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November 9, 2017

Anthony Star
Director, Illinois Power Agency
160 North LaSalle Street Suite C-504
Chicago, IL 60601

RE: Illinois Long Term Renewable Resources Procurement Plan -- Request for Comments

Dear Director Star:

The Metropolitan Mayors Caucus (MMC) appreciates the opportunity to provide comments to the Illinois Power Agency in response to the IPA's draft Long-Term Renewable Resources Procurement Plan (LTRRPP).

The MMC is a membership organization of the 275 cities, towns and villages located in the Chicago region. Since 1997, the MMC has provided a forum for metropolitan Chicago's chief elected officials to collaborate on common problems and work toward a common goal of improving the quality of life for the millions of people who call the region home.

Members of MMC are truly interested and committed to supporting the development of new renewable energy facilities to meet the growing demand for renewable energy resources within communities represented by the MMC. To that end, the MMC proposes that the IPA consider the following recommendations for adoption into the final LTRRPP that are specific to the municipal role in fulfilling the state's new renewable energy goals. As specified on page 19 of the draft LTRRPP, we have structured our comments in a manner that is "specific, supported by data or other detailed analyses, and, if objecting to all or a portion of the procurement plan, accompanied by specific alternative wording or proposals."

A. Block Group REC Prices for Solar Resources Hosted at Municipal Facilities subject to Franchise Agreements.

1. References

- a. Draft Long Term Renewable Resources Procurement Plan, Errata, October 6, 2017 (Tables 6-1, 8-4, 8-5, 8-6).
- b. Appendices D, E-1, E-2, E-3, E-4, E-5

2. Issue

- a. Distributed solar projects sited at certain municipal facilities will receive insufficient incentives in the form of REC prices under the proposed LTRRPP.

City of Chicago · DuPage Mayors and Managers Conference · Lake County Municipal League · McHenry County Council of Governments
Metro West Council of Governments · Northwest Municipal Conference · South Suburban Mayors and Managers Association
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3. Analysis
 - a. Incentive levels for RECs are based on a statistical model that assigns a schedule of monetary values for “revenues received through net metering.” (Appendix D)
 - b. The assigned values for avoided electricity costs are based on an Agency analysis of retail rates. (Appendices E-1, E-2, E-3, E-4, E-5 – ‘Net Metering Value’ Tab)
 - c. Most municipalities in the Commonwealth Edison service region have Franchise Agreements that transfer the electricity supply costs for certain municipal facilities to the residents of the municipality, thereby causing the municipal facility to not bear a direct energy supply cost.
 - d. However, municipalities will pay fees under Rider REA (Renewable Energy Adjustment).
 - e. The proposed incentive levels for distributed solar do not reflect the no-cost nature of municipal facilities covered by Franchise Agreements, and therefore proposes incentive levels that are too low to fully account for the costs of developing distributed solar resources at municipal facilities receiving no-cost electricity supply.
4. MMC Recommendation
 - a. The incentive levels for RECs sourced from distributed solar resources hosted at municipal facilities receiving no-cost electricity under Franchise Agreements should be increased by an amount equal to the value assigned for “revenues received through net metering”.
 - b. **Adding the net metering revenues for** distributed solar resources hosted at municipal facilities receiving no-cost electricity under Franchise Agreements would place municipal facilities on an equal footing with other ratepayers, and ensure consistency to the application of the Agency’s methodology for setting incentive levels.
5. Proposed replacement language
 - a. At minimum, MMC recommends that the IPA create a Group B.1 for the Adjustable Block Schedule that provides specific incentive levels for municipal facilities subject to Franchise Agreements in the Commonwealth Edison service region that adds in the weighted equivalent value of “revenues received through net metering” in the various models used to derive the incentive levels in Group B.
 - b. MMC also recommends that the IPA create a Group A.1 for the Adjustable Block Schedule that provides specific incentive levels for municipal facilities subject to Franchise Agreements in the Ameren Illinois service region that adds in the weighted equivalent value of “revenues received through net metering” in the various models used to derive the incentive levels in Group A.

B. 40% Limits on Single Subscriptions for Community Solar Resources

1. References
 - a. "Subscriber" means a person who (i) takes delivery service from an electric utility, and (ii) has a subscription of no less than 200 watts to a community renewable generation project that is located in the electric utility's service area. No subscriber's subscriptions may total more than 40% of the nameplate capacity of an individual community renewable generation project. Entities that are affiliated by virtue of a common parent shall not represent multiple subscriptions that total more than 40% of the nameplate capacity of an individual community renewable generation project. (pages 123-124)

2. Issue
 - a. Municipalities operating municipal aggregation programs should be allowed to facilitate subscription to community solar resources without violating with 40% maximum volumetric subscription threshold.
3. Analysis
 - a. Municipalities “may aggregate in accordance with this Section residential and small commercial retail electrical loads located, respectively, within the municipality, the township, or the unincorporated areas of the county and, for that purpose, may solicit bids and enter into service agreements to facilitate for those loads the sale and purchase of electricity and related services and equipment.” (ILCS 3855/1-92 (a))
 - b. Approximately 754 municipalities in Illinois have the authority to operate municipal aggregation programs. (<https://www.pluginillinois.org/MunicipalAggregationList.aspx>)
 - c. Municipalities operating municipal aggregation programs are single entities; however, they represent many residential and small commercial accounts located within their municipal boundaries.
 - d. A municipality utilizing its municipal aggregation authority to participate in a community solar resource should not be limited by the 40% subscription limit on as a single entity, and the participants in the municipal aggregation program should not be considered “affiliated by virtue of a common parent”.
4. MMC Recommendation
 - a. Clarify that municipalities operating municipal aggregation programs that access community solar resources are to be considered as representative of multiple Subscribers and are not subject to the 40% maximum subscription limit.
 - b. Clarify that participants in municipal aggregation programs that access community solar resources are to not consider as affiliates with a common parent.
5. Proposed replacement language

Section 7.8 Municipal Aggregations. [new section]

The IPA recognizes the important role that municipalities that operate municipal aggregation programs serve in facilitating electricity purchasing for residential and small commercial accounts in the Ameren Illinois and Commonwealth Edison service territories. Further, the IPA recognizes that municipal aggregation may serve as a useful platform to encourage and facilitate the subscription of residential and small commercial accounts to community solar resources.

For clarification purposes, the IPA states the following with regard to the 40% limit on subscribers to community solar resources:

1. Municipalities operating municipal aggregation programs that facilitate subscriptions to community solar resources will not be considered a single subscriber, and therefore not subject to the 40% single subscriber limit.
2. Participants in municipal aggregation programs that subscribe to community solar resources will be considered to be separate parties, and therefore not considered as affiliates with a common parent.

C. Limitations to Colocation

1. References

- a. Section 7.3.1 Colocation. (LTRRPP, pages 127-128)

2. Issue

- a. Limitations on the colocation of community solar resources on municipally-owned property with restricted use options (i.e. closed landfills, abandoned property) place an artificial barrier to capturing what is likely the highest and best use for such property.

3. Analysis

- a. Municipalities control multiple large property parcels with limited development potential, and are not subdivided.
- b. Many of these parcels are large enough to host multiple community solar resources, and are largely infill sites that are located close to the population centers in the state.
- c. Limiting colocation of community solar resources on single parcels of property reduces the ability for municipalities to achieve the economies of scale necessary to support undertaking the redevelopment of such parcels as hosting sites for multiple community solar resources.
- d. Preventing municipalities from optimizing the redevelopment of restricted use infill sites effectively pushes community solar resource development to consume greenfield locations that could be used for other development purposes in the future.

4. MMC Recommendation

- a. Allow colocation of multiple community solar resources on municipally-controlled property parcels.
- b. Allow shared interconnections for collocated community solar resources located on municipally-controlled property parcels.

5. Proposed replacement language

7.3.1. Co-location Standard

In enacting Public Act 99-0906, the General Assembly expressly included a size limit for community renewable generation projects of 2,000 kW, and the Agency does not believe it should ignore the intent of that size limit being included in the definition of community renewable generation projects. On the other hand, as discussed in Section 6.5.1, the Agency seeks to avoid the situation in which multiple smaller projects are co-located in order to obtain the higher REC prices available to smaller systems. To appropriately balance these competing issues, and with a slight preference for a stricter colocation standard to avoid problems of the type discussed above, the Agency proposes the following co-location policy. For the purposes of this policy, being a “separate entity” means that the entities do not share a common ownership structure, shared sales or revenue-sharing arrangements, or common debt and equity financing arrangements.

- 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.
 - 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 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.
- 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.

The above restrictions concerning colocation do not apply to community renewable generation projects that are located on municipally-owned parcels of property. [New Language]

D. Proposed Consumer Protection Standards

1. References

- a. Section 7.6.2 Residential Subscribers. (LTRRPP, pages 130-134)

2. Issue

- a. The requirement that marketers of community solar subscriptions provide consumers with certain disclosures fails to contemplate that municipalities, acting in their role as governmental may be responsible for providing subscription information to residents.

3. Analysis

- a. Municipalities “may aggregate in accordance with this Section residential and small commercial retail electrical loads located, respectively, within the municipality, the township, or the unincorporated areas of the county and, for that purpose, may solicit bids and enter into service agreements to facilitate for those loads the sale and purchase of electricity and related services and equipment.” (ILCS 3855/1-92 (a))
- b. Approximately 754 municipalities in Illinois have the authority to operate municipal aggregation programs. (<https://www.pluginillinois.org/MunicipalAggregationList.aspx>)
- c. Municipalities control the presentation of information concerning aggregation options to residents.
- d. The proposed consumer protections in the LTRRPP presumes that a municipality must engage a marketer if it seeks to incorporate a community solar subscription option into its municipal aggregation program.

4. MMC Recommendation

- a. The agency should specify that the notification requirements set forth in Part 470 of the Administrative Code (Governmental Electric Aggregation) is sufficient for use in presenting community solar subscription options to residents through a municipal aggregation program.

5. Proposed replacement language

7.6.2. Residential Subscribers

The IPA recognizes the important role that municipalities that operate municipal aggregation programs serve in facilitating electricity purchasing for residential and small commercial accounts in the Ameren Illinois and Commonwealth Edison service territories. Further, the IPA recognizes that municipalities have incorporated into their municipal aggregation agreements significant and innovative consumer protections that extend beyond what are typically provided in standard energy contracts.

For clarification purposes, the IPA maintains that consumer disclosures for community solar subscriptions offered through municipal aggregation programs shall operate in a manner consistent with Part 470 of the Illinois Administrative Code (Governmental Electric Aggregation).

In closing, we applaud and thank the IPA for its efforts on the LTRRPP, and we appreciate this opportunity to ensure that municipalities can fully participate in and contribute to the continued development of renewable resources in the State of Illinois.

Best Regards,

A handwritten signature in black ink, appearing to read "Edith Makra". The signature is fluid and cursive, with the first name "Edith" and the last name "Makra" clearly distinguishable.

Edith Makra
Director of Environmental Initiatives