



AC Power LLC • 20 W 22nd St, Suite 1501 • New York NY 10010
www.acpowerllc.com • 845.648.2955

January 31st, 2023

About us

AC Power is a woman-owned solar development company committed to repurposing previously disturbed land for a brighter future through solar development. Our team overcomes the obstacles associated with these sites to successfully bring solar facilities into operation and return the property to revenue-generating use. AC Power is committed to working with transparency, collaboration, and integrity.

Answers to the Indexed REC Procurement Request for Stakeholder Feedback

Question 2. If the objective of the Indexed REC RFP is to incentivize development of renewables in Illinois and to decarbonize the electricity grid, is the current Indexed REC procurement framework effective in helping achieve that objective?

Yes. Based on our experience in other states, we believe Illinois' indexed REC procurement framework incentivizes the development of clean energy and fosters a sustainable and equitable energy transition. We believe the framework is effective in moving towards the state's high-level goals.

That said, we work in a very specific niche in the market – developing exclusively previously disturbed sites such as landfills, brownfields, and superfund sites largely through <5MW_{AC} distributed generation ("DG") projects – that we believe could be better supported by the IPA programs.

We would like for IPA to consider adding support for additional offtake mechanisms (such as commercial remote net-metering or community solar) for brownfield projects, because these projects are not typically sited near a source of energy demand large enough to serve as an offtaker for a behind-the-meter project. At the moment, we must choose between one of two options for front-of-the-meter projects:

- We can pursue the ABP's community solar incentives, which are highly competitive and have very limited available capacity. This is currently our best possible option, but we are beholden to unpredictable timelines from oversubscribed programs.
- We can sell generation at the utility's avoided cost and participate in the competitive brownfield solicitation. Due to the low rate we would receive per kWh of energy generation, we would need to submit relatively high bids which likely will not clear the auction.

Due to additional cost and liability factors, brownfield projects are at a disadvantage compared to greenfield and rooftop projects, and states that have prioritized the successful development of brownfield projects typically have specific carveouts within their programs to support their development.

We agree with that approach and believe these benefits, along with additional environmental justice benefits, are especially significant for previously disturbed sites. We have projects near underserved communities that could particularly benefit from such a policy, but current offtake options make it exceedingly difficult to support these projects.

Therefore, we would like for IPA to consider making remote offtake structures (i.e. remote or virtual net metering, community solar, monetary credit, etc.) available for DG projects sited on previously disturbed/brownfield land.

- a. Are there elements of indexed REC processes in other states, such as New York, that Illinois should consider adopting?**



AC Power LLC • 20 W 22nd St, Suite 1501 • New York NY 10010
www.acpowerllc.com • 845.648.2955

If IL were to consider a carveout for smaller brownfield projects, we believe something akin to the NYSERDA Megawatt-Block Program's declining-block model would offer more predictability for developers who risk upfront development capital in getting their projects to sufficient maturity to receive incentives. Developers would like to have a greater degree of confidence in whether or not they will be eligible for incentives one or more years down the road.

b. Are there other procurement or contract structure models worth considering that would be more effective for increasing renewable development and decarbonizing the electricity grid?

We believe that a monetary credit such as VDER in NY, or a feed-in tariff structure for offtake, will give more predictability to developers of DG projects.

Question 3. If you are a renewables developer, what are your key considerations when making a decision where to develop a project?

a. What are top 5 considerations that would incentivize you to develop a project in a particular state?

- Offtake
- Interconnection/ Capacity/ Queue time
- Value of Energy
- RECs/ monetary incentives
- Market certainty

b. What are top 5 considerations that would discourage you from developing a project in a particular state?

Issues with any of the above 5 considerations. Offtake in particular has made it a challenge to develop the projects that we specialize in, due to their typically remote locations.

Question 12. Understanding that a brownfield site photovoltaic project may not participate in the wholesale energy markets in the same way as utility-scale wind or utility-scale solar projects, is the Indexed REC payment mechanism a barrier to participation for brownfield site photovoltaic projects? Please explain.

Yes, this mechanism is a barrier to participation. As mentioned earlier, we believe that this issue is pronounced for smaller-scale DG projects. It will be exceedingly difficult for AC Power to participate in a competitive brownfield REC auction against projects over 10 times the size of the projects we are looking to submit. We continue to believe that there are distinct grid reliability and environmental justice benefits to incentivizing DG-level brownfield projects and hope that our recommendations in this Request for Feedback have illustrated the issues that we consider most pertinent.

Sincerely,
AC Power Team