

## Questions and Answers (Round 3)

IMEA Request for Proposals

Issued 3/24/2022

Solar Photovoltaic Project at

Marshall, Oglesby and Princeton, IL

Question regarding the \$150k collateral requirement:

Typically, we have addressed this assurance request, with the funding of all the equipment and materials required for construction/ operation. This value is significantly higher than the identified collateral requirement in the RFP. If we are awarded, will this capital spend provide adequate assurance and confidence in our ability to perform? The added cost of a \$375k bond, LC, or cash may have a detrimental impact on the final PPA rate.

Answer: The \$150k collateral requirement in Section 7(o)(i) of our PPA terms and conditions document is IMEA's preferred method of ensuring performance during the post contract execution phase and the construction phase. That collateral can go away after Commercial Operations Date unless performance assurance under Section 7(o)(ii) is triggered such as if the PPA is assigned to a paper LLC with no creditworthiness. It is not expected that the successful vendor would post this amount in cash, but rather than it would contract with a bank or other proper financial entity to issue an irrevocable Letter of Credit in favor of IMEA at a fraction of the face amount of the Letter of Credit. Funding of equipment and materials is some evidence of financial ability but it does not ensure performance like a Letter of Credit does. Equipment and materials can be relocated to other jobs. The final contract terms are subject to negotiation, including the performance assurance provisions, and IMEA will give serious consideration to all bids. We will certainly understand if your bid contains a price that is tied to a statement proposing a different performance assurance provision or if your bid price includes the cost of securing the Letter of Credit. Please understand that this will also affect the potential successfulness of your bid.