

Illinois Power Agency

(www.ipa-energyrfp.com)

2023 Procurement Events:

Early 2023 Capacity RFP

Webcast

Thursday, January 12, 2023

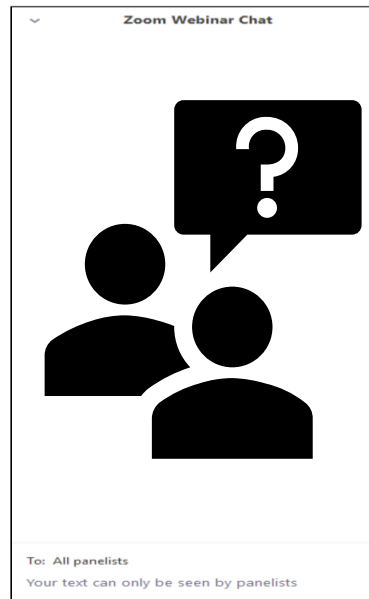
Katie Orlandi, NERA

Paul Cardona, NERA



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 **December 22, 2022** to the procurement website, **IPA-energyRFP.com**
- Bidders bear full responsibility for reviewing and understanding these documents

Please see the procurement website for all RFP documents

<https://www.ipa-energyrfp.com/capacity/final-materials/>

Final Contract and RFP Documents

Documentation and information available on the procurement website www.IPA-energyRFP.com



The screenshot shows the website for the Illinois Power Agency (IPA). The header includes the IPA logo and a search bar. The main navigation menu on the left lists: Home, Announcements, Capacity (highlighted with a red box), Results, Final Materials (highlighted with a red box), Draft Documents, Qualification Form, Block Energy and Capacity Procurement, Indexed Wind, Solar, and Brownfield, and Calendar. The main content area is titled 'Final Materials' and features a sub-section 'FINAL Early 2023 Capacity RFP Documents' with a list of document links.

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Indexed Wind, Solar, and Brownfield

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FINAL Early 2023 Capacity RFP Documents

- [Early 2023 Capacity RFP Rules \(December 22, 2022\)](#)
 - [Appendix 1: \(AIC\) Capacity Agreement](#)
- [Appendix 2: Part 1 Form \(Illustrative\) \(December 22, 2022\)](#)
 - [P1 Form: P1 Inserts for All Bidders \(December 22, 2022\)](#)
 - [P1 Form: P1 Inserts for Bidders Under An Agency Agreement \(December 22, 2022\)](#)
- [Appendix 3: Part 2 Form \(Illustrative\) \(December 22, 2022\)](#)
 - [P2 Form: P2 Inserts for Bidders Retaining an Advisor \(December 22, 2022\)](#)
 - [P2 Form: P2 Inserts for All Bidders \(December 22, 2022\)](#)
 - [P2 Form: P2 Inserts for Bidders Under An Agency Agreement \(December 22, 2022\)](#)
- [Appendix 4: Bid Form \(Illustrative\) \(December 22, 2022\)](#)
- [Appendix 5: Financial Attestation \(December 22, 2022\)](#)
- [Appendix 6: Standard Pre-Bid Letter of Credit for AIC Capacity Products \(FINAL\) \(December 22, 2022\)](#)
 - [Acceptable Modifications to the Standard Pre-Bid LC for AIC Capacity Products \(December 22, 2022\)](#)

Agenda

- Regulatory and Product Overview
- Supplier Contract
- RFP Process Overview
- RFP Process Requirements
- Bids and Bid Form

Regulatory and Product Overview

Regulatory Filings by the IPA

- On **September 28, 2022**, the Illinois Power Agency (“IPA”) filed its Procurement Plan
- On **December 15, 2022**, the Illinois Commerce Commission (“ICC”) approved the Procurement Plan with modifications
- Procurement Plan includes a procurement event under the **Early 2023 Capacity RFP** that replaces the cancelled Fall 2022 capacity procurement event
- **NERA** serves as Procurement Administrator

Capacity Products Are Now Seasonal

- The **Early 2023 Capacity RFP** reflects the FERC order accepting the Midcontinent Independent System Operator, Inc. (“MISO”) proposal to implement a seasonal capacity construct beginning with the 2023-2024 Planning Year
- Zonal Resource Credits (“ZRCs”) for a **given Season** of the 2023-2024 Planning Year, as defined by MISO, will be procured up to a Target for that Season
 - ◆ **Summer** is June – August; **Fall** is September – November; **Winter** is December – February; **Spring** is March – May

Provisional ZRC Targets

- The following Targets are **provisional**; final targets are expected to be posted by **January 31**

Product	Forecast Requirement	ZRC Target (number ZRCs)
Summer 2023-2024	2,449	417
Fall 2023-2024	2,211	490
Winter 2023-2024	2,368	586
Spring 2023-2024	1,954	457

Capacity Products (Continued)

- One (1) **ZRC** represents one (1) MW of Seasonal Accredited Capacity for a given Season of a 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”)
- ZRCs from all zones can be offered. Payment is adjusted for **ZRCs outside Compliance Zone**.
 - ◆ LRZ 4 (or successor zone) is the Compliance Zone

Bids and Bid Evaluation

- A “Bid” includes a price, in \$/MW-day, for ZRCs for a given Season, the number of ZRCs to which the price applies, and the Source Zone of the ZRCs
 - ◆ The “Source Zone” is the LRZ in which the ZRCs are located
- The evaluation of Bids proceeds independently for each Season in a Planning Year and consists of two steps
 - ◆ The evaluation considers only Bids that **meet or beat the benchmarks**
 - ◆ The evaluation selects the lowest-price Bids to fill the target for a given Season of a Planning Year
- Benchmarks developed using confidential methodology approved by ICC

Supplier Contract

Final Contract Posted on December 22

- Contract is standard and **non-negotiable**
- Bidders **must accept terms** of the supplier contract during the qualification process and prior to bidding
- Bidders with bids approved by the ICC will execute the supplier contract and related documents within three (3) business days of ICC decision

Payment Under Contract

- For a given Source Zone and for a given Season of a Planning Year, the amount paid to the Seller is the **average of the Seller's approved Bids for such Season and Source Zone**, in \$/MW-day, multiplied by the number of ZRCs delivered, multiplied by the number of calendar days in the Season for such Planning Year
- Payment for ZRCs from other zones (outside of LRZ 4) adjusted based on Auction Clearing Price of Source Zone relative to Compliance Zone for the applicable Season
 - ◆ Examples provided as FAQs:
<https://www.ipa-energyrfp.com/faqs/capacity-faqs/>
- No Payment adjustment required for ZRCs from Compliance Zone (LRZ 4)

Overview of Changes for Seasonal Construct

- Changes to accommodate procurement of ZRCs for each of the four (4) Seasons defined by MISO and updates to terms from MISO documentation
- Seller to invoice Buyer on a monthly basis during the applicable Season for which the ZRCs are associated
- A redline to the latest AIC capacity agreement (from the cancelled Fall 2022 procurement event) is available here:
 - ◆ <https://www.ipa-energyrfp.com/capacity/final-materials/>

Main Credit Terms

- **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

Capacity RFP Calendar

9-Jan	10-Jan	11-Jan	12-Jan	13-Jan
			Webcast	
16-Jan	17-Jan	18-Jan	19-Jan	20-Jan
Martin Luther King Jr. Day		Part 1 Window Opens		
23-Jan	24-Jan	25-Jan	26-Jan	27-Jan
		Part 1 Date Bid Participation Fee Due		
30-Jan	31-Jan	1-Feb	2-Feb	3-Feb
	Part 1 Notification	Part 2 Window Opens		
6-Feb	7-Feb	8-Feb	9-Feb	10-Feb
			Bidder Training	Part 2 Date Bid Assurance Collateral Due
13-Feb	14-Feb	15-Feb	16-Feb	17-Feb
			Bids Due	
20-Feb	21-Feb	22-Feb	23-Feb	24-Feb
Presidents' Day			ICC decision	

The Proposal Process is Entirely Online – Process Steps

- Suppliers submit the **Part 1 Proposal** to become qualified bidders
- Suppliers submit the **Part 2 Proposal**
- **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
- Contract is fully executed
- Winning suppliers pay the **supplier fees** to the IPA

Supplier Fee Estimate

- **Estimate of Supplier Fee** at this time:
 - **\$220** per ZRC

(Final Supplier Fee will be announced on Part 2 Date)

RFP Process Requirements

New Bidders Must Register for an Account



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Qualification Forms

You must log in to access the online Forms.

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

If you do not have an account, please [register 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

The individual that registers for the account will receive an email prior to the Part 1 Window with account activation instructions.

Current Account Holders do not Re-Register; All Account Holders Must Activate their Account

- Current account holders do not need to re-register for an account
 - ◆ For Bidders that qualified to participate in a capacity procurement event in 2021 or 2022: the email to activate the account will be sent to the Representative of the Bidder from the most recent capacity procurement event in which the Bidder submitted a successful Part 1 Proposal
- All account holders including current account holders must activate their account anew for this RFP by following the instructions provided in the email

The Procurement Administrator will send instructions for accessing and completing the online qualification forms to current and new account holders prior to the opening of the Part 1 Window

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)
 - ◆ Payment of **Bid Participation Fee** to the IPA
 - ◆ **Inserts** (stand-alone forms in Microsoft Word)

The screenshot shows a website navigation menu on the left and a main content area on the right. The menu items are: Home, Announcements, Capacity, Results, Final Materials, Draft Documents, Qualification Form, and Block Energy and Capacity Procurement. The main content area is titled 'Final Materials' and contains a sub-section 'FINAL Early 2023 Capacity RFP Documents'. This sub-section lists several documents, with two items highlighted by a red rectangular box: 'P1 Form: P1 Inserts for All Bidders (December 22, 2022)' and 'P1 Form: P1 Inserts for Bidders Under An Agency Agreement (December 22, 2022)'. Other documents listed include 'Early 2023 Capacity RFP Rules (December 22, 2022)', 'Appendix 1: (AIC) Capacity Agreement', 'Appendix 2: Part 1 Form (Illustrative) (December 22, 2022)', 'Appendix 3: Part 2 Form (Illustrative) (December 22, 2022)', 'P2 Form: P2 Inserts for Bidders Retaining an Advisor (December 22, 2022)', 'P2 Form: P2 Inserts for All Bidders (December 22, 2022)', and 'P2 Form: P2 Inserts for Bidders Under An Agency Agreement (December 22, 2022)'.

Part 1 Date

12 PM CPT on January 25, 2023

Basic Information

Section 1:

1. **Name and Address of the Bidder**
2. **Bidder that has not been a Supplier** to AIC as of 2016 must show that it is 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

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 completed
 - ◆ 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), and **uploaded or emailed**
 - or
 - ◆ with either a **scanned wet signature** or an **electronic signature**, and **emailed** by the signatory or with the signatory on copy

Bid Participation Fee

Section 2:

- **Bid Participation Fee of \$500** is required
 - ♦ A single Bid Participation Fee per Bidder and paid once for all 2023 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**
 - ♦ **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

Section 3:

- 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

Representations and Contract Information

Section 4:

- Information to prepare the contract documents provided in the AIC Capacity Contract Insert (#P1-3)
- Representations of the Officer of the Bidder provided in the AIC Capacity P1 Certifications Insert (#P1-4)

Section 5:

- Additional requirements for Bidders in special circumstances
- Comments on standard letters of credit will not be solicited

Part 1 Notification

- A Bidder that successfully completes the Part 1 Proposal (after responding to any deficiency notices issued by the Procurement Administrator) receives a **Part 1 Notification**
- With the Part 1 Notification the Procurement Administrator provides the following **documents for submission of the Part 2 Proposal**:
 - ◆ Bid Form 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
- Materials provided to Bidders by **a secure electronic method**

Part 1 Notification

January 31, 2023

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 **bid assurance collateral**
 - ◆ Bids
- Additional requirements for Bidders in special circumstances

Noon CPT on February 10	Part 2 Form and supporting documents
Noon CPT on February 10	Bid assurance collateral
10 AM to Noon CPT on February 16	Bids

Bid Assurance Collateral

- Bid Assurance Collateral must be for **\$200,000** regardless of the amount a Bidder plans to bid and may be submitted via **cash** or a **Pre-Bid Letter of Credit**
- **Cash Requirements**
 - Cash Insert to acknowledge (1) conditions under which cash may be drawn, (2) that no interest will be paid for cash submitted, and (3) that AIC may co-mingle cash submitted with other funds
 - Draft request for return of cash (sample request posted as Appendix 7 to the RFP Rules)
 - W-9 for entity to which cash is returned, and completion of AIC vendor form
- **The Pre-Bid Letter of Credit must be submitted electronically only from the issuing bank** to AIC (2 email addresses) and to the Procurement Administrator
- The Pre-Bid Letter of Credit must be in the standard form or incorporate only modifications acceptable to AIC and posted on www.ipa-energyrfp.com

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 Administrator 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

Bids Must Be Received	
Bid Date	February 16, 2023
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 for preparation of the supplier contract documents **by 12 PM (noon) CPT on the day after notification** that the Bidder 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 the 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

- AIC sends electronically to Bidder partially executed contract documents
 - ◆ Bidder prepares own guaranty and submits executed guaranty for electronic receipt by AIC
- Bidder countersigns, sends back electronically contract documents and fulfills creditworthiness requirements
 - Instructions regarding contract execution procedures will be provided to bidders
- **Payment of the Supplier Fee** to the IPA is due seven business days of Commission decision
- Bid Assurance Collateral may be drawn upon if Supplier Fees are not paid by the deadline

Capacity Bids and Bid Form

One Column Per Season of a Planning Year for ZRC Bid Entries

- Bidders must indicate for a given Season of a Planning Year
 - ◆ Quantity of ZRCs
 - ◆ Price of ZRCs
 - ◆ Source Zone of ZRCs
- Bidders may bid on ZRCs from **any Source Zone**

<u>Section 1. Number of ZRCs Bid for Each Season for Planning Year 2023-2024</u>												
Summer 2023-2024			Fall 2023-2024			Winter 2023-2024			Spring 2023-2024			
0			0			0			0			

<u>Section 2. Bids for Each Season for Planning Year 2023-2024</u>																	
Summer 2023-2024				Fall 2023-2024				Winter 2023-2024				Spring 2023-2024					
Price (\$/MW-Day)		Number of ZRCs (whole number)		Source Zone		Price (\$/MW-Day)		Number of ZRCs (whole number)		Source Zone		Price (\$/MW-Day)		Number of ZRCs (whole number)		Source Zone	
1																	
2																	
3																	
4																	
5																	
6																	

ZRC Bid Entries (Continued)

- A Bidder may bid on any number of ZRCs not to exceed the ZRC Target for that Season in a Planning Year

Summer 2023-2024			
	Price (\$/MW-Day)	Number of ZRCs (whole number)	Source Zone
1	\$5.00	1	4
2	\$25.00	9	4
3	\$50.00	60	4
4	\$75.00	65	4
5	\$100.00	65	4
6			

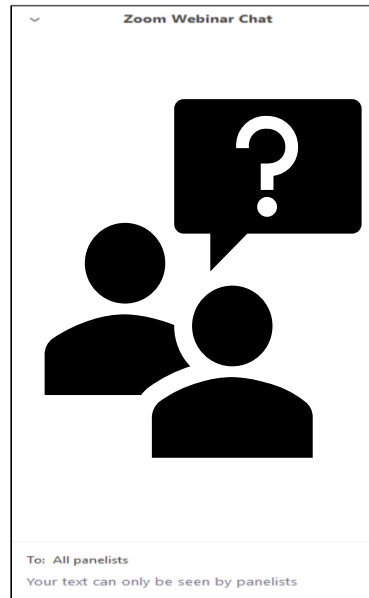
Bid Evaluation Procedure

The evaluation proceeds independently for each Season of a Planning Year

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

Questions?

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