



201 California Street, Suite 630, San Francisco, CA 94111
www.srectrade.com | 415.763.7732

September 14, 2016

SENT VIA ELECTRONIC MAIL

Mario Bohorquez
Illinois Power Agency
Michael A. Bilandic Building, Suite C-504
160 North LaSalle Street
Chicago, Illinois 60601

RE: Draft 2017 Procurement Plan

Dear Mr. Bohorquez,

Enclosed for your review, please find the Comments of SRECTrade, Inc. ("SRECTrade") to the Draft 2017 Procurement Plan released on August 15, 2016.

Thank you for your consideration in this matter.

Best Regards,

Allyson Browne

Allyson Browne, Esq.
Director of Regulatory Affairs & General Counsel
SRECTrade, Inc.
415.763.7790
allyson.browne@srectrade.com

// Enclosure

BEFORE THE
ILLINOS POWER AGENCY

Draft 2017 Procurement Plan :
: :
:

COMMENTS OF SRECTRADE, INC. TO
DRAFT 2017 PROCUREMENT PLAN

I. INTRODUCTION

On August 15, 2016, the Illinois Power Agency (“IPA”) released its Draft 2017 Procurement Plan (“Draft Plan”). In accordance with Section 16.111.5(d)(2) of the Public Utilities Act, the IPA outlines in its Draft Plan a “a procurement approach to secure sufficient electricity and associated transmission services, plus any required demand response, energy efficiency and renewable energy resources, to meet the supply needs of eligible retail customers served by Ameren Illinois, Commonwealth Edison, and MidAmerican.” Pursuant to Section 16-111.5(d), interested parties are given thirty days following the date of the posting (August 15) to provide comment to the IPA on the Draft Plan. Accordingly, the comment period will close on Wednesday, September 14, 2016.¹

SRECTrade, Inc. (“SRECTrade”) respectfully submits its comments to the IPA on the Draft Plan. SRECTrade is one of the largest SREC transaction and management firms in the industry, with over 220 MW of solar assets under management. In addition to facilitating the SREC certification and facility registration for more than 17,000 solar assets, SRECTrade facilitates the brokerage of spot and forward contract solar renewable energy credit (“SREC”) transactions in the over-the-counter markets. SRECTrade’s brokerage business allows buyers and sellers to seamlessly execute transactions across multiple SREC markets in an efficient online format. Since 2008, SRECTrade has been one of the leading sources for information regarding SREC price trends and legislative updates, bringing a wealth of knowledge and transparency to some of the fastest growing state markets in the solar industry.

In Illinois, SRECTrade participates in the IPA Supplemental PV Procurement Plan as an Aggregator, facilitating the contracts of many Illinois residents and installers to allow for their participation in the Supplemental PV Procurement. Our comments reflect our experience in the Supplemental PV Procurement as well as in the SREC markets across the northeast and mid-Atlantic, in the hopes that we can contribute to the ongoing development of the Illinois solar market.

¹ 220 ILCS 5/16.111.5(d)(2).

II. COMMENTS AND PROPOSED REVISIONS

A. BARRIERS TO MARKET PARTICIPATION; CONTRACT STANDARDIZATION

SRECTrade recognizes several barriers to market participation in the IPA Procurement. Accordingly, we offer several recommendations for removing barriers to market participation and for alleviating the administrative burden associated with participation in a Procurement program.

As will be discussed in more depth below, SRECTrade recommends dividing the DG Procurement into multiple event rounds. Among other benefits, this model will serve to alleviate the capital burden of the bid deposit that is largely incurred by installers submitting speculative bids. For many small installers and developers, these large bid deposits represent a significant barrier to participation, as the capital outlay can be financially difficult for these small and mid-size companies to expend—and can be enough to disable them from participation. In addition, we urge the IPA to require only a \$4/REC deposit for both identified and speculative bids. The staggered and lowered capital outlay will better enable small and mid-size businesses to strategically and financially plan for and participate in the DG Procurement.

In addition to supporting a staggered Procurement and a \$4/REC bid deposit for speculative bids, SRECTrade urges the IPA to ensure that all bidders receive their returned collateral as soon as practicable; for unsuccessful bidders, in a timely fashion following the notification of an unsuccessful bid, and for successful bidders, a portion of which is returned quickly upon identification and along with the first payment for initial REC delivery. Assurances regarding the return of this collateral will better enable installers and developers—or direct customers for identified systems—to plan for and around this capital outlay.

SRECTrade also recommends that the IPA provide more clarity regarding the supplier fee associated with submitting bids in the Procurement and consider lowering or eliminating the fee altogether. In prior Procurements, this supplier fee has been prohibitively expensive—especially for Aggregators—such that the fee has deterred participation. We believe that the bid collateral deposit should serve as a sufficient capital expenditure, and that additional fees associated with participation serve only to disable certain market participants from providing customers with access to this opportunity because it is more difficult to pass this cost along to an aggregated number of sellers (in the case of Aggregators).

In terms of administrative burden, SRECTrade recommends that the IPA standardize the multiple utility contracts into one contract form. Currently, the fact that ComEd and Ameren require bidders to review and enter into separate contracts (which, in the case of Aggregators, must also be transcribed into separate Aggregator and customer contracts) presents a significant

administrative burden to Aggregators and other bidders alike. This burden is passed along to installers, developers, and customers, and is especially complicating for installers who develop in multiple utility territories. The initial and ongoing administrative burden of reviewing, entering into, and managing two or more separate contract terms presents an unnecessary complication to participation in the Procurement. This burden could be greatly alleviated by the IPA requiring a standardization of contracts by the utilities, such that bidders need only review one contract form, which can be more easily transcribed into one Aggregator and customer contract form, as was done for the SPV Procurement. We are confident that this standardization will greatly alleviate the administrative burden associated with participation for all parties involved.

The standardization of contracts can extend to all documents and submissions required during the bidding process and throughout the life of the contract term. Under the SPV Procurement, there are many contracts, documents, exhibits, and formalities required to be satisfied by the parties, and we are confident that the DG Procurement could implement parameters by which the Procurement process could run more smoothly and more efficiently, alleviating the administrative burden—and cost—incurred by all parties involved in the process. We appreciate the IPA’s consideration in the Draft Plan to “automatically” extend the identification deadline from the SPV Procurement’s timeline of six months to nine months, as this alleviates the need for requested extensions. We believe that additional efficiencies could be gained by reconsidering the number of multiple stages required in the contracting process—perhaps by consolidating exhibits into fewer submissions, such as removing the requirement for a separate exhibit to authorize a system to commence delivery, and to allow for a fully executed exhibit confirming energization to serve as confirmation to commence delivery. The IPA could also authorize Aggregators to request for GATS approval on Generation Start Dates, rather than requiring separate IPA approval on these dates, which can result in issues of systems losing out on generation and a delay in registration and commenced delivery for systems. Certainly, we are happy to discuss these specifics with the IPA in more detail as the process of the DG Procurement is formalized in the coming months. However, we encourage the IPA to consider these issues in preparing the final Procurement Plan, especially in terms of contracts and required documentation, including Exhibits and supporting documents.

B. SPECULATIVE RECs

SRETrade supports the inclusion of Speculative RECs using Hourly ACP funding for systems less than 25 kW in size for the DG Procurement. Having participated in the Supplemental PV Procurement (“SPV Procurement”) as an Aggregator, we found there to be

a significant amount of interest in the ability to submit Speculative Bids for potential and planned distributed generation solar photovoltaic installations across the state. The SPV Procurement provided Illinois solar installation companies with a financial incentive to offer to new and future distributed generation (“DG”) solar customers. Given the absence of the Illinois DCEO Solar and Wind Energy Rebate Program, and the ongoing state budget issues that continue to threaten rebate program funding, the SPV Procurement provided crucial opportunity for these projects to be funded and built. The SPV Procurement successfully incentivized growth across the state by allowing for the purchase of both speculative (“Forecast”) and Identified RECs.

Altogether, the IPA contracted to purchase more than 63,000 Forecast RECs under the SPV Procurement’s three event rounds, demonstrating solar installers’ and developers’ projected development and the importance of the availability of this solar incentive. Nonetheless, the final Forecast REC bids contracted during the March 2016 SPV Procurement must be identified no later than December 2016, and many installers have voiced concerns regarding the ability to satisfy this deadline due to a variety of issues, including the uncertainty surrounding the state budget issues that forestalled the IPA’s ability to make payments on contracted and delivering systems from previous SPV Procurement event rounds and the lack of alternative financial incentives for DG solar. Accordingly, it is extremely important to include the ability to submit speculative bids in the 2017 DG Procurement so that solar installers will continue to have access to a funding source for incentivizing and supporting development of DG solar across the state.

The success of the SPV Procurement exemplifies the interest present for developing DG solar in Illinois. The inclusion of speculative bids in the 2017 DG Procurement will be vital in supporting the momentum in both sales and statewide knowledge of DG solar that was jumpstarted by the SPV Procurement. Repeated access to this incentive opportunity will allow for the continued progress of the solar industry, enabling solar installers and developers to continue focusing on DG installations for residential and small commercial customers.

C. PROCUREMENT EVENTS AND SCHEDULE

SRECTrade offers several recommendations for maximizing the impact of the \$40 million allocated for the DG Procurement proposed under the Draft Plan. First and foremost, we encourage the IPA to schedule the DG Procurement for early 2017, especially if the IPA will not host a fourth/contingency round of the SPV Procurement in early 2017. Secondly, we recommend that the IPA divide the DG Procurement into at least two event rounds to

maximize access to the opportunity by staggering the schedule under which speculative bidders will need to meet identification and installation deadlines.

As previously mentioned, the SPV Procurement's final round requires that speculative bidders meet an (extended) identification deadline of December 2016. The RECs associated with those March 2016 Forecast REC Contracts represent the final opportunity for solar installers to offer a financial incentive to potential customers. Unless the IPA plans to host a fourth/contingency round of the SPV Procurement in early 2017, we urge the IPA to host the first round of its DG Procurement in early 2017 to ensure continued access to a financial incentive.

In addition to ensuring a seamless transition between the SPV Procurement and the DG Procurement by hosting an event in early 2017, the IPA can maximize the impact of the \$40 million allocated for the DG Procurement by dividing the funds between at least two DG Procurement event rounds. As was contemplated in the SPV Procurement, hosting a single procurement round poses issues of a boom/bust cycle in sales and development that can be avoided by dividing the funds between at least two event rounds. By dividing the DG Procurement into at least two rounds, the market is better able to extend the opportunity to participate in the DG Procurement to potential customers, which will allow for more installation and development companies—and resultantly, more systems—to benefit from the incentive offered by the DG procurement. The results of the SPV Procurement support the theory that dividing a fixed-fund procurement into multiple rounds maximized participation by allowing for developers to identify both small and large projects for inclusion in each round, while also enabling installers to submit speculative bids for projected development on a staggered timeline.

There are many benefits to staggering the DG Procurement into multiple events. Most importantly, hosting multiple procurement events will maximize the amount of projects that can benefit from the incentive by allowing for installers to distribute projected/pipeline development across multiple timelines. In addition, the extended distribution of funds will provide a more secure and longer-term foundation on which solar installers can depend as negotiations regarding the Illinois RPS continue. Furthermore, allowing for the continued momentum in the solar industry is critical to its ability to meet growing installation capacity goals and clean power targets in both the near and long term.

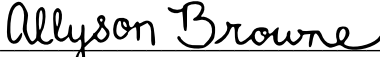
Overall, we believe that distributing the funds across multiple events rounds will maximize the impact that the DG Procurement can have on the blossoming solar industry.

III. CONCLUSION

SRECTrade appreciates the opportunity to provide its comments regarding the Draft Plan and thanks the IPA for its consideration. SRECTrade looks forward to continuing to assist the IPA with this process and the future development of solar in Illinois.

Questions about these comments may be directed at Allyson Browne, Director of Regulatory Affairs and General Counsel, at Allyson.Browne@srectrade.com.

Respectfully submitted,



Allyson Browne, Esq.
SRECTrade, Inc.
201 California Street, Suite 630
San Francisco, CA 94111
Allyson.Browne@srectrade.com

Date: September 14, 2016