
 - If its minimum capacity is at or below the remainder of the Target, the Next Marginal Project is selected. The Next Marginal Project is selected at full capacity if its expected output is below the remainder of the Target and at its minimum capacity otherwise.
- The evaluation continues in this fashion. The evaluation ends when the next higher priced Project is not selected.

Step 4. Allocation to AIC and ComEd

RECs from the winning Projects are allocated to AIC and ComEd. The Seller will have a contract with AIC or ComEd or both.

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

Project	Bid (\$/REC)	Expected Output	Expected Output at min capacity	Selected?	Remainder of the Target
Project 1	\$10.00	10,000	10,000	Yes	40,000
Project 2	\$25.00	30,000	15,000	Yes	10,000
Project 3	\$30.00	30,000	5,000	Yes (marginal)	5,000
Project 4	\$60.00	30,000	30,000	No (next marginal)	0

Step 1. All Bids were under the Benchmark.

Step 2. Projects 1 and 2 are selected.

- The remainder of the Target is 10,000 RECs after selecting Project 2.
- Selecting Project 3 exceeds the Target. Project 3 is a **Marginal Project**.

Step 3. The expected output at minimum capacity (5,000) for Project 3 is less than the remainder of the Target (10,000). Project 3 is selected at the minimum capacity. Project 4 is considered next. It is not selected because its expected output at minimum capacity (30,000) exceeds the remainder of the Target (5,000)

Project 1, Project 2, and Project 3 (at minimum capacity) are selected.

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

Project	Price per REC	Expected Output	Expected Output at min capacity	Selected?	Remainder of the Target
Project 1	\$10.00	10,000	10,000	Yes	40,000
Project 2	\$25.00	30,000	15,000	Yes	10,000
Project 3	\$30.00	30,000	15,000	No (marginal)	10,000
Project 4	\$60.00	5,000	5,000	No	10,000

Step 1. All Bids were under the Benchmark.

Step 2. Project 1 and Project 2 are selected.

- The remaining Target is 10,000 after selecting Project 2.
- Selecting Project 3 exceeds the Target. Project 3 is a **marginal Project**.

Step 3. The expected output at minimum capacity of Project 3 (15,000) exceeds the remainder of the Target (10,000). Project 3 is not selected and no other Projects are selected.

Projects 1 and 2 are selected.