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November 12, 17

SENT VIA EMAIL

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

RE: SRECTRADE, INC. COMMENTS ON ILLINOIS POWER AGENCY'S DRAFT LONG-TERM RENEWABLE RESOURCES PROCUREMENT PLAN

Dear Mr. Star,

SRECTrade, Inc. ("SRECTrade") appreciates the opportunity to comment on the Illinois Power Agency's ("IPA" or "Agency") Draft Long-Term Renewable Resources Procurement Plan (the "Draft Plan"). Please find enclosed our comments on the Draft Plan, specifically on the Adjustable Block Program ("ABP").

I. Introduction

SRECTrade is one of the largest SREC transaction and management firms in the industry, with more than 335 MW of solar assets under management. In addition to facilitating the SREC certification and facility registration for more than 24,000 solar assets, SRECTrade facilitates the brokerage of spot and forward contract solar renewable energy credit ("SREC") transactions in the over-the-counter markets.

In Illinois, SRECTrade participated in the IPA Supplemental PV Procurement and in the Utility DG Procurement. As an Aggregator in these programs, SRECTrade administers and manages the contracts of many Illinois residential, commercial and industrial facility owners to allow for their participation in these procurements. Our comments reflect our experience in these procurements as well as in the SREC markets across the northeast and mid-Atlantic, in the hopes of maximizing program efficiency and minimizing administrative burden and cost.

II. Comments on the Adjustable Block Program

Unless otherwise specified, SRECTrade supports the Draft Plan comments submitted by the Illinois Solar Energy Association ("ISEA") on behalf of the residential and C&I sectors. In addition, we offer the following comments and recommendations on the Draft Plan.

A. Section 6.6. Payment Terms

SRECTrade requests further clarification on the timing (number of days) between when interconnection paperwork and tracking registry unit ID is submitted to the Program Administrator and when payment will be issued to the Approved Vendor for the contract. Since there will be a lag between the actual date of interconnection and when the system has been interconnected, energized, registered in the GATS or M-RETS and reported to the Program Administrator as energized, payment will not happen "*at the time that the facility producing the renewable energy credits is interconnected*"; instead, the Plan should clarify



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within how many business days from the date of submission of energization to the Program Administrator the contract will be paid.

B. Section 6.7. Contracts

SRECTrade agrees that the IPA should develop standard contracts for RECs and looks forward to commenting on the contracts for the ABP.

C. Section 6.9. Approved Vendors

SRECTrade agrees with the IPA's model to use Approved Vendors to submit batches of projects, and agrees that Approved Vendors, including aggregators, should meet specific qualification requirements for consumer protection purposes.

SRECTrade generally supports ISEA's proposed division of responsibilities and roles between and among Approved REC Vendors (aggregators), installers and developers, and project and REC owners. Notwithstanding the foregoing, SRECTrade encourages the IPA to ensure that the designation of parties in the Plan does not result in increased paperwork in the application process (such as requiring documents to be completed and/or signed by individual project and/or REC owners or by installers or developers as part of the application process).

To address the concerns regarding risk allocation, SRECTrade recommends that the IPA provide contracting guidelines to ensure that risk, liability, representations, warranties, etc. are allocated to the appropriate party. For example, the IPA guidelines could detail how the Approved REC Vendor could indemnify itself from certain risk (such as the risk that a project is damaged and needs to be repaired in order to continue REC production) by requiring in its contract with a REC Owner that the REC Owner indemnify the Approved REC Vendor.

D. Section 6.10.

SRECTrade encourages the IPA to require that the Program Administrator meet the following minimum qualifications:

1. Experience with Distributed Generation system qualification and certification, such as the Program Administrator for Pennsylvania's Alternative Energy Credit Program, PennAEPS.¹
2. Experience with renewable energy project certification in large volumes.
3. Experience working with Aggregators.
4. Ability to build and modify an online application that can accept application data in standardized fields, can provide application status reports to applicants, and can manage blocks and system queuing. The Program Administrator should be able to accept and process applications in batches through the submission of a .csv file on the online platform and ideally via an Application Programming Interface (API) accessible to all Approved REC Vendors. The platform should allow for large batches of documents to be uploaded and matched with systems.

¹ Pennsylvania Alternative Energy Credit Program, <http://www.pennaeps.com/resourcessupport/solar-pv/>.



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5. Ability to provide the public with adequate transparency and notice into the status of blocks filling, including queuing for subsequent blocks.

Furthermore, we recommend that the IPA require the Program Administrator to solicit and accept feedback from applicants on the initial application process (through beta testing) and for continued and ongoing improvements to the application design and process throughout life of ABP. This beta testing will ensure that the application interface is user-friendly and efficiently formatted. As with any new program, there is often room for improvement that can be identified by program participants, and such feedback should have a forum for consideration and implementation by the Program Administrator. We believe this requirement should be specifically enumerated in the Plan and in the contract between the IPA and the Program Administrator to ensure that the Program Administrator satisfies this obligation.

The Program Administrator should be required to create an online portal and application to streamline processes and save cost and time for all parties involved. Ideally, the online application will:

1. *Minimize supporting documentation requirements* – The Program Administrator should allow the applicant to make certifications on the application to eliminate the need for unnecessary or duplicative documentation. Documents providing proof of interconnection should be required to confirm a system’s interconnection date, and this document can also be used to confirm a facility’s address and ownership.
2. *Maximize the amount of the process to be completed and managed online in simplified and standardized format.* By providing applicants with a standardized application process, the Program Administrator will alleviate the burden on stakeholders and facilitate the expeditious processing of applications.

Finally, we support the IPA requiring the Program Administrator to establish a pre-program-opening application so that applicants can submit systems prior to the opening of the first block. This will also address the backlog and pent up demand in the market and alleviate the rush occurring at the opening of the program in 2018.

E. Section 6.12. Project Requirements

SRECTrade agrees with ISEA’s recommendation to use PV Watts in order to determine a system’s REC output, in lieu of using the standard capacity factor.

Section 6.12.1. Technical System Requirements. SRECTrade agrees with ISEA’s proposal to revise the technical system requirements. Specifically, SRECTrade recommends the following revisions to standardize the application process, minimize the documentation required, and allow for consistency in application processing (***additions in bold italic***):

"The application process is described in more detail in Section 6.14. In this Section the Agency outlines what technical information will have to be submitted for each project. These standards apply for both distributed generation and community solar projects.

The technical system requirements are:



- Information about the system location, and size, including but not limited to:
 - ~~Single-line or three-line diagrams~~
 - A description of the technical specifications of the main system components, including the make, ~~and~~ model, **manufacturer, number (quantity) of panels, ~~and~~ inverters and meters, array location (roof or ground mount), tilt, orientation, and shading percentage.**
 - ~~Site map or other project details~~
- ~~Proof of site control and/or host acknowledgement~~
- Estimate of annual production using PV Watts or a similar tool
- For systems over 25 kW, a signed Interconnection Agreement
- ~~For systems over 25 kW, evidence of having obtained all non-ministerial permits~~
- ~~Shading study~~

For systems that have been energized prior to application, the following information will also be required:

- GATS or M-RETS ~~approval including unit ID~~
- Certificate of Completion of Interconnection or comparable document
- ~~Net metering application approval letter (if applicable)~~
- ~~Photographic documentation of the installation~~

The Agency recognizes that there may be special situations where some portion of these documents may not be available (for example, some rural electric cooperatives may not have standardized interconnection documents). The Agency will be willing to consider alternative documentation that substantially achieves the same purpose as the documents outlined above."

As detailed in our comments above, the Program Administrator should be able to have standardized input fields for these technical system requirements to maximize processing efficiency.

Section 6.12.2. In the interest of minimizing the burden on all stakeholders and in maximizing the amount of RECs produced and delivered (that is, not requiring monthly manual reporting from all systems), SRECTrade recommends the following reporting requirements:

1. Systems 25 kW and Smaller. The IPA should consider allowing for systems 25 kW and smaller to report via estimates and only requiring that a reading be submitted once per year to ensure the actual production is in line with the estimates. Other states allow for small projects to produce SRECs based on estimates, and the IPA could ensure actual production by requiring an annual reading. For their SREC programs, both D.C. and Maryland allow for systems smaller than 10 kW to report via estimates.
2. Systems over 25 kW. For systems over 25 kW, the IPA should consider requiring systems to have a meter that is capable of remote online or automatic reporting. Massachusetts imposes a similar requirement on systems over 10 kW in its SREC programs. For systems over 25 kW, the upfront cost of an online monitoring system is less than the time and cost burden of frequently submitting and processing manual readings over a 15 year contract term.



F. Section 6.14. Application Process

SRETrade agrees with the IPA's Sections 6.14.3 and 6.14.4 with respect to batch size and batch processing. However, SRETrade recommends that the IPA add provisions to allow for smaller batches to be submitted in the final 14 days of a block (after notice that a block will be closing) to ensure individual project owners are not penalized (unable to get into a block) because an Approved Vendor cannot collect 100 kW or 250 kW of systems within that time period. For Approved Vendors reaching the 250 kW requirement, this minimum should be reduced at least down to 100 kW in this final 14 day period, if not down to 50 kW.

Section 6.14.5. SRETrade supports ISEA's recommendation to use PV watts to determine system output in lieu of using a standard capacity factor.

G. Section 6.15. Project Development Timelines and Extensions

SRETrade agrees with the IPA's provisions under Sections 6.15.1. and 6.15.2.

SRETrade recommends the following revisions to Section 6.15.3 (**additions in bold italic**):

*"The Approved Vendor will provide the **Agency-Program Administrator** an update on each project ~~that is under development but not yet energized at least every six months and will inform the Agency of any significant changes to the system. For community solar projects, the update will include an update on the status of acquiring subscribers.~~ **once the project has been interconnected and registered with GATS or M-RETS (that is, energized as such term defined in the Plan).**"*

Once a project is energized, the following information will be required to approve the final project and authorize the start of payment for RECs.

- *Final system size*
- *GATS or M-RETS approval including unit ID*
- *Certificate of Completion of Interconnection or comparable document*
- ~~*Net metering application approval letter (if applicable)*~~
- ~~*Photographic documentation of the installation*~~
- ~~*Disclosure of any changes related to the contract for installation that occurred between the initial application and the completion of the project"*~~

The items suggested for removal are excessively burdensome and will reduce the efficiency of application processing. The IPA and the Program Administrator should strive to collect all project data through standardized input fields rather than through documentation. As commented herein, SRETrade recommends that the only documentation required to be submitted for a project be its proof of interconnection when a system has been interconnected, energized, and registered in the GATS or M-RETS and is seeking final approval for the commencement of payment.

H. Section 6.15.5. REC Delivery



SRECTrade recommends that the IPA reconsider and extend the 90-day (3 months) and 180-day (6 months) requirements for the commencement of delivery to **6 months and 9 months**, respectively, to account for shading, seasonality, and other factors that may reduce the production of a given system from the average production estimates.

For example, if a small system with a high percentage of shading is interconnected in November, it may take more than three months for that system to produce its first REC. Accordingly, the time window should be adjusted to allow for ample runway for a system's initial REC production and delivery.

I. Section 6.16 Ongoing Performance Requirements

SRECTrade agrees with ISEA that the following language should be **removed** from Section 6.16: *"After any such drawing the Approved Vendor will need to increase its collateral to bring it back up to the 10% of remaining value within 90 days. If the amount of collateral is insufficient to compensate the utility, the Approved Vendor will be required to make an additional payment to the utility for the remaining balance. Failure to make payment and/or maintain the collateral requirement will result in the Approved Vendor's suspension from participating in the Program."*

This section outlines a situation where collateral could be drawn on indefinitely for an underperforming portfolio. In agreement with ISEA, we find this to be an extremely excessive penalty and difficulty stipulation to meet. This liability places undue burden on Vendors and will cause issues with financing projects. Accordingly, SRECTrade suggests that this language be deleted. In all cases, the collateral collected should be sufficient recourse.

We also agree with ISEA's suggestion that collateral should only be called on every three years, rather than every year, to account for periods of under-delivery (such as under-performance a result of severe winters, etc.).

Generally, we recommend that the IPA consider reducing the collateral requirements and ensuring that the cost of collateral be taken into consideration in the REC pricing calculation, accounting for time-value-of-money and the cost to the Approved Vendor to holding collateral for an extended period of time.

J. Section 6.17. Annual Report

SRECTrade recommends the following revisions to the following excerpt of Section 6.17 (**additions in bold italic**):

"For distributed generation systems, the report will include information on:

- *RECs delivered by each of the systems in the portfolio*
- ~~*Status of all systems that have been approved, but not yet energized, including any extensions requested and granted*~~
- *Energized systems that have not delivered RECs in the year*
- *Balance of collateral held by each utility*



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- *A summary of requests for REC obligations reductions due to force majeure events*
- *A summary of requests for REC obligations, suspensions, reductions, or eliminations due to force majeure events*
- ***A summary of requests for extensions***
- ~~*Information on consumer complaints received*~~
- ***Other information related to ongoing program participation as specifically requested by the Agency at least thirty (30) days prior to the Annual Report deadline***

The removed provisions are removed for the following reasons:

- The status request is a superfluous requirement. In the event that a system is still under development, an update of "still under development" does not provide any beneficial information to the Agency. Instead, the Annual Report should include any requests for development/energization extensions, as such extensions are permitted under the Plan. Accordingly, we have added a separate provision to require a summary of requests for extensions.
- It is unclear the type of "consumer complaints" required/requested under the Draft language. The collection and disclosure of consumer complaints should be addressed in **Section 16.3. Customer Information Requirements/Consumer Protections**. As detailed above, these requirements should be imposed on the proper party (such as on the installer or developer, rather than on the Approved REC Vendor, if the complaint is in regards to the installation).

III. Conclusion

SRECTrade supports the involvement of a sophisticated Program Administrator managing a highly standardized and efficient online application, the use of third party Aggregators as Approved REC Vendors, and the appropriate distribution of liability among parties.

SRECTrade thanks the IPA for its continued work on the implementation of the LTRPP and its associated programs and procurements. We look forward to the continued development of Illinois' solar industry.

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

Thank you for your consideration of our comments.

Best Regards,

A handwritten signature in black ink that reads "Allyson Browne".

Allyson Browne, Esq. | Director of Regulatory Affairs & General Counsel