

Adjustable Block Program
Final REC Delivery Contract
January 28, 2019

The Illinois Power Agency (“Agency”), through its Procurement Administrator and its Adjustable Block Program Administrator, and in consultation with the Ameren Illinois Company, Commonwealth Edison Company, MidAmerican Energy Company, and the Staff of the Illinois Commerce Commission (as required by the Long-Term Renewable Resources Procurement Plan or “Plan”), has developed its Final REC Delivery Contract, which will serve as the standard contract form for the delivery of renewable energy credits (“RECs”) under the Adjustable Block Program (“ABP”). The Final REC Delivery Contract is being published on the ABP website (www.illinoisabp.com/rec-contract) along with a redline showing changes relative to the Second Draft REC Contract published on January 11, 2019.

The Agency appreciates all comments received through its December 19th, December 31st, and January 18th written comment periods, as well as its December 28th webinar. This Final REC Delivery Contract features revisions addressing key concerns identified by commenters as well as the parties listed above. These revisions, relative to the Second Draft REC Contract published on January 11, 2019, include, but are not limited to, the following:

- Revisions to provisions governing collateral and performance evaluation
 - Inclusion of an option for a project to receive a refund of 75% of its posted collateral and be removed from the REC contract if, prior to energization, it receives an interconnection cost estimate from the interconnecting utility in an amount exceeding 30 cents per watt AC of its proposed capacity¹
 - Inclusion of an option for an Approved Vendor to elect which form of collateral – cash or Letter of Credit (assuming both have already been posted) will be drawn upon when an annual drawdown for portfolio underperformance is necessary²
 - Clarification that the first annual evaluation of REC deliveries (following the third full delivery year) for a community solar project will be based on the higher of (i) a three-year average or (ii) an average of the second and third full delivery years³
 - Clarifications of how a community solar project’s subscriber levels and small subscriber mix will be evaluated annually⁴
 - Clarification that minor modifications to the Letter of Credit form may be allowed if approved by the counterparty utility⁵

¹ See Section 4.3(b) of the Master Agreement (found in Section 13(e) of the Cover Sheet).

² See Section 5(d)(v)(1) of the Cover Sheet.

³ See definition of Delivery Year REC Performance (found in Section 13(b) of the Cover Sheet).

⁴ See Section 6(e) of the Cover Sheet.

⁵ See definition of Letter of Credit (found in Section 13(b) of the Cover Sheet).

- An increase in the cure period for certain contractual defaults, from 15 to 20 business days⁶
- Revisions to provisions governing assignment⁷
 - Distinction between the treatment of collateral pledge/assignment of the REC contract and a direct assignment of the contract
 - Increase in the time for a financier-assignee to become an Approved Vendor under the ABP (or transfer the REC contract to an Approved Vendor), from 120 to 180 days
 - Increased “stand still” periods during which assignments will not be allowed
- Clarification that a delay in interconnection cost estimate from the interconnecting utility can qualify as good cause meriting the extension of a project’s required energization date⁸
- Community solar project quarterly adjustments: A new Exhibit H provides an illustrative example of how payments for RECs from a community solar project will be adjusted following each of the four Community Solar Quarterly Reports that provide information on a project’s subscription percentage and small subscriber mix, implementing the Illinois Commerce Commission’s directive at pages 117-118 of its April 3, 2018 Order⁹
- Mechanical changes in how the Agency and its Program Administrator shall process removals of projects from the REC Contract
- Inclusion of a requirement that community solar projects authorize the Agency to verify subscriber information, on a confidential basis, with the interconnecting utility¹⁰

The Agency has set the following schedule for the opening of the Adjustable Block Program to project applications:

- Wednesday, January 30, 2019: Adjustable Block Program will open for project applications at 9:00 AM CST
- Wednesday, February 13, 2019, 12:00 PM CST: Deadline for project applications/batches to be submitted in order to qualify for any required lottery in a Group/category combination

The Agency intends to publish a list of questions and answers with respect to the Final REC Delivery Contract. Please submit any questions by e-mail to the ABP Program Administrator at: admin@illinoisabp.com by close of business on Thursday, January 31, 2019.

⁶ See, generally, Article 5 of the Master Agreement (found in Section 13(f) of the Cover Sheet)

⁷ See Section 9.2 of the Master Agreement (found in Section 13(j) of the Cover Sheet).

⁸ See Section 5(b)(v) of the Cover Sheet.

⁹ Please also see Section 5(e)(iv) of the Cover Sheet.

¹⁰ See Section 5(h) of the Cover Sheet and Exhibit I.