

Service

Solar Energy

Illinois Energy Reform Legislation Will Lead to New Wind and Solar Procurements

Last week, Illinois Gov. Bruce Rauner signed into law Senate Bill 2814, which adds a zero-emission facility standard to Illinois' existing renewable portfolio standard (RPS). The new standard creates zero-emission credits, equivalent to renewable energy credits (RECs), for which Illinois' nuclear energy generating facilities will be eligible. Although the primary focus of the legislation is to provide financial support for certain struggling nuclear plants in the state, the legislation also creates opportunities for wind and solar developers.

The legislation provides a fix to Illinois' RPS by consolidating funds dedicated to RPS compliance and affording the Illinois Power Agency (IPA) more flexibility to administer those funds. The legislation also will help ensure that the renewable funds cannot be raided or swept by other areas of state government, which will help protect existing long-term renewable contracts from future curtailments.

Additionally, the legislation directs the IPA to conduct a procurement in 2017 for up to 1 million MWhs of electricity generated by new wind and utility-scale solar projects in Illinois or adjacent states. The legislation further directs the IPA to conduct procurements to solicit additional wind and solar power over the next 10 to 12 years.

The long-term contracts resulting from the procurements will have 15-year terms. The procurements will solicit contracts in territories served by both Ameren Illinois and Commonwealth Edison, Illinois' two primary regulated electric utilities. Although not determined yet, it is anticipated that the IPA will follow a similar approach for the procurements as it deployed in 2010 for existing wind and solar long-term renewable contracts. Those existing 20-year

contracts are fixed for floating price swap contracts for which the ISDA Master Agreement serves as a base.

What This Means to You

The new energy reform legislation requires the Illinois Power Agency to adopt a plan for soliciting long-term utility-scale wind and solar power purchase agreements (PPAs) by May 2017. In 2010, before the IPA conducted a procurement for long-term wind PPAs, it hosted a series of workshops. If past is prologue, the IPA will likely host similar procurement workshops beginning early next year. Developers of wind and solar projects in Illinois and surrounding states should be prepared to attend the IPA workshops if they are interested in bidding their projects into the procurement for 15-year PPAs.

Contact Us

For more information about how to participate in the IPA's 2017 procurements for long-term wind and solar PPAs, contact Kyle Barry in Husch Blackwell's Energy & Natural Resources group.