



November 13, 2017

Illinois Power Agency  
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**RE: Comments from SolAmerica Energy on the IPA's draft LTRRP**

SolAmerica Energy appreciates the opportunity to provide comments to the Illinois Power Agency (IPA) regarding the draft Long-term Renewable Resources Procurement Plan released on September 29, 2017.

**1. We support an Approved Vendor process that ensures flexibility in the development process while still safeguarding program quality and integrity.**

As currently written, it is not clear to us how the Approved Vendor process would impact the common industry practice of a project being developed by one party and then sold to another. Here is our primary question:

Under the process as currently described, would an Approved Vendor that received a REC Delivery Contract under the Adjustable Block program remain responsible for long-term project-related obligations (such as annual reporting and a potential draw on collateral) even for projects that were sold to a long-term asset owner?

If so, this could place a meaningful burden on a developer for more than 15 years after they are no longer otherwise involved in a project. Faced with such a burden, a developer could sell a project to an asset owner prior to the project applying to the Adjustable Block program for a REC Delivery Contract. In this scenario the asset owner, and not the developer, would need to become an Approved Vendor. However, if this were viewed by the industry as the most viable solution, it could greatly limit the number of potential asset owners (as they would need to have the foresight and interest to become an Approved Vendor in advance of being able to review a project or portfolio with defined economics). Less asset owner options would likely raise the cost of capital, which would result in less attractive deals for both on-site generation and community solar subscribers. It might also severely limit the number of asset owners who would be willing to support projects involving non-residential off-takers that do not have a credit rating (or other discreet market segments).

We believe this is not IPA's intent and that there must be a way to provide sufficient flexibility, encouraging robust and varied participation from developers and asset owners, while still meeting the primary objective of the Approved Vendor process—to protect the credibility and functioning of the program.

One potential solution would be to make the REC Delivery Contracts (and all of their on-going requirements) fully transferrable to asset owners. If this happens pre-construction, the asset owner could still be required to meet all or some of the Approved Vendor requirements. If this transfer occurred post-construction, simply requiring the asset owner to be credit-worthy and assume the reporting and collateral requirements would likely suffice.

We hope to see this topic expressly addressed in the final plan submitted to Illinois Commerce Commission.

## **2. We believe projects in Mid-American Energy territory should be assigned to REC Group A**

We believe it is the intent of PA 99-0906 to ensure a level playing field across the state to the extent possible. To ensure this balance, IPA has proposed REC values based on two geographic groupings. The differing rates for each group are a function of modeling for projects in Commonwealth Edison and Ameren territories. The most significant variable for this modeling is the likely off-set rate or net metering credit value of each of these territories. As it currently stands, Mid-American has been assigned to Group B, along with Commonwealth Edison, which provides a lower SREC rate. However, the likely off-set or credit rates for projects in Mid-American are more in line with Ameren than with Commonwealth Edison. IPA's model has assumed the following rates:

- Ameren: \$.077/kWh for C&I, \$.049/kWh for Community Solar
- Commonwealth Edison: \$.088 for C&I, \$.074/kWh for Community Solar

Using what we believe is the same methodology for Mid-American and selecting a rate plan (rate GE) that we believe is the most comparable to rate plans selected for Ameren and ComEd for the model, we arrive at the following rates:

- Mid-American: \$.071/kWh for C&I, \$.044/kWh

Further, Mid-American is not required to offer the smart meter rebate, which could further devalue project economics and, therefore, interest in this territory.

Including Mid-American in Group A would at least somewhat level the playing field without adding additional burden on the program administrator by giving Mid-American its own group. Note: This comment and others call for a re-examination of the customer value/net metering credits used in the models to calculate REC values. We believe that adjusting these models would still lead to assignment of Mid-American to a group with a higher REC value. However, in order to allow for a true comparison, we've used IPA's existing approach in the models to determining customer value/net metering credit.

**3. Regarding co-location of community solar projects, we support IPA's position as articulated in the draft LTRRPP.**

IPA has already offered a comprehensive, well-constructed approach to co-location of community solar projects. Allowing co-location of community solar projects above the 2 MW aggregate cap on a single parcel (or contiguous parcels pursued by the same entity) will reduce geographic dispersion of projects, counter to the clear intent of PA 99-0906, and invites gaming.

Further, we reject the notion that co-location (and the local economies of scale it could provide) must be permitted to help ensure that community solar projects are developed in more rural areas and/or down-state where interconnection upgrades will likely be required. This view seems to hold that REC values will not be adequate and/or that local dispersion comes at the expense of regional or state-level dispersion. We believe IPA has already contemplated the most equitable way to address this—a REC value that considers geography AND that is specific to community solar. With the suggested adjustments to the model (see point 4), there should be ample REC value to drive project development across the state.

In short, with the right REC value, IPA has already offered a complete solution to ensure market momentum under a 2 MW aggregate cap. Raising this cap would constitute an unnecessary compromise of program principles.

**4. We believe it should be expressly stated that an on-site generation project should not be counted towards the 2 MW aggregate cap for community solar co-location.**

For the unique case where a parcel or contiguous parcels are ideal for both community solar and on-site generation, the pursuit of one system type should not stifle the development of the other. IPA's argument against co-location is based primarily on ensuring that developers do not game the system by subdividing what should be rightfully viewed as a single larger or utility-scale project into smaller pieces in order to receive a more attractive REC value. However, given that on-site projects and community solar projects have differing functions with, potentially, distinct target customers, for purposes of co-location, they should not be treated as subsets of the same project. Rather, we believe on-site projects and community solar projects should each have their own individual or aggregate 2 MW cap, whether applied to a single parcel or contiguous parcels owned by the same party. This case would likely be unusual, driven by ideal conditions for the development of both project types and a highly motivated host and/or landowner. These conditions should be fostered.

**5. Significant opportunities remain to improve the accuracy of the CREST-based models and ensure appropriate setting of REC values. For this purpose, we support the comments of SEIA.**

We appreciate the considerable complexity involved in modeling economic performance of projects and the enormous work of IPA to capture this complexity. We fully support the steps recommended by the Solar Energy Industries Association (SEIA) in their comments for adjusting the models. Given the volume of SEIA comments on the model, we believe the following should be prioritized due to their ability to disproportionately influence the outcome:

- The base case should assume that on-site projects and community solar subscribers are large C&I customers, on corresponding rates, given that smaller systems and (in the case of community solar) residential subscriber participation is already addressed by adders.
- Net metering/customer savings values have been over-estimated by assuming that on-site generation will result in decreased demand savings (or any other kW-driven portion of a bill), which we believe is rarely seen on projects that do not include storage.
- Interconnection costs have likely been underestimated.

Thank you for consideration of these comments.

Sincerely,

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