



Comments to the Illinois Power Agency Long-Term Renewable Resources Procurement Plan Draft of September 29, 2017

I. Introduction

Thank you for the opportunity to comment on the draft of the Illinois Power Agency's Long-Term Renewable Resources Procurement Plan, dated September 29, 2017 (the "Draft Plan"). Trajectory Energy Partners ("TEP") is a community and commercial and industrial solar developer active throughout Illinois and committed to bringing the benefits of solar power to landowners, host communities, solar subscribers, and Illinoisans.

In general, TEP supports the comments of the Coalition for Community Solar Access ("CCSA"), and have signed onto those comments as a member of CCSA. The comment below are offered to amplify the views of CCSA, provide additional input where specifically requested by the IPA, and in a few instances, clarify our views in areas where CCSA comments can be distinguished from our input.

We would like to commend the IPA for work that went into the Draft Plan, which we believe represents an effective initial framework for the development of distributed solar energy projects in Illinois and a clear roadmap to meet the goals of FEJA. Below we present comments that TEP believes will improve the Draft Plan and respond to requests from input from the IPA.

II. Comments to the Draft Plan

5.9 Spot Procurement

TEP would recommend that the IPA move additional resources away from the Spot Procurement and into the Forward Procurement process. The Forward Procurement process ensures that the benefits of a renewable energy project accrue to the state over the long run, and are more likely to include projects that more directly benefit IL ratepayers through residential or community solar programs.

6.3.1 Transition Between Blocks

TEP supports the general framework for block volumes and transition between blocks. However, we believe there is some chance that the entirety of the block volumes for each of

the three initial blocks could be filled on the first day or at a minimum within the initial 60 days. If a block fills up and becomes oversubscribed in a single day, we do not think the IPA should sort applications by time of submission. Time of submission applications are often gamed (see California's experience with the SGIP program). In the case where a block becomes oversubscribed before its scheduled closure, we suggest the IPA give priority to projects that achieve the goals outlined in the Illinois Future Energy Jobs Act such as geographic diversity.

6.4 REC Pricing Model

TEP broadly supports the specific input provided to the IPA by CCSA with respect to the REC Pricing Model, and would emphasize the importance of improving the accuracy of the REC Pricing Model. In particular, delays in program implementation due to insufficient REC prices may ultimately result in higher required REC prices – and higher project costs per MW – if program delays push the construction of projects past the Investment Tax Credit step down, thus forfeiting a significant federal benefit for projects.

6.5.2 Community Solar, Table 6-4: Community Solar Adders

As noted in other comments, including CCSA, the proposed adders are insufficient to achieve the small customer participation opportunities. As noted in the Draft Plan, community solar projects face lower revenues than comparable generation providers and higher costs for subscriber acquisition, maintenance, and management. The proposed adders do not sufficiently compensate for these lower revenues and higher costs, particularly the significantly higher costs for offering participation opportunities to residential subscribers. TEP supports CCSA's comments on this point, and believes appropriate adders will be critical to the successfully including residential and small commercial customers in Illinois' community solar program.

See comments below to **Section 7.6.1**, regarding the expansion of the Community Solar Adders to be applicable to small commercial subscribers as well.

6.5.3 Adders to Adjust for Changing System Revenue

TEP appreciates the IPA's recognition that market conditions broadly could impact system revenues and viability, and that the REC modification process under Section 1-75(c)(1)(M) provides an avenue for addressing these issues. TEP would recommend that the IPA continue to monitor prevailing market conditions that might require the IPA to revisit REC prices

6.6 Payment Terms

Proposed Revision: “For systems over 10 kW and community solar projects, it is not clear from the law how exactly the “subsequent 4-year period” would be calculated, and whether the frequency of payments should be annually, quarterly, or monthly. The Agency recommends that after the initial 20 percent payment at interconnection and energization, ~~payments in equal 20% amounts on an annual basis~~ payments are made in equal amounts on a monthly basis. ~~For example, if the first payment is made on September 1, 2018 (upon interconnection and energization), for the following four-year period. assuming continued compliance with contractual requirements, the next payments would occur on September 1, 2019, September 1, 2020, September 1, 2021, and September 1, 2022 respectively. This would be five payments that bookend a four-year period of time.”~~

Comment: Section 1-75(c)(1)(L) specifies that after the initial 20 percent renewable energy credit purchase price is paid at interconnection, the remainder be “paid ratably over the subsequent 4-year period.” Thus the IPA has flexibility to ensure that payments are made on a schedule that will ensure projects are financeable, and a monthly or quarterly payment would be preferable to an annual payment schedule. This payment frequency may be matched with the residential adder payments set forth in Section 16.5.4, which we would also propose be made more frequently than annually.

6.8 Adjustments to Blocks and Prices

In addition to the four key events identified in the Draft Plan, TEP would also suggest that the IPA consider whether Illinois has adopted a statewide system for consistent application of property taxes to solar systems.

6.9 Approved Vendors

TEP supports the Approved Vendor process and the general requirements, which we believe will help facilitate effective program management. TEP would like to ensure that the requirement to “provide and maintain credit and collateral requirements” is limited to those requirements related to specific Adjustable Block Program applications, and that additional credit and collateral requirements should not be required for Approved Vendors, which would prevent smaller and community-led developers from participating.

6.10 Program Administrator

TEP supports the proposal to begin the qualification and selection process in parallel with finalizing the program details, in order to ensure a seamless transition to program operation

and the on time achievement of program goals. TEP supports the payment of reasonable fees by both Approved Vendors and the utilities, in addition to contracted revenues by the IPA, as the Program Administrator will provide useful services to each of these parties. Utility reimbursement of Program Administrator costs will provide an incentive for the utilities to continue to work cooperatively on program implementation. TEP believes that Approved Vendors fees should only be collected in the form of application fees, as an Approved Vendor's portion of the costs of administering the program will be proportional to projects submitted by an Approved Vendor.

6.11. Program Launch

TEP supports the IPA's suggestion to launch the program on the proposed schedule, whether or not the full online interface is operational.

6.12.1 Technical System Requirements

TEP supports CCSA's proposed definition of non-ministerial permits, based on the Massachusetts definition.

6.13.1 Community Solar

TEP agrees that it is not appropriate to require subscriber acquisition until the project is energized.

6.14.1 Batches

Comment: Solar developers will have difficulty with the mechanics of financing larger solar projects if multiple projects have the same REC contract. Thus TEP recommends that developers should be able to submit one 100 kW project for one batch, and that the minimum batch size not increase after a series of project submissions – while there may be some potential for efficiency gains if the batch size is raised to 250 kW, there will be costs to both monitor required submission size and the risk that multiple 100 kW projects are lumped together in the same REC contract.

6.14.5 Converting System Size into REC Quantities

TEP supports CCSA's proposal to allow Approved Vendors to propose capacity factors on a project-by-project basis. Alternatively, TEP suggests that the IPA provide more granular

capacity factors rather than a single capacity factor, for instance, by dividing the state into three or more territories by latitude.

6.15.3 Project Completion and Energization

Proposed Revision:

“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 ~~to the system technical specifications related to the contract for installation~~ that occurred between the initial application and the completion of the project.”

Comment: The parties to the contract for installation may request any number of changes to such contract for a variety of reasons, that may include equipment and personnel availability, weather conditions, and changing equipment cost. Requiring the provision of this additional information will only burden the IPA, developer, and installer, without improving program outcomes. TEP recommends that the update focus on the relevant information: any changes to the system technical specifications since the initial application.

6.15.4 Additional Requirements for Community Solar Projects

TEP recommends that the IPA increase the frequency of updates to the subscriber levels, as well as the calculation and payment of RECs. Community solar projects will likely be most successful in attracting subscribers around the announcement of system completion and any associated “ribbon-cutting” event. Thus, a system may be energized having only subscribed 50% of project capacity, but within a month have filled the system capacity. If RECs are only paid for the first year based on the initial energization subscription amount, and if each REC payment represents compensation for three years of project REC revenues, this one year delay could effectively deprive a system of fully 10% of its total REC revenues, even though the project was 100% subscribed for 99.5% of the life of the project. Thus a monthly subscriber reporting and REC payment system would more fairly compensate projects for their production and delivery of RECs.

6.16.1 Credit Requirements

Proposed Revision: “An Approved Vendor is required to post collateral equivalent to 10% of the total contract value **for a given system** when each **system is energized** ~~Batch’s contract is approved~~.”

Comment: Collateral requirements are costly from a project development perspective, and may be easier to finance if they are incurred when revenue is due to the project, rather than long before a project is complete. Other programs, including the California Solar Initiative, have not required REC collateral despite significantly higher REC values than those proposed in the Draft Plan. TEP recognizes that the proposal above may require more oversight to implement for smaller projects, but we also acknowledge that these are the projects most burdened by the collateral requirement.

7.3 Co-location of Projects

Proposed revision:

- 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 affiliates~~) 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 **owned on the contiguous parcels by a single entity or affiliates**.
 - “Affiliate” means, with respect to any entity, any other entity that, directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with each other or a third entity. “Control” means the possession, directly or indirectly, of the power to direct the management and policies of an entity, whether through the ownership of voting securities, by contract, or otherwise.
 - “Contiguous” means touching along a boundary or a point. For example, parcels touching along a boundary are contiguous, as are parcels that meet only at a corner. Parcels, however near to each other, that are separated by a third parcel and do not touch along a boundary or a point, are not contiguous.
- 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 **not** be owned by ~~affiliates separate entities~~ **in order to qualify for the community solar size-based adders**.
- Projects must have separate interconnection points.

Comment:

TEP supports the IPA's proposed approach to co-location of community solar projects, and offer the proposed revisions above to clarify the boundaries of the Draft Plan. If the Draft Plan were to allow co-location of multiple 2MW projects at single locations, the policy will result in almost exclusively co-located projects, significantly limiting the number of distinct communities that will benefit from community solar. It is important that the first phase of the Draft Plan implementation be executed in a manner that results in strong and broad support for renewable energy. The IPA's proposed co-location standard helps achieve this goal in multiple ways:

- **Geographic Diversity:** This approach to co-location will help achieve the FEJA policy goal of geographic diversity. By allowing only one community solar project per parcel, community solar systems will be spread across the state more evenly.
- **Local support:** A 2MW AC community solar project occupies between 10 to 20 acres of land. A project of this size is less likely to engender local opposition than larger co-located projects of 40 or more acres.
- **Community-based community solar:** By enforcing the 2MW limit, more communities with less space available will have the opportunity to host a community solar site.

We propose the clarifications above to more clearly define the co-location rules to achieve these aims, allow for the possibility that nearby projects may benefit from a favorable interconnection opportunity, and prevent one landowner from precluding another from developing a project.

The IPA's proposed co-location policy should meet the goals of FEJA and result in a broad distribution of projects. However, these co-location limits do mean that community solar projects will not benefit from the same economies of scale available to projects that are larger than 2 MW AC. Thus, the REC pricing model assumptions should fully reflect the cost structure of separately located 2 MW AC projects.

7.5 Types of Community Renewable Generation Projects

TEP supports the IPA's conclusion that an additional adder for community-led projects would be subject to gaming, thereby undermining the purpose of such an adder.

7.6.1 Residential Participation

By the same logic offered in the draft that it would be infeasible to mandate minimum levels of residential customers without considering small commercial customers, TEP believes that the residential adders should also include small commercial customers in determining whether a project has met the adder threshold.¹ See comments above to **Section 6.5.2**.

¹ See 20 ILCS 3855/1-75(c)(1)(N)

III. Conclusion

Trajectory Energy Partners would like to reiterate our appreciation for the thoughtful and significant efforts that were evident in the Draft Plan, and we look forward to working with the IPA to bring solar to communities across Illinois.