November 13, 2017

Anthony Star
Director
Michael A. Bilandic Building, Suite C-504
160 North LaSalle Street
Chicago, Illinois 60601

Re: Request for Comments on Draft Long-Term Renewable Resources Procurement Plan

Dear Mr. Star,

IGS Solar and SGC Power appreciate the opportunity to provide the following comments, recommendations, and specific language changes to the Illinois Power Agency's ("IPA") draft Long Term Renewable Resource Plan ("LTRRP" or "Plan").

IGS Solar is a wholly owned subsidiary of IGS Energy. IGS Energy and its affiliated companies provide a diverse range of energy services to customers throughout the country. Those products and services include retail natural gas and electric supply, distributed energy generation resources ("DER"), demand response, frequency regulation, energy efficiency and home warranty products. IGS serves over 1 million customers in over 15 states including gas, electric and distributed energy customers in Illinois. Using its own balance sheet, IGS Solar both develops and finances solar projects in the State. IGS Solar has been an active participant in this informal stakeholder process to date, having submitted initial written input on June 27, 2017.

SGC Power is a premier provider of development and construction consulting services to the solar power generation industry. SGC works with owners on projects in 23 states and has provided consulting services on more than 740 megawatts of distributed energy generation resources. The company has pioneered the development of solar projects by supporting state and local jurisdictions in Maryland, Georgia, Alabama, and New Mexico. SGC has local staff based in central Illinois and has provided guidance to many local counties in support of planning and zoning departments.

IGS Solar and SGC Power are both members of the Solar Energy Industries Association and the Illinois Solar Energy Association. We fully support both sets of comments submitted by the Solar Energy Industries Association, except for the recommendations on co-location as addressed in our comments below.

Since Spain implemented its feed-in tariff in 2007, the issue of co-location and how to set rules to drive market activity in the direction desired by policymakers has come up time after time. In its Draft Plan, the IPA rightly recognizes this through examples from the Minnesota community solar market.

IGS and SGC agree with the IPA's acknowledgement that Public Act 99-0906 expressly stated its desire for community renewable generation projects of 2MW in capacity. There are many views within the industry and arguments around cost reductions and interconnection challenges to support some limited co-location. However, particularly at this early stage of market development, we believe that more weight should be given to preserving the intent of the law for 2MW systems, enabling increased geographic and market diversity.

There are many business models in the community solar industry. Some are vertically integrated from land development all the way to asset ownership and actual provision of the community solar product to customers. Often, however, the land developer is a separate entity from the ultimate owner, and one developer may work with multiple potential asset owners. Market participants have large incentives to find advantageous ways of interpreting rules put forward by regulators, and they also have significantly more information on the nuances of different scenarios and situations. In this spirit, we both support the IPA's proposed co-location standards and provide a way to tighten these further.

We do see a strong potential for prohibitive interconnection costs to develop, as more and more projects are interconnected and more significant upgrades are required. However, in this early stage of the market, where Illinois is ramping up from less than 50MW installed in the state, we believe that the potential negative outcomes of allowing co-location outweigh this concern. We do urge the IPA to monitor interconnection queues and costs – although not directly in the IPA's control, well-functioning interconnection processes that allow for reasonable cost burdens is critical to the success of the Adjustable Block Program. We also acknowledge that the solar industry and utilities will likely need to work together to develop a process by which projects socialize interconnection upgrades as the penetration levels in Illinois increase.

There are two issues at play within IPA's co-location standards. First, whether co-location by one entity should be allowed and second, how to allow multiple market participants to connect to a location on the distribution grid that may be a naturally good interconnection point.

The first question is an issue of whether the IPA wants to allow for more than one 2MW project to be located on a single or contiguous parcel. We urge the IPA to maintain the standard of allowing up to 2MW of a community solar project per parcel, regardless of ownership, with the parcel of land not being able to be subdivided before in the two years prior to project application.

If the IPA should decide to allow more than 2MW per parcel, it should do so knowing that this would become the rule rather than the exception - the vast majority of parcels would be developed at this 4MW limit. This would have implications on geographic diversity, market diversity, and the speed at which the community solar capacity in the first Plan would be used. As an illustrative example, let us examine the implications for a developer working on a portfolio of 15 parcels of land in ComEd territory. Under the 2MW limit scenario, this developer would be in a position to submit for 30MW of capacity, or roughly 20% of the proposed initial capacity in ComEd's territory. If IPA were to allow co-location of up to two 2MW systems on a parcel of land, then this same portfolio would allow the developer to submit for 60MW of capacity – roughly 40% of ComEd's initial capacity. In the initial rush to participate in the program, which is a scare resource, allowing for co-location on a single parcel could significantly diminish geographic diversity and artificially limit the diversity of market participants at the early stages of the program as those developers that more aggressively pursue land options and interconnection studies would benefit, regardless of whether they are competitive on other aspects of community solar development. This artificial limiting of market participants could have negative impacts on the market later on, as fewer market participants are left participating in the market to drive competition and reduce costs.

The second question is how to allow for multiple 2MW projects to take advantage of naturally good interconnection locations while limiting the ability of market participants to use this to co-locate systems. IPA's proposed restriction on ownership on contiguous parcels addresses this issue, but as

stated before, developers have strong incentives to find ways around this rule, and oftentimes, developers and owners are not the same entity. We support SEIA's suggested approach to addressing this issue, using the point of application into the Adjustable Block Program as the key differentiator for projects.

We suggest the following edits to the co-location language.

- ~~For each parcel of land (as defined by the County the parcel is located in), no more than 2 MW of community renewable generation may be installed.~~
- No Approved Vendor may apply for the Adjustable Block Program for more than 2 MW of Community Solar projects on the same or adjacent parcels.
    - A parcel of land may not have been divided into multiple parcels in the two years prior to the project application (for the Adjustable Block Program), or bid (for competitive procurements) in order to circumvent this policy. If a parcel has been divided within that time period, the requirement will apply to the boundaries of the larger parcel prior to its division.
- If there are multiple projects owned by a single entity (or, ~~non-separate~~ affiliated entities) located on one parcel of land, or on contiguous parcels of land, any size-based adders will be based on the total size of the projects on each parcel that are owned by the entity(ies).
- ~~Projects owned by separate entities may be located on contiguous parcels.~~ If there is a naturally good location from an interconnection standpoint, one owner should not be allowed to prevent another owner from developing a project in that location.
- ~~For projects located on contiguous parcels, if the total combined size of the projects is greater than 2 MW, then the projects must be owned by separate entities.~~
- Projects must have separate interconnection points.

Thank you for your consideration and we look forward to continuing to work with the IPA and other stakeholders to develop a robust, vibrant solar industry in Illinois.

Sincerely,

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