

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Power Agency)	
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Petition for Approval of the IPA's Long-Term Renewable Resources Procurement Plan Pursuant to Section 16-111.5(b)(5)(ii) of the Public Utilities Act)	ICC Docket No. 17-_____
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**THE ILLINOIS POWER AGENCY'S VERIFIED PETITION
FOR APPROVAL OF ITS LONG-TERM RENEWABLE RESOURCES
PROCUREMENT PLAN PURSUANT TO 220 ILCS 5/16-111.5(b)(5)(ii)**

Pursuant to the authority granted by the Illinois Power Agency Act, 20 ILCS 3855/1-5, *et seq.*, and the Illinois Public Utilities Act, 220 ILCS 5/1-101, *et seq.*, the Illinois Power Agency (“IPA”) hereby submits to the Illinois Commerce Commission (“Commission”) for consideration and approval its proposed plan for the procurement of renewable energy credits (“RECs”) for Ameren Illinois Company (“Ameren Illinois”), Commonwealth Edison Company (“ComEd”), and MidAmerican Energy Company (“MidAmerican”) (collectively referred to as the “Utilities”) under the new provisions of Sections 1-56(b) and 1-75(c) of the Illinois Power Agency Act (20 ILCS 3855) (“IPA Act”) and Section 16-111.5(b)(5) of the Public Utilities Act (220 ILCS 5) (“PUA”) enacted through Public Act 99-0906.

The IPA’s Long-Term Renewable Resources Procurement Plan (“Plan”), attached to this filing, sets forth the Agency’s proposals for the procurement of renewable energy credits (“RECs”)—tradeable credits that represent the environmental attributes of one megawatt hour of energy produced from a qualifying renewable energy generating facility—as required by Sections 1-56(b) and 1-75(c) of the IPA Act. More specifically, the Plan meets the law’s requirement that it a) “[i]dentify the procurement programs and competitive procurement events” required by the law “designed to achieve the goals set forth in subsection (c) of Section 1-75” of the IPA Act, b)

“[i]nclude a schedule for procurements for renewable energy credits from utility-scale wind projects, utility-scale solar projects, and brownfield site photovoltaic projects consistent with subparagraph (G) of paragraph (1) of subsection (c) of Section 1-75” of the IPA Act, and c [i]dentify the process whereby the Agency will submit to the Commission for review and approval the proposed contracts to implement the programs required by such plan.”¹

In accordance with Section 16-111.5(b)(5)(ii)(C) of the IPA Act, the Illinois Commerce Commission is required to enter its Order “confirming or modifying” the Plan within 120 days after this filing.² As the IPA believes that its Long-Term Renewable Resources Procurement Plan is designed to “reasonably and prudently accomplish the requirements of Section 1-56 and subsection (c) of Section 1-75 of the Illinois Power Agency Act,”³ the Agency respectfully requests its approval.

BACKGROUND

Public Act 99-0906, omnibus energy legislation signed into law on December 7, 2016 with an effective date of June 1, 2017, introduced a series of significant reforms to the Illinois energy statutory and regulatory landscape. Among them included the expansion of targets found in the state’s energy efficiency portfolio standard, the establishment of a zero emission standard intended to support the environmental attributes of nuclear generation, new bill crediting/offset provisions for community renewable generation project subscriptions, the institution of a new \$250-per-kilowatt distributed generation rebate for new photovoltaic systems featuring a smart inverter, and, lastly, many changes to the state’s renewable energy portfolio standard (“RPS”) including renewable energy targets applicable to utility load for all retail customers and the required

¹ 220 ILCS 5/16-111.5(b)(5)(ii)(B)(aa)-(cc).

² 220 ILCS 5/16-111.5(b)(5)(ii)(C).

³ 220 ILCS 5/16-111.5(b)(5)(ii)(D).

establishment of several new REC procurement programs (including the Illinois Solar for All low-income solar incentive program). Generally speaking, the implementation of those reforms to the state's RPS is the subject of this Plan.

Public Act 99-0906 did not introduce a renewable energy portfolio standard into Illinois law,⁴ and this Plan is not the first Plan that the Agency has produced addressing renewable energy resources procurement. The Agency has been developing—and the Commission has been reviewing and approving—procurement plans addressing renewable energy resource procurements since 2008 and conducting renewable energy resource procurements since 2009. Outside of the statutorily mandated 2012 “rate stability” procurements,⁵ and the Agency’s Supplemental Photovoltaic Procurement process in 2015,⁶ those processes were conducted through the Agency’s annual planning and procurement processes under Section 16-111.5 of the PUA, with renewable energy resource procurement proposals included as a separate chapter of the annual plan. Proposed procurements were designed to meet statutory renewable energy resource procurement goals applicable to only eligible retail customer (i.e. default supply) load, and consisted only of competitive procurement events with bids within a product category selected on the basis of price.

Under the prior Illinois RPS, compliance and planning depended on how a customer’s supply requirements were met, with three separate compliance mechanisms for load service by default utility supply service, hourly-pricing customers, and load served by Alternative Retail Electric Suppliers (“ARES”). Only the first of those compliance mechanisms called for the

⁴ The state’s original RPS was introduced concurrent with the establishment of the Illinois Power Agency through Public Act 95-0481 in 2007.

⁵ See 220 ILCS 5/16-111.5(k-5), repealed by P.A. 99-0906, effective June 1, 2017.

⁶ See 20 ILCS 3855/1-56(i). The Agency’s Supplemental Photovoltaic Procurement Plan was approved by the Commission in Docket No. 14-0651.

Agency's to develop proposals for renewable energy resource procurement and submit those to the Commission for approval. Changes to the Illinois RPS through P.A. 99-0906 transition the state's RPS to a streamlined, centralized planning and procurement process, with both RPS targets and available budgets determined on the basis of an electric utility's load for all retail customers⁷ with funding collected through a delivery services charge. Outside of the Initial Forward Procurements conducted pursuant to Section 1-75(c)(1)(G)(i)-(ii) of the IPA Act and two remaining years of separate ARES compliance requirements,⁸ the state's approach to meeting its RPS targets will now be addressed through the development and continued refinement of the standalone Long-Term Renewable Resources Procurement Plan included with this filing.

Those changes also include a shift in focus from the procurement of renewable energy resources (which may be RECs alone, or RECs and the underlying energy) to the procurement of only RECs. The process for procuring those RECs also features a change in focus, as the new law features several provisions requiring the development and administration of "programs" in addition to the Agency's traditional, familiar competitive procurement processes. These new programs include the Illinois Solar for All program required under Section 1-56(b) of the IPA Act, "which shall include incentives for low-income distributed generation and community solar projects [...] to bring photovoltaics to low-income communities in this State;"⁹ the Adjustable Block Program, featuring a transparent schedule of blocks and REC prices to support REC

⁷ For MidAmerican, consistent with the Commission's Order in Docket No. 15-0541, the IPA understands that Section 1-75(c)'s renewable energy procurement targets should "only relate to that portion of the 'total supply' procured for MidAmerican's jurisdictional eligible retail customers," and not all retail sales in its service territory.

⁸ Specifically, for the 2017-2018 and 2018-2019 delivery years, the long-term planning process in this Plan covers only an "applicable portion" of "each utility's load for retail customers who are not eligible retail customers." That portion is 50% of such load for 2017-2018 and 75% of such load for 2018-2019, transitioning to 100% in each year thereafter. (See 20 ILCS 3855/1-75(c)(1)(B)). During this two year transition period, ARES continue to be governed by the separate RPS compliance obligations found in Section 16-115D of the PUA.

⁹ 20 ILCS 3855/1-56(b)(2).

procurement from distributed photovoltaic generation devices and community solar projects;¹⁰ and the Community Renewable Generation Program to support community renewable generation projects from non-photovoltaic renewable generating technologies.¹¹ As required by Section 16-111.5(b)(5)(ii)(B)(aa) of the PUA, the Agency's proposals for the structure and administration of these new programs is included in the Plan.

Through P.A. 99-0906, the scope of the law's renewable energy procurement targets has likewise changed. Prior to P.A. 99-0906, Section 1-75(c)(1) of the IPA Act required that eligible retail customer load be met with the procurement of renewable energy resources equal to an increasing percentage year-over-year culminating in 25% by 2025. P.A. 99-0906's revisions to Section 1-75(c)(1) retain that "25% by 2025" paradigm, but apply these percentage targets to "each utility's load for all retail customers"¹² and deprioritize meeting that percentage target behind funding existing contracts, funding the Illinois Solar for All program, and meeting quantitative targets for the procurement of RECs from new wind and new photovoltaic generating facilities.¹³

These are only a select few of several changes brought about to the Illinois RPS through Public Act 99-0906. A more comprehensive (and lengthy) explanation of changes to the law and requirements of this Plan can be found in Chapter 2 of the Plan itself.

PROCEDURE

As required Section 16-111.5(b)(5)(ii)(B) of the PUA, the Agency was required to "publish for comment the initial long-term renewable resources procurement plan no later than 120 days

¹⁰ See 20 ILCS 3855/1-75(c)(1)(K)-(M).

¹¹ See 20 ILCS 3855/1-75(c)(1)(N).

¹² 20 ILCS 3855/1-75(c)(1)(B) (emphasis added).

¹³ See 20 ILCS 3855/1-75(c)(1)(F).

after the effective date”¹⁴ of Public Act 99-0906 (June 1, 2017). The Agency’s draft Plan was released on September 29, 2017. As with the IPA’s annual procurement plan prepared pursuant to Section 16-111.5(d)(2) of the PUA, copies of the draft Plan and all subsequent revisions were posted to the IPA’s website and provided to each affected electric utility. The law then allowed parties with 45 days to provide comment on the draft plan. By law, comments were required to be made publicly available, and such comments were required to be “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.”¹⁵

During the comment period, the Agency held public hearings for receiving public comment on the Plan in the service territory of each affected utility. The Agency’s hearings occurred on October 26th in Springfield (Ameren Illinois), October 31st in Chicago (ComEd), and November 3rd in Moline (MidAmerican). Three sets of in-person comments were received at the Chicago meeting, one set of in-person comments was received at the Springfield meeting, and none were received at the Moline meeting.

With a draft Plan release date of September 29, 2017, formal written comments were due on the draft Plan by November 13, 2017. 49 sets of comments were received; these comments were offered to the Agency by the following parties: 3Degrees, Ameren Illinois, APX, Carbon Solutions Group (“CSG”), Center for Resource Solutions, City of Springfield, Clean Energy Design Group, Coalition for Community Solar Access (“CCSA”), ComEd, Direct Energy, Downstate Caucus, Elevate Energy, Environmental Defense Fund/Citizens Utility Board (“EDF-

¹⁴ While Section 1-75(c)(1)(A) of the IPA Act provides that the “initial,” or draft, Plan “be released for comment no later than 160 days after” the effective date of P.A. 99-0906 (i.e., June 1, 2017), the Agency chose to comply with the tighter of these two requirements.

¹⁵ 220 ILCS 5/16-111.5(b)(5)(ii)(B).

CUB”), Environmental Law and Policy Center (“ELPC”), Exelon Generation (“Exelon”), ForeFront Power, GRID Alternatives, GRID Alternatives/Elevate Energy, IGS Solar/SGC Power, the Office of the Illinois Attorney General (“the AG”), the Staff of the Illinois Commerce Commission (“Staff”), Illinois Municipal Electric Agency (“IMEA”), Illinois National Association for the Advancement of Colored People, Illinois People’s Action, Illinois Solar Energy Association (“ISEA”), Illinois Solar for All Working Group (“SFA Working Group”), Innovative Power Systems, Interstate Renewable Energy Council (“IREC”), Joint Solar Parties, Kimberly Wasserman/Veronica Kyle/Keith Harley, Landlease Energy Development, Little Village Environmental Justice Organization (“LVEJO”), Marseilles Land & Water, Metropolitan Mayors Caucus, Natural Resources Defense Council (“NRDC”), Northern Illinois Hydropower, Renewables Suppliers, Sierra Club, SolAmerica Energy (“SolAmerica”), Solar Energy Industries Association (“SEIA”), SRECTrade, Sunvest Solar, Syncarpha Capital, Tick Tock Energy, Trajectory Energy Partners (“Trajectory”), Village of Oak Park, Vote Solar, Will County, and Wind on the Wires.¹⁶

The law provides that after the conclusion of the comment period, “the Agency may revise the long-term renewable resources procurement plan based on the comments received.”¹⁷ Within 21 days after the conclusion of that period, the Agency was required to “file the plan with the Commission for review and approval,” creating a filing deadline of December 4, 2017.¹⁸ The Plan filed for Commission review and approval reflects the revisions made by the Agency in response to, and consideration of, the comments received.

¹⁶ Comments are available here: <https://www.illinois.gov/sites/ipa/Pages/2018-LT renewable-comments.aspx>

¹⁷ 220 ILCS 5/16-111.5(b)(5)(ii)(B).

¹⁸ Id.

Objections to the Plan are due within 14 days after filing, and the “the Commission shall determine whether a hearing is necessary” within 21 days after the filing date.¹⁹ The Act provides the Commission with 120 days to review the filed Plan and “enter its order confirming or modifying the initial long-term renewable resources procurement plan or any subsequent revisions.”²⁰ The law provides that the Commission “shall approve the initial long-term renewable resources procurement plan and any subsequent revisions, including expressly the forecast used in the plan and taking into account that funding will be limited to the amount of revenues actually collected by the utilities, if the Commission determines that the plan will reasonably and prudently accomplish the requirements of Section 1-56 and subsection (c) of Section 1-75 of the Illinois Power Agency Act.”²¹

COMMENTS ON THE DRAFT PLAN

As referenced above, the Agency received 49 sets of comments on the draft Plan, a significantly larger number of comments than the Agency has received on its past procurement plans. The IPA genuinely appreciates all commenters’ efforts in providing feedback and found all comments provided to be helpful. The draft Plan specifically sought feedback from parties on certain issues for which the Agency was uncertain about the proper approach, and the IPA especially appreciates the feedback it received on those issues.

Given the volume of comments received and the breadth of the Plan itself, countless changes were made in response to comments. In this Petition, the Agency has attempted to highlight key areas of the Plan in which the IPA modified its Draft Plan in response to comments.

¹⁹ 220 ILCS 5/16-111.5(b)(5)(ii)(C).

²⁰ Id.

²¹ 220 ILCS 5/16-111.5(b)(5)(ii)(D). As part of its Order, the law also provides that the Commission “shall also approve the process for the submission, review, and approval of the proposed contracts to procure renewable energy credits or implement the programs authorized by the Commission” pursuant to the approved Plan.

Each of those changes are discussed further below, with select additional proposals not included in the filed plan discussed thereafter.²²

I. PROPOSALS ACCEPTED FOR REVISION

1) REC Pricing Model

Several commenters provided comments suggesting changes to the input data or structural assumptions in the CREST-based model²³ used to create REC prices for the Adjustable Block Program, as described in Section 6.4 of the Plan or Appendix D.²⁴ Changes made by the Agency to the REC Pricing Model that was incorporated in the Draft Plan include:

- The specific parameters and values of net metering credits,²⁵ for residential and commercial customers and for either distributed generation or community solar projects, of both ComEd and Ameren Illinois were refined.
- A new breakpoint was created within the previous 10-to-100 kW pricing bin: now there is a 10-to-25 kW pricing bin and a 25-to-100 kW pricing bin. This change is discussed further below in this Petition.
- Cost benchmarking data from NREL covering 2017, rather than 2016, was used; the costs were then rolled forward to 2018 by deducting 4%, reflecting historical cost declines.
- The “Intermediate” level of detail for operating and maintenance cost was used in the CREST Model instead of the previous “Simple” level.
- Data provided by the Joint Solar Parties on property tax assessments and land lease payments for community solar projects was incorporated.

²² Other portions of the Plan featured clarifications, corrections, or other minor changes, including additional detail or explanation where appropriate and updated figures and numbers where available, and this pleading does not attempt outline all such changes to the Plan. The IPA will post a document compare of the Plan filed for ICC approval and the Draft Plan to its website (www.illinois.gov/ipa).

²³ CREST is the National Renewable Energy Laboratory’s Cost of Renewable Energy Spreadsheet Tool, available at <https://financere.nrel.gov/finance/content/crest-cost-energy-models>.

²⁴ As stated in the Plan, the REC prices for various sizes and types of photovoltaic systems listed in the Plan and in Appendix D are for illustrative purposes only at this time and should not be considered to be the Agency’s final proposal. The Agency reserves the right to update the model as input assumptions change.

²⁵ See 220 ILCS 5/16-107.5 generally; also see ComEd Rider POG and Rider POGCS, Ameren Illinois Rider NM.

- The Smart Inverter Rebate is assumed to be taxable income; it also does not reduce the value of the investment for the purpose of the federal Investment Tax Credit.
- The assumed internal rate of return for community solar projects was increased from 12% to 14% due to the greater risk of acquiring and managing customers.
- For a distributed generation project, the up-to-10 kW size bin is assumed to not elect the Smart Inverter Rebate or to take MACRS bonus depreciation in federal income taxation. For a community solar project, all sizes, including the up-to-10 kW size bin, are assumed to elect the Smart Inverter Rebate and to take MACRS bonus depreciation.
- To calculate small subscriber adders for a community solar project, administrative cost data from the Rhode Island Office of Energy Resources was used, in addition to data and analysis from Elevate Energy that were incorporated in the Draft Plan.
- Following suggestions from the SFA Working Group and the Joint Solar Parties, among others, for distributed generation or non-low-income community solar, it is assumed that a measure of property owner (for distributed solar) or subscriber (for community solar) savings be applied to the net metering credit; this savings would be excluded from contributing to the assumed rate of return on the solar generation investment. For the three Illinois Solar for All Program project groups, this is increased to 50%.
- For the Low-Income Community Solar Project Initiative included in the Illinois Solar for All Program, a 5-year debt payback period (instead of 15 years in the Draft Plan) and a 35% level of debt financing (instead of 0% in the Draft Plan) were assumed.

2) Collateral Requirements

In Section 6.16.1 of the Draft Plan, the Agency proposed requiring Approved Vendors in the Adjustable Block Program to post collateral equal to 10% of the total 15-year REC contract value, in order to assure performance. In Comments, both SRECTrade and ISEA argued that requiring an Approved Vendor to continue posting new collateral after each draw would be an “extremely excessive penalty.”²⁶ SEIA proposed that, instead of accepting a posting of collateral upfront, the utility may withhold the required amount from the last contractual payment for

²⁶ SRECTrade Comments at 6; ISEA Comments at 11.

RECs.²⁷ CSG proposed a cap on the total collateral that could be drawn over the life of a contract, i.e. removing the requirement that an Approved Vendor must post new collateral after a draw.²⁸

The Agency has determined that it will not remove the requirement that an Approved Vendor post new collateral to maintain the required level each time a draw is made on collateral for underperformance. There is no reason why the level of posted collateral should shrink down to zero, potentially, if underperformance occurs, as the REC delivery contracts are to last 15 years, and payment is to be made upfront (either in a single payment or over the first four years). The collateral requirement is needed to assure performance or to adequately compensate the utility for underperformance. However, the Agency has made several significant changes to the collateral requirement to ease the burden and risk placed on Approved Vendors in this regard.

First, the Agency has reduced the required collateral percentage from 10% of contract value to 5%. This will ease the cost of collateral posting for Approved Vendors while still maintaining the integrity of the Adjustable Block Program. The Agency has also adopted SEIA's proposal that an Approved Vendor shall be given the option to, in lieu of posting collateral upfront, have the utility withhold the collateral amount for each system from the last REC payment for the system (or the only REC payment, in the case of small systems up to 10 kW) in exchange for not needing to maintain the ongoing collateral requirement.

Additionally, the Agency has now clarified that REC delivery under a contract will be evaluated annually, and collateral draws made each year if necessary. However, each year's evaluation will be based on a three-year rolling average to smooth out the effects of unusual weather or other stochastic factors. Finally, the Agency has clarified that an Approved Vendor

²⁷ SEIA Comments at 57-58.

²⁸ CSG Comments at 31-32.

may request suspension, reduction, or elimination of a REC delivery obligation based on, inter alia, curtailment by a utility or RTO.

3) Consumer Protection

In Sections 6.9, 6.13, and 7.6.2 of its Plan, the Agency proposes several requirements – including an Approved Vendor program, contract requirements, and a requirement that the marketing of systems and subscriptions through the Adjustable Block Program follow requirements equivalent to the Commission’s Title 83, Part 412 rules where applicable – intended to protect consumers from any false or misleading marketing and to help ensure that Illinois ratepayers benefit from and receive positive experience through the transactions facilitated through this program. In so doing, the Agency recognizes that it is not a regulatory agency and does not have jurisdiction over all distributed generation installations or community solar projects across Illinois. It can, however, create common sense provisions to ensure that entities developing project seeking to participate in this program are held to high standards for consumer protection. Ultimately, the Adjustable Block Program is a ratepayer funded program intended to benefit the state’s residents through enhanced ability to participate in the clean energy economy, and in the Agency’s view, it is essential to ensure that this program produces not only project development, but also a transparent, positive experience for system hosts and subscribers.

Several commenters, including SEIA,²⁹ the SFA Working Group,³⁰ CCSA,³¹ and others provided feedback on the IPA’s consumer protection and Approved Vendor proposals. The IPA generally found those comments to be thoughtfully presented and helpful to the development of the Plan. While the IPA did not adopt all comments proposed, those comments did spark revisions

²⁹ See SEIA Comments at 38-45.

³⁰ See SFA Working Group Comments at 20-29.

³¹ See CCSA Comments at 15-17.

to the Consumer Protection and Approved Vendor sections of the Plan. Among them include the following changes: first, the Agency identified the specific sections of Title 83, Part 412's rules for which it proposes that equivalent standards be applied to Approved Vendors in the Agency's Adjustable Block and Illinois Solar for All programs. Second, the Agency revised what had previously been required standard disclosures for community solar subscriptions into contractual requirements for community solar contracts, consistent with the Maryland approach from which those requirements were derived. Third, the Agency made minor adjustments to Approved Vendor requirements, eliminating any requirements that it believed were duplicative or unnecessary.

4) 10-25 kW System Size Adder

As reflected in Section 6.5 of the Plan, the IPA also adopted a proposal made by several commenters (including ISEA³² and EDF-CUB³³) seeking that an additional size category be added to the adjustable block program's distributed generation and community solar photovoltaic system REC pricing model. With respect to distributed generation projects, while the IPA Act draws a distinction between systems of "no more than" 10 kW in size (which must constitute at least 25% of the adjustable block program) and those larger than 10 kW up to 2 MW, the law also provides that within this latter category, "[t]he Agency may create sub-categories . . . to account for the differences between projects for small commercial customers, large commercial customers, and public or non-profit customers."³⁴ While the law features no such express statutory language allowing for enhanced smaller system incentives with respect to community solar projects, Section 1-75(c)(1)(K) does require that the Adjustable Block Program be designed to ensure the development of projects "in diverse locations and are not concentrated in a few geographic

³² See ISEA Comments at 4-6.

³³ See EDF-CUB Comments at 8-11.

³⁴ 20 ILCS 3855/1-75(c)(1)(K).

areas.”³⁵ The Agency believes that this objective can be supported in part through more generous REC pricing for smaller community solar projects.

In recognition of the difference in cost structure between systems within this category, the IPA’s draft Plan contained four size categories for systems between 10 kW and 2 MW in size. The smallest such category covered systems greater than 10 kW up to 100 kW. In recognition of the large differences in the cost structure between, say, a 15 kW project and a 100 kW project, the Agency’s filed Plan now features categories applicable to 10 kW up to 25 kW in size and greater than 25 kW up to 100 kW in size, with more generous REC prices available to the smaller size category projects. The Agency is hopeful that this change will facilitate increased geographic diversity and allow for more equitable participation in the Adjustable Block Program.

5) Initial Block Subscription Cap

One key issue in designing the Adjustable Block Program’s Block Structure is managing the transition between blocks after a given block is filled with selected applications. Section 6.3.1 of the Draft Plan proposed that, for each Block 1, “all projects submitted within 60 days of the program opening will be included in that Block 1 regardless of if the block volume is used up.”

In Comments, several parties including SEIA,³⁶ ELPC,³⁷ and EDF-CUB³⁸ proposed that the Agency impose a cap on the amount of enrollment allowed within a given Block of the Adjustable Block Program prior to the program’s closing. Specifically, SEIA suggested that each Block 1 “remain open for 60 days, or beyond if the block capacity is not reached, but [be closed] if 200% of the block capacity is reached.” EDF-CUB cited experience observed in other states’

³⁵ Id.

³⁶ SEIA Comments at 22-23.

³⁷ ELPC Comments at 4.

³⁸ EDF-CUB Comments at 4-7.

similar programs, where large numbers of applications, particularly from community solar developers, during the defined application period of each block could exceed the stated capacity limits by 1000%. EDF-CUB suggested that when the MW limit for a large system block or community solar block is reached, the block be left open for a “soft close” period of 14 days; applications received during this 14-day period would be scored and selected, based on a “reasonable budget amount” determined by the Agency.

The Agency considers these concerns well-founded in light of the experience in other states (such as in Minnesota, described in Section 7.3 of the Plan) where pent-up demand can overwhelm the initial stage of a block program. In this light, the Agency has reduced the minimum opening window for Block 1 from 60 days to 45 days. Additionally, the Agency has set a trigger threshold of 200% of the Block 1 volume for each Block 1; if the total quantity of submitted and approved projects for a Block 1 during those first 45 days exceeds 200% of the target Block 1 volume, then the Agency will assess whether the approved projects would exceed available uncommitted funds under the applicable utility’s RPS budgets. If the budget would be exceeded, then some projects would be excluded from Block 1 through a lottery and held for the next block at the applicable price, assuming funding became available. The Agency believes that this approach will maximize predictability of Adjustable Block Program timing while still preserving funding as necessary.

6) “Green Marketing” Challenges

In its draft Plan, the IPA raised the following concern: while changes to state law brought about by Public Act 99-0906 provide pathways and incentives for the development of and subscriber participation in community solar or other community renewable generation projects, successful development of those projects may hinge on a project developer’s ability to receive revenue for the environmental attributes of that project’s generation. This occurs through REC

delivery contracts entered into via the Adjustable Block Program with REC sale revenues at the prices proposed in this Plan. But as the sale of RECs constitutes the transfer of ownership of the environmental attributes of the system’s generation, what marketing claims could be made for a project whose “clean” or “renewable” attributes were sold?

Through the comment process, the IPA sought feedback on this issue. While the IPA recognizes that it is not the Federal Trade Commission (or the state’s Office of Attorney General) and thus cannot provide reliable guidance on what marketing claims may be permissible, it believes that it can play an important role in ensuring that any potential subscribers understand the value of, say, a community solar subscription even if more direct statements cannot be made about the environmental attributes of the underlying energy—and that its Long-Term Renewable Resources Procurement Plan can help provide some guidance. In this filed Plan, the Agency thus adopts a proposal presented by several commenters (including the AG,³⁹ ELPC,⁴⁰ and CCSA⁴¹) that it develop a “brand” for participation in its adjustable block program and develop content around that brand (such as more detailed information available online) explaining the value of community solar project participation in more detail and how a subscription to a community solar project helps the state meet its renewable energy procurement objectives. The IPA proposes to work with its Adjustable Block Program Administrator on the development of this brand and associated materials to ensure that community solar subscriptions may be effectively marketing without running afoul of FTC rules or offering false or misleading claims.

7) Calculation of Load for MidAmerican

³⁹ See AG Comments at 3-5.

⁴⁰ See ELPC Comments at 33-35.

⁴¹ See CCSA Comments at 19-20.

The Agency also adopted a suggestion offered by Staff that for MidAmerican’s ARES-served load, the RPS obligation applicable to that load should correspond with the RPS obligation applicable to MidAmerican’s default supply load.⁴² This obligation itself corresponds with the percentage of MidAmerican’s participation in the IPA’s annual planning and procurement process (as MidAmerican, as a small, multi-jurisdictional utility, participates in the IPA’s annual planning process for only a portion of its eligible retail customer supply requirements), consistent with the Commission’s decision in Docket No. 15-0541. The effect of this adjustment is a slight increase in MidAmerican’s RPS goals and budgets, although the Agency will need to update tables contained within the Plan to reflect this adjustment.

8) Single Approved Vendor Model

Section 6.9 of the Draft Plan’s Approved Vendor process contemplated, without committing to any restriction, that Approved Vendors might include REC aggregators, solar developers/installers, municipalities, or nonprofits. EDF-CUB proposed adding a separate category of Approved Vendors who would be independent owners of distributed generation systems (either homeowners or businesses). This “independent system owner” type of vendor would be required to register and complete required training, as well as manage RECs and submit annual reports.⁴³ In its filed Plan, the Agency adopted a variation of this proposal in the form of a Single Project Approved Vendor model, with this classification potentially applicable to any owner that owns a single project of at least 100 kW. As proposed, Single Project Approved Vendors are required to follow all the requirements of regular Approved Vendors except for those related to marketing and consumer protections. The Agency determined that responsibilities like managing

⁴² See Staff Comments at 4-6.

⁴³ EDF-CUB Comments at 13-15.

RECs and complying with installation requirements are likely outside the expertise of the average small project owner, and a small project owner may not have requisite creditworthiness, so the Agency established a minimum project size of 100 kW for this Approved Vendor category.

9) Allocation of Alternative Compliance Payments (“ACPs”)

In its draft Plan, the Agency produced tables showing the expected funds to be received into the renewable resources budget for the next several delivery years, as collections transition from being based off default supply load to being assess through all retail sales. However, as many commenters raised, the Agency’s draft Plan did not address the alternative compliance payments now made to the utilities during this transition period. As a substantial amount of the state’s retail electricity load is served by ARES, these ACPs constitutes a significant additional source of RPS funding. In Section 3.19, the filed Plan now directly addresses this issue by proposing that the balance of these payments be held in reserve for future years’ programs or procurements when other funding sources (such as the renewable resources budget) may be constrained.

10) Voluntary Capacity Factors

In Section 6.14.5 of its Draft Plan, the Agency proposed using certain specified capacity factors to calculate an expected amount of REC production over each system’s first 15 years; this REC production forecast would be used to calculate payments under Section 1-75(c)(1)(L) of the Act. In comments, CCSA argued that allowing each project developer to name its own expected capacity factor would “promote competition” by incentivizing efficient location.⁴⁴ Likewise, SEIA noted that because an Approved Vendor will receive no increased payment for producing above what was implied by the initially-agreed capacity factor, Approved Vendors should be given

⁴⁴ CCSA Comments at 18.

the freedom to submit a project-specific capacity factor “to realize the value of every REC produced.”⁴⁵

For its filed Plan, the Agency decided to adopt a version of this proposal: Approved Vendors will have the option to submit a voluntary capacity factor based on PV Watts or an equivalent tool, which will be subject to review and approval by the Program Administrator.⁴⁶ In light of other modifications to the Plan in Section 6.16.1 clarifying that collateral draws for nonperformance shall be made each year, the Agency believes that allowing voluntary declarations of capacity factors strikes an appropriate balance between allowing flexibility and protecting the integrity of the Adjustable Block Program.

11) “Small Subscriber” Community Solar Participation

The Agency adopted a suggestion made by several commenters that, rather than having a community solar REC pricing adder for only residential customer participation in a community solar project, any such adder should be based upon residential and small commercial customer participation.⁴⁷ This “small subscriber” adder is proposed in the plan to apply to subscriptions of 25 kW or less in size, regardless of whether the underlying subscription belongs to a residential or small commercial customer. The Agency believes that this approach reflects better alignment with a statutory directive that it “ensure robust participation opportunities for residential and small commercial customers.”⁴⁸

12) Adjustable Block Program Group Organization

⁴⁵ SEIA Comments at 50.

⁴⁶ The Program Administrator’s approval right mitigates the need for any explicit floor or ceiling on self-declared capacity factors.

⁴⁷ See, e.g., CCSA Comments at 11-12; ELPC Comments at 15-16.

⁴⁸ 20 ILCS 3855/1-75(c)(1)(N).

The Draft Plan created two categories of incentives for the Adjustable Block Program. Group A was defined as photovoltaic generating capacity within the service territories of Ameren Illinois, Mt. Carmel Public Utility, and rural electric cooperatives. Group B was defined as capacity within the service territories of ComEd, MidAmerican, and municipal utilities. In comments, IMEA proposed that the service territories of municipal utilities be grouped according to their RTO,⁴⁹ while SolAmerica proposed that MidAmerican be grouped with Ameren Illinois, as MidAmerican’s net metering credits are closer to those of Ameren Illinois than to ComEd’s.⁵⁰ The Agency believes these comments merit implementation, so that the group structure maximizes the degree of comparability within each group. The Agency thus decided to allocate the service territories of any rural electric cooperatives and municipal utilities within MISO to Group A, and any such territories within PJM to Group B. Additionally, the Agency moved the MidAmerican service territory to Group A given the location of the MidAmerican delivery service territory within MISO.

13) Brownfield Site Procurement Volume

In recognition of new Section 1-5(8) of the IPA Act’s finding that “[d]eveloping brownfield solar projects in Illinois will help return blighted or contaminated land to productive use while enhancing public health and the well-being of Illinois residents,” the Agency adopted revisions to address an argument offered by ELP sought increased opportunities for brownfield site participation.⁵¹ However, rather than simply indicating that more brownfield site RECs may be procured through utility-scale procurements, the Agency chose to double the RECs sought in its proposed brownfield site photovoltaic project procurement event from the 40,000 RECs delivered

⁴⁹ IMEA Comments at 1-2.

⁵⁰ SolAmerica Comments at 2.

⁵¹ ELP Comments at 35-36

annually found in the Draft Plan (enough to meet the 2020 goal found in Section 1-75(c)(1)(C) of the IPA Act) to 80,000 (enough to meet the 2025 goal found in that section). The Agency believes that a larger procurement volume may also offer the benefit of more competition (and thus potentially lower REC prices) and participation from larger projects as well.

14) Co-Location Restrictions for Developers

In Section 7.3.1 of the Draft Plan, the Agency proposed that, in order to implement the IPA Act's limitation on community renewable generation projects as not exceeding 2,000 kW,⁵² (i) no more than 2,000 kW of community renewable generation capacity may be installed on a single land parcel, and the parcel must not have been divided within the past two years; (ii) if there are multiple projects owned by a single entity or non-separate entities on the same parcel or adjacent parcels, any size-based adder will apply to the aggregate capacity; and (iii) 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. IREC proposed adding the additional restriction that the same *developer* may not co-locate community solar projects on adjacent parcels, as often a single developer could construct multiple parcels in the same locale, to be owned by different entities.⁵³ As both common ownership or development across contiguous parcels that makes the combined projects effectively larger than 2,000 kW would circumvent the statutory definition of a community renewable generation project, the IPA has determined that such an agglomeration of projects would be blocked from participating in the Adjustable Block Program.,

II. PROPOSALS NOT ACCEPTED FOR REVISION

⁵² 20 ILCS 3855/1-10.

⁵³ IREC Comments at 2-3.

While all comments were reviewed, analyzed, discussed, and considered, not all proposals were adopted. In the following sections, the Agency has chosen to highlight several proposals made in comments that were not included in the Plan. Although the Agency did not adopt the following proposals, it genuinely appreciates the efforts made by parties in attempting to further improve the Agency’s draft Plan.

1) Co-Location of Community Solar Projects

The definition of a “community renewable generating facility” contained in Section 1-10 of the IPA Act contains an express limitation that such a facility “is limited in nameplate capacity to less than or equal to 2,000 kilowatts.” Size limitations on a generating facility raises concerns around co-location: how to measure the size of multiple projects that are located adjacent to one other, perhaps using the same grid interconnection. Co-located projects can be structured to maximize income from incentives, such as by dividing up a larger project into smaller pieces that qualify for higher incentives, which can lead to significantly larger amounts of generation being developed at a given site than may have been envisioned when a project size limitation was established.

Believing that the General Assembly’s directive that a community solar facility can be no greater than 2 MW in size would be undermined by relaxed co-location requirements allowing project owners to co-locate adjacent 2 MW projects, and mindful of the statute’s requirement that projects facilitated through the Adjustable Block Program be “in diverse locations” and “not concentrated in a few geographic areas,” the Agency proposed a tight co-location standard in its draft Plan. Specifically, the Agency proposed prohibiting more than 2 MW of community solar on a single parcel or on contiguous parcels owned by a single entity or its affiliates.

As expected, co-location received a great deal of attention in comments, and the Agency received comments both in favor of⁵⁴ and seeking relaxation of⁵⁵ its proposed co-location requirement. The Agency genuinely appreciates all comments received, and recognizes both the benefits (e.g., potentially more efficient projects via leveraging economies of scale) and drawbacks (e.g., greater geographic concentration of projects) of a more relaxed co-location standard. While the Agency appreciates the creativity of proposals such as allowing for 4 MW of projects on a parcel or adjacent parcels as a middle ground solution, it believes that allowing for co-location with a different size maximum would create a disconnect with a statute that expressly establishes that community renewable generation projects may be no more than 2 MW in size. As a result, only minor changes were made to the Agency's co-location standard for the filed Plan.

2) Spot Procurements

Section 1-75(c)(1)(B) of the IPA Act contains percentage of load-based targets for the procurement of renewable energy credits for each delivery year beginning with the 2017-2018 delivery year, culminating in 25% of utility load by 2025. Recognizing that the programs and forward procurements proposed by the Agency would be highly unlikely to meet those targets, the Agency proposed what it calls “spot procurements”: the procurement of eligible RECs under one-year contracts to meet the annual targets of Section 1-75(c)(1)(B) of the IPA Act.

Several commenters proposed that the Plan eliminate spot procurements outright,⁵⁶ while others recommended hybrid duration or laddered contracts through spot procurements.⁵⁷ Opponents of spot procurements raised the prioritization of objectives found in Section 1-

⁵⁴ See, e.g., ELPAC Comments at 40-41.

⁵⁵ See, e.g., Sycarpha Capital Comments at 6.

⁵⁶ See, e.g., ELPAC Comments at 6-11.

⁵⁷ See CSG Comments at 2, 6-10.

75(c)(1)(F) of the Act, in which annual targets are given lower priority than the new build requirements of Section 1-75(c)(1)(C) or funding for the Illinois Solar for All program. Proponents of longer or laddered contracts through spot procurements point to potentially procuring RECs at a reduced cost through a longer purchase obligation.

The Agency believes that its proposal to conduct spot procurements for one-year contracts on an annual basis strikes a sensible middle ground. While the Agency understands and appreciates that spot procurements may not result in the development of new generation (as is the objective in forward procurements), the law does not prioritize “new generation” over the statutory renewable energy procurement targets found in Section 1-75(c)(1)(B), as some parties allege. The law does prioritize the “new wind” and “new photovoltaic” targets of Section 1-75(c)(1)(C) above meeting annual percentage targets, but the IPA does not believe that its proposed spot procurements will compromise its efforts to meet those goals. Further, the logical extension of parties’ arguments meeting annual targets will compromise the ability to meet other priorities is that annual targets could *always* be ignored, as any procurements conducted with the specific aim of meeting those targets involves the disbursement of funds that could have been reserved for a different, higher priority.⁵⁸ As this would effectively write Section 1-75(c)(1)(B)’s targets out the law, automatically ignored because of the theoretical threat to an eventual higher priority goal, the Agency cannot adopt this approach.

With respect to longer-term contracts or a laddered approach to meeting the annual targets, the Agency believes that while genuine efforts must be made to meet the annual percentage-based targets of the RPS, because those targets are lower in priority to “new wind” and “new

⁵⁸ Of course, funds may not be held indefinitely; the ability to rollover RPS funds sunsets in 2021. (See 220 ILCS 5/16-108(k)).

photovoltaic” procurement goals and funding for Illinois Solar for All, flexibility is paramount. While the Agency does not anticipate budget constraints in the next few years, it cannot predict with absolute certainty what may happen in competitive markets (or through state or federal policy changes) and how REC prices may change, and thus the degree to which future years may offer unforeseen budget constraints. Consistent with its proposal in the Plan, the Agency ultimately believes that retaining budgeting flexibility by not entering into longer-term commitments to meet annual targets constitutes the most prudent approach.

3) Adjacent State Criteria

With respect to which renewable energy generating facilities may generate RECs eligible for the Illinois RPS, Section 1-75(c)(1)(I) of the IPA Act provides that “[t]he Agency may qualify renewable energy credits from facilities located in states adjacent to Illinois if the generator demonstrates and the Agency determines that the operation of such facility or facilities will help promote the State's interest in the health, safety, and welfare of its residents” based on public interest criteria outlined in the law.⁵⁹ That public interest criteria is outlined in the same section as “the State's interest in the health, safety, and welfare of its residents, including but not limited to minimizing sulfur dioxide, nitrogen oxide, particulate matter and other pollution that adversely affects public health in this State, increasing fuel and resource diversity in this State, enhancing the reliability and resiliency of the electricity distribution system in this State, meeting goals to limit carbon dioxide emissions under federal or State law, and contributing to a cleaner and healthier environment for the citizens of this State.”⁶⁰

⁵⁹ 20 ILCS 3855/1-75(c)(1)(I).

⁶⁰ Id.

To determine what RECs “may qualify from facilities located in states adjacent to Illinois,” the Agency reduced this criteria into a five part scoring system, with 20 points assigned to each of the five parts. Scores of at least 60 points would allow that facility’s RECs to qualify, while scores below that threshold mean that the facility’s RECs are not eligible for the Illinois RPS.

Several commenters provided suggestions or alternative approaches to this process. The Renewable Suppliers proposed a scoring system which focused heavily on whether a facility was interconnected with PJM or MISO;⁶¹ as this approach would qualify almost every adjacent state facility without a detailed underlying analysis of the benefits it provided to Illinois residents compared to other adjacent state facilities, the IPA did not believe that this approach reflected the spirit of the adjacent state requirement and did not modify its approach. Staff suggested that the scoring system be used for bid selection, with lower-scoring facilities eligible but discounted in selecting RECs in competitive procurement processes; the Agency believes this approach is not only inconsistent with Section 1-75(c)(1)(C)(I)’s requirement that benefits be demonstrated for eligibility (the Agency “may qualify” RECs) and not priority, but also Section 16-111.5(e) of the PUA’s requirement that bids in competitive procurement processes be selected on the basis of price.⁶² Lastly, Carbon Solutions Group proposed that the IPA relax its scoring threshold to 55 or 51 points;⁶³ while not unreasonable, the Agency believes that given its scoring methodology, relaxing the threshold score further may prove too permissive and inconsistent with a law requiring the demonstration of meaningful benefits to Illinois residents (and not beginning with an assumption that such benefits are present).

4) Solar for All Program Structure

⁶¹ Renewable Suppliers Comments at 5-8.

⁶² Staff Comments at 7-9.

⁶³ CSG Comments at 3-5.

The Agency’s Draft Plan made clear in Sections 2.6.1 and 8.2.1 that the possible model of administering the Illinois Solar for All Program as a separate adder payment for RECs, paid from the Renewable Energy Resources Fund, on top of Adjustable Block Program payments paid from utility-collected funds, appeared inconsistent with a program design built on “contracts” for the delivery of RECs.⁶⁴ Solar for All contracts feature a recipient counterparty whose payments for RECs constitute the incentive necessary to facilitate project development.⁶⁵ As a REC cannot be split, and because a REC through the Adjustable Block Program is priced at that program’s schedule of proposed prices, the law does not appear to envision the Illinois Solar for All Program—a program itself driven by contracts—as simply a separate incentive “adder” on top of REC delivery contracts administered through the Adjustable Block Program.

Nevertheless, in comments, ELPAC opposes the Agency’s position, arguing that because “in some cases, the Illinois Solar For All projects will be funded by the RERF and in others they will be funded through a portion of the funds collected by the utilities under their Section 16-108(k) RPS tariffs,” it offers a conclusory statement that there would be “no legal or practical prohibition on executing this funding as an adder on top of the [Adjustable Block Program].”⁶⁶ ELPAC also urges “spending down the RERF” as a first funding source for Illinois Solar for All,⁶⁷ but it is not clear how that approach supports using the Adjustable Block Program (funded through utility collections under Section 16-108(k)) to further fund Illinois Solar for All subprograms. The Illinois Solar for All Working Group offered similar arguments, suggesting new Plan language to

⁶⁴ See, e.g., 20 ILCS 3855/1-56(b)(2) (“the Agency shall implement [subprograms] through contracts with third-party providers”).

⁶⁵ See, e.g., 20 ILCS 3855/1-56(b) (“Contracts that will be paid with funds in the Illinois Power Agency Renewable Energy Resources Fund shall be executed by the Agency. Contracts that will be paid with funds collected by an electric utility shall be executed by the electric utility.”).

⁶⁶ ELPAC Comments at 21.

⁶⁷ ELPAC Comments at 22. See also Elevate-GRID Comments at 13 (“echo[ing]” ELPAC’s arguments).

the effect that “there will be no problem in dividing [] RECs between two separate contracts.”⁶⁸

Likewise, the Sierra Club argued that “allow[ing] for a bigger pool of money to be available for greater project development in low-income communities [] is consistent with the clear directive under [P.A. 99-0906] to prioritize funding for the Illinois Solar for All Program.”⁶⁹

The Agency declined to adopt these proposals. No comments offered a workable model for administering Illinois Solar for All as merely an incentive layered atop the Adjustable Block Program’s REC contracts, and contrary to ELPIC’s conclusory statement, no comments sufficiently addressed the legal and practical barriers to doing so. The Agency continues to interpret the Illinois Solar for All Program’s authorizing statute, Section 1-56(b)(2) of the Act, as creating an independent program that is not fundamentally based on contracts through the Adjustable Block Program under Sections 1-75(c)(1)(K) and (L) of the Act.⁷⁰ It is difficult to imagine how a single project could have two different counterparties associated with its REC delivery obligations (one of which may not even be receiving any RECs), and if Adjustable Block Program REC prices were used for those obligations, then Solar for All would have to be developed as an incentive with no corresponding contractual delivery obligation at all. Mathematically, the REC pricing models described in Appendices D and E-3 to E-5 are based on covering the net present-value cost of energy for the solar photovoltaic facilities or programs described in Sections 1-56(b)(2)(A) - (C); payments made solely through the RERF can provide exactly the same value for RECs as a hypothetical alternative set of payments made partly through the Adjustable Block Program and partly through RERF-paid adders.

⁶⁸ SFA Working Group Comments at 4.

⁶⁹ Sierra Club Comments at 8.

⁷⁰ Indeed, one of the four subprograms under Solar for All—the low-income community solar pilot project program—requires that projects be “competitively bid” and not subject to a schedule of administratively set prices. (20 ILCS 3855/1-56(b)(2)(D)).

5) Separate Multi-Family Solar for All Program

The portion of the Act authorizing creation of the Illinois Solar for All Program outlines four specific sub-programs: Low-Income Distributed Generation Incentive, Low-Income Community Solar Project Initiative, Incentives for Non-Profits and Public Facilities, and Low-Income Community Solar Pilot Projects.⁷¹ Multi-family residential buildings are mentioned once only in passing in the relevant part of the Act: “Contracts under the Illinois Solar for All Program [must] ensure the wholesale market value of the energy is credited to participating low-income customers or organizations and to ensure tangible economic benefits flow directly to program participants, except in the case of low-income multi-family housing where the low-income customer does not directly pay for energy.”⁷² The Agency’s Draft Plan proposed to include multi-family residential buildings in the Low-Income Distributed Generation Incentive sub-program.⁷³

Elevate-GRID and the Illinois Solar for All Working Group, in separate comments, proposed the creation of a separate Multi-Family program within Illinois Solar for All, based on language in the authorizing statute allowing the Commission to approve the creation of “an additional low-income solar or solar incentive program” if it would “more effectively maximize[] the benefits to low-income customers after taking into account all relevant factors.”⁷⁴ Elevate-GRID and the Working Group proposed that a multi-family program should take up 15% of the available Illinois Solar for All budget.⁷⁵

⁷¹ See 20 ILCS 3855/1-56(b)(2)(A) - (D).

⁷² 20 ILCS 3855/1-56(b)(2) (fourth unnumbered paragraph).

⁷³ See Draft Plan, Sections 8.6.1, 8.6.1.1, 8.6.1.2.

⁷⁴ 20 ILCS 3855/1-56(b)(4).

⁷⁵ Elevate-GRID Comments at 6; SFA Working Group Comments at 15-16.

The Agency declines at this time to adopt the proposal for a separate multi-family program, instead preferring to implement the four programs required by the Act. The Agency will monitor the treatment of multi-family buildings under the Low-Income Distributed Generation Incentive sub-program and reserves the right to propose additional Illinois Solar for All sub-programs when it revises this Plan in 2019. Additionally, the filed Plan at Section 8.8 now includes an indication that the Agency will consider, when it evaluates the applications of potential Program Administrators, the ability to differentiate the needs of single-family and multifamily housing and provide the appropriate support and technical assistance to each sector.

6) Elimination of Standalone Community Renewable Generation Program

Section 1-75(c)(1)(N) of the Act calls for the Agency to create a “community renewable generation program” that will “expand renewable energy generating facility access to a broader group of energy consumers.” In Section 5.8.4 of the Draft Plan, the Agency observed that the Adjustable Block Program under Section 1-75(c)(1)(K)(iii) of the Act includes a provision for funding of community solar capacity, but no other type of community renewable generating technology. Thus, to fulfill its mandate under Section 1-75(c)(1)(N), the Draft Plan at Section 5.8.4 contained a proposal to conduct a competitive procurement in 2019 (with a 15-year delivery term, similar to other forward procurements under the Plan) for Community Renewable Generation Projects that are not photovoltaic.

SEIA proposed that the “IPA should not suggest procurement beyond the ABP for Community Renewable Generation” and that “the ABP should be considered the Community Renewable Generation Program until the first revision of the program.”⁷⁶ Meanwhile, ELPC argues that the Act does not require any program for any community renewable generation

⁷⁶ SEIA Comments at 58.

technology other than under the Adjustable Block Program, and that “the expansion of the definition of community renewable generation to include a variety of renewable resources beyond solar is intended to allow *but not require* such a program.”⁷⁷ ELP does not advocate removing the Agency’s proposal for a Community Renewable Generation Program competitive procurement, but asks that the Agency modify language suggesting that such a procurement is *required*.⁷⁸ The Agency declined to adopt either of these proposals, as it seems unlikely that the charge in Section 1-75(c)(1)(N) of the Act is intended as a mere restatement of the community solar requirements in Section 1-75(c)(1)(K)(iii). The Agency believes it has a responsibility to implement the Community Renewable Generation Program, and has proposed to do so using a competitive procurement process as described in its Draft Plan.

7) Elimination of Non-Wind/Solar Forward Procurement

As the Agency noted in Section 5.8.3 of its Draft Plan, Section 1-10 of the IPA Act defines “renewable energy resources” to include several types of generating technologies besides wind and solar photovoltaics, including solar thermal, biodiesel, tree waste, and certain non-new hydropower. As stated there, “[t]he Agency believes that there is value in increasing the diversity of sources of RECs for its procurements.” The Agency proposed to conduct a 15-year forward procurement in 2019, if information obtained through a Request for Information supports the idea that there will be sufficient interest in this Other Renewables procurement.

ComEd argued in comments that “it is unclear whether this proposal might result in a failure to achieve the statutory RPS targets.”⁷⁹ Exelon Corporation (“Exelon”) also argued against

⁷⁷ ELP Comments at 42.

⁷⁸ Id. at 43.

⁷⁹ ComEd Comments at 7.

the proposal, worrying that it could “come[] at the expense of the explicit priorities” in P.A. 99-0906, and presenting reasons why the procurement would purportedly not be cost-effective.⁸⁰

The Agency elected not to adopt these suggestions, as the statutory goal⁸¹ of 75% wind and photovoltaic-based RECs over the next thirteen delivery years leaves room for other technologies to fill in the REC gap. As stated in the filed Plan at Section 5.8.3, the IPA believes that this proposed procurement, by making use of renewable generating technologies that are not wind or solar photovoltaic, will help ensure that the benefits of new renewable generation are captured. Additionally, the Agency will proceed with this planned Other Renewables procurement only if it appears that the procurement will be cost-effective.

8) Consumer Protection

While the IPA did make certain changes to its Consumer Protection standards in light of comments received, it did not adopt other proposals. Among them included proposals from the Illinois Solar for All Working Group in others seeking that a broader number of Part 412’s requirements apply to Approved Vendors;⁸² ultimately, the Agency chose to adopt only those that it felt were appropriate to apply to distributed generation and community solar projects. The Agency also rejected proposals by the Solar Energy Industries Association to eliminate several Approved Vendor requirements, including the disclosure of financial and complaint information from other jurisdictions and the standardization of projected energy prices in system performance information.⁸³ The Agency believes that these provisions are vital to ensuring that consumers deal

⁸⁰ Exelon Comments at 3-5.

⁸¹ 20 ILCS 3855/1-75(c)(1)(C).

⁸² See SFA Working Group Comments at 20-29.

⁸³ See SEIA Comments at 38-45.

only with reputable companies and are empowered to make informed choices, and thus neglected to adopt those changes.

9) Municipal Utility/Rural Electric Cooperative Eligibility

One commenter, ComEd, proposed that projects located in the service territories of municipal utilities, rural electric co-operatives, and Mt. Carmel public utility not be eligible for the adjustable block program.⁸⁴ The IPA understands, and the Plan acknowledges, statutory ambiguity on this point: while the definition of a “subscriber” found in the IPA Act references “a person . . . who takes delivery service from an electric utility,” the definition of a “community renewable generation facility” requires that the project be “interconnected at the distribution system level of an electric utility as defined in this Section, a municipal utility as defined in this Section that owns or operates electric distribution facilities, a public utility as defined in Section 3-105 of the Public Utilities Act, or an electric cooperative, as defined in Section 3-119 of the Public Utilities Act.”⁸⁵

The IPA believes that its Plan provides a sound, middle ground approach. Under its proposal, projects located in municipal utilities and electric cooperatives may qualify for the Adjustable Block Program—but only if those municipal utilities or electric cooperatives meet standards at or above what would otherwise apply to electric utilities, including crediting subscribers for the energy supply value of subscription shares. The Agency believes that its proposal constitutes a sound, pragmatic approach to a challenging issue, and thus did not adopt ComEd’s proposed prohibition.

10) Small Customer Community Solar Carveout

⁸⁴ ComEd Comments at 7-10.

⁸⁵ 20 ILCS 3855/1-10 (emphasis added).

Several parties offered comment on how best to ensure the “robust participation opportunities for residential and small commercial customers” in community renewable generation projects required in Section 1-75(c)(1)(N) of the Act. The Agency’s Draft Plan at Section 6.5.2 included adders to the Adjustable Block Program community solar REC prices for certain levels of residential subscriber participation, but did not set any particular carveout or goal for residential subscribers. The Agency also stated in Section 7.6.1 of its Draft Plan that it intends to review residential participation in 2019 and revisit this determination if residential subscriptions (by capacity) to community renewable generation projects are (in aggregate) under 25%.

In comments, CCSA alluded to the idea of a 25% carveout for small subscribers (under 25 kW of subscription) in every community solar project, but stopped short of endorsing that proposal; CCSA did recommend that the Agency should set a goal of achieving at least 40% residential and small commercial customer participation in community solar programs within the Adjustable Block Program.⁸⁶ ELPC expressed worry that “an ‘adder-only’ approach may be either ineffective or inefficient at spurring robust participation opportunities” but also stopped short of endorsing an outright carveout for small subscribers, instead recommending a goal that the subscription share of small subscribers in community solar projects match the overall statewide load share of such customers.⁸⁷

In its filed Plan, the Agency has determined that it will not adopt a specific minimum carveout for subscriptions by small customers, as it is not clear whether any particular level of small subscriber participation is attainable at this time. However, the Agency did, in Section 6.5.2 and elsewhere, change the focus on residential subscribers to include “small subscribers.”

⁸⁶ CCSA Comments at 5-6.

⁸⁷ ELPC Comments at 17.

including both residential and small commercial subscribers, defined as any subscriber with a subscription below 25 kW. In Section 6.5.2, the Agency also created a new small subscriber participation category of 25-50% that now receives an adder to the REC price; the community solar adders in the Draft Plan provided no extra payment for residential participation below 50%.

11) Production Estimates for Small Systems

Several commenters sought for the IPA to allow the use of production estimates for smaller photovoltaic systems, such as those below 10 kW in size.⁸⁸ By way of background, a production estimate involves a tracking system (such as GATS) automatically generating RECs for a photovoltaic system based on the system size and engineering modeling of expected kilowatt hour generation. Production estimates do not require any actual data being transmitted to the tracking system to verify production (and thus there would be no way to verify the system's ongoing operation), and given the law's requirement for upfront payment for at least some portion of RECs to be delivered over a 15 year period, this seems particularly problematic. As the Agency believes the known, verified generation of renewable energy is essential to the integrity of the state's RPS requirements, the IPA did not adopt this proposal.

12) REC Vintage Requirements

Staff and CSG each suggest that the IPA loosen its proposed REC vintage requirements for meeting annual targets such that instead of RECs being required to share the vintage of the delivery year, RECs need only be from within 5 months of the delivery year.⁸⁹ While the IPA appreciates that this proposal would widen the pool of RECs available for compliance (thus potentially lowering prices through increased competition), the Agency believes that the spirit of the state's

⁸⁸ See, e.g., ISEA Comments at 10.

⁸⁹ See Staff Comments at 10-11; CSG Comments at 2-3.

RPS is best met through RECs that correspond with the delivery year of the target for which they are being procured. Further, the Agency believes the benchmark development process for competitive procurements can successfully ensure that RECs procured in spot procurements are not prohibitively costly.

13) Adjustable Block Program Allocation

Section 1-75(c)(1)(K) of the IPA Act requires certain allocations under the adjustable block program: specifically, 25% must be from distributed generation no larger than 10 kW; 25% must be from distributed generation from 10 kW to 2 MW; 25% must be from photovoltaic community renewable generation projects; and “[t]he remaining 25% shall be allocated as specified by the Agency in the long-term renewable resources procurement plan.”⁹⁰ In its draft Plan, the IPA proposed even distribution (33.3/33.3/33.3) across the three established categories, resulting in several commenters recommending that the Agency simply keep the remaining 25% in reserve for flexibility.⁹¹

The IPA appreciates the spirit of these proposals, but views this initial allocation as an exercise in establishing block size—in which case keeping a remaining 25% in reserve would offer little value or may dampen expectations. As a result, the Agency did not adopt this proposal. The Agency further notes that its first planned update to the Plan will be developed after roughly one year of performance under the adjustable block program, and the Agency will revisit this allocation at that time based on what it learns through the first year of administering the adjustable block program

⁹⁰ As the IPA explains in Section 2.5.1.1 of the Plan: “The above categories also raise the question of ‘25% of what’—installed capacity? Budgets? RECs? While the statute is perhaps unclear, the IPA believes that, given that RECs are the standard compliance pathway in the revised Illinois RPS, 25% should be understood to refer to the number of RECs procured from projects of that type.”

⁹¹ See, e.g., ELP Comments at 14.

PROCESS & SCHEDULE

As referenced above, the law provides that “[w]ithin 14 days after the filing of the initial long-term renewable resources procurement plan or any subsequent revisions, any person objecting to the plan may file an objection with the Commission”—leaving a deadline for Objections of December 18, 2017. The law also provides that “[w]ithin 21 days after the filing of the plan, the Commission shall determine whether a hearing is necessary.” As December 25, 2017 is a holiday, the hearing determination deadline is December 26th.

While 120 days for Commission consideration is more than the Commission is afforded for the consideration and approval of the Agency’s annual procurement plan, it still leaves parties with an expedited timeline. Further complicating this timeline are potential challenges with the availability of counsel over the holiday period and other state holidays in January and February of 2018. In recognition of these challenges, and in collaboration with select other parties, the Agency developed the following proposed schedule to (hopefully) accommodate the needs of the hearing officers and any interested parties:

FILING DATE:	Monday December 4, 2017 (statutory)
OBJECTION DUE DATE:	Monday December 18, 2017 (statutory)
HEARING DETERMINATION DEADLINE:	Tuesday December 26, 2017 (statutory)
RESPONSES TO OBJECTIONS:	Thursday January 11, 2018
REPLIES TO RESPONSES:	Thursday January 25, 2018
EVIDENTIARY HEARING (IF NECESSARY):	[sometime in this timeframe]
PROPOSED ORDER:	Monday February 26, 2018
BRIEFS ON EXCEPTION:	Wednesday March 7, 2018
REPLY BRIEF ON EXCEPTION:	Wednesday March 14, 2018

COMMISSION ROM: **April 3, 2018**

“DROP DEAD” DATE: **April 3, 2018 (statutory)**

Based on the comments received through the formal comment process, the Agency does not believe an evidentiary hearing is necessary for the consideration and approval of the Plan.

Lastly, in addition to the undersigned attorneys, the IPA requests that the following individuals be placed on the service list for the resulting docketed proceeding, each of whom agree to electronic service pursuant to Title 83, Section 200.1050 of the Illinois Administrative Code (the Commission's Rules of Practice):

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CONCLUSION

The Illinois Power Agency's Long-Term Renewable Resources Procurement Plan is consistent with the requirements of Sections 1-56(b) and 1-75(c) of the Illinois Power Agency Act, Section 16-111.5(b)(5) of the Public Utilities Act, and any other relevant portions of the Public Utilities Act and the IPA Act. As the Plan "will reasonably and prudently accomplish the requirements of Section 1-56 and subsection (c) of Section 1-75 of the Illinois Power Agency Act," it should be approved by the Commission. The IPA reserves the right to file responsive comments and any corresponding edits to the Plan, and respectfully requests the Plan's approval.

Dated: December 4, 2017

Respectfully submitted,

Illinois Power Agency

By: /s/ Brian P. Granahan

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STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Power Agency)	
)	
Petition for Approval of the IPA's Long-)	ICC Docket No. 17-_____
Term Renewable Resources Procurement Plan)	
Pursuant to Section 16-111.5(b)(5)(ii))	
of the Public Utilities Act)	

NOTICE OF FILING

Please take notice that on December 4, 2017, the undersigned, an attorney, caused the Illinois Power Agency's Verified Petition for Approval of the IPA's Long-Term Renewable Resources Procurement Plan Pursuant to 220 ILCS 5/16-111.5(b)(5)(ii), the Long-Term Renewable Resources Procurement Plan itself, and the appendices thereto to be filed via e-docket with the Chief Clerk of the Illinois Commerce Commission in a new proceeding:

December 4, 2017

/s/ Brian P. Granahan
Brian P. Granahan

STATE OF ILLINOIS)
)
COUNTY OF COOK)

VERIFICATION

Anthony M. Star, being first duly sworn, on oath deposes and says that he is the Director for the Illinois Power Agency, that the above Verified Petition, the accompanying Long-Term Renewable Resources Procurement Plan, and all appendices attached thereto have been prepared under his direction, he knows the contents thereof, and that the same is true to the best of his knowledge, information, and belief.



Anthony M. Star

Subscribed and sworn to me
This 4th day of December, 2017

