

[Commenter 1's name and logo]

MEMORANDUM

To: Illinois Power Agency

From: [Commenter 1]

Date: February 18, 2019

Subject: Brownfield Site Photovoltaic Procurement - Questions & Request for Comments

This memorandum provides [Commenter 1]'s comments on the Brownfield Site Photovoltaic Procurement. We greatly appreciate the opportunity to comment.

[Commenter 1]'s owners have over 50 years of combined experience in the Illinois green power industry and solid waste development, operations, engineering, and compliance. [REDACTED]

While specifically discouraged, we cannot help but comment on the fact that bids were submitted but were not accepted "due to application of the confidential price benchmark applicable to the procurement event". We hope that the IPA will re-examine the assumptions that went into determining the benchmark price. While we ultimately did not propose, we did spend significant time evaluating the costs associated with developing brownfields for solar and, in particular, solar on landfills.

Because of the typical size of brownfields, especially landfills, the scale of solar that can be constructed is in the 10s of MWs. This is nowhere near the scale of the winning utility scale projects. We watched with initial surprise at the utility scale REC pricing resulting from the utility scale REC auctions but then learned that those projects were supported by PPAs at prices that are well above the current avoided cost. The smaller size of brownfield properties relative to the recent utility scale projects makes it difficult, if not impossible, to find an offtaker for a PPA. While we have tried, we have never been able to interest anyone in a PPA for our landfill gas to energy projects [REDACTED]

With no PPA, our landfill gas to energy projects are forced to sell power at the avoided cost. For the past three years, the avoided cost has hovered around \$0.0275/kWh. This is the same power price we modeled for our brownfield solar projects. With these energy prices, the REC prices that we felt we needed to successfully construct a solar project on a landfill were in line with the Adjustable Block Program REC prices used for community solar.

[Commenter 1's address]

[Commenter 1's phone number]

The IPA identified specific areas of interest for which they are seeking input. These have been included in their entirety followed by our response:

1) Section 1-10 of the IPA Act defines a brownfield site photovoltaic project as needing to be located at a site regulated under one of four programs:

- (A) the U.S. EPA's Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA");*
- (B) the U.S. EPA's Corrective Action Program of the federal Resource Conservation and Recovery Act, as amended;*
- (C) the Illinois EPA's Site Remediation Program; or*
- (D) the Illinois EPA's Solid Waste Program.*

Is that definition too restrictive? 2 Are there project types commonly understood as brownfield excluded through this definition? If so, what project types are excluded, and how could this definition be improved?

2) In interpreting that definition, the IPA required that any such project needed to demonstrate having been regulated under the applicable program within the last 15 years. Is that requirement too restrictive? If so, what recency requirement (if any) should apply?

We do not feel that the current definition or the current interpretation of the definition is too restrictive. Rather, we would like to see brownfield development opened to community solar. In other words, allow the REC bids for brownfields that plan to construct community solar projects, even if these projects have to be limited to 2 MW in size (allowing for co-location, 4 MW). Community solar provides greater compensation for the power produced, is appropriate for the acreage at many brownfield sites, and will lower the necessary REC bid to make a project feasible. We also think that brownfield RECs could be procured through the adjustable block program by providing adders or preferential block positioning treatment for brownfield development.

3) In applying a requirement that any site regulated under the Illinois Site Remediation Program must also demonstrate "actual blight or contamination," the IPA required the following to be submitted: (i) proof that the site is also regulated by another Program referenced in Section 1-10 of the IPA Act (if documentation from another Program could not be submitted instead of the documentation from the IEPA Site Remediation Program because it was dated before a date 15 years prior to the Bid Date); or (ii) demonstration of contamination at the site and determination of the need for remediation activities through a site assessment from the U.S. EPA Targeted Brownfields Assessment; or (iii) additional documents from the IEPA Site Remediation Program. If the Bidder is electing to provide additional documents from the IEPA Site Remediation Program, the Bidder must: (a) if the Bidder has not already done so, provide a Remedial Action Plan and such document must demonstrate that concentrations of contaminants at the site exceeded the remediation objectives established for the site and require remediation activities; and (b) if the Bidder has not already done so, provide the Remedial Action Completion Report and a No Further Remediation Letter, or certify that such documents have not been issued. If the Remedial Action Completion Report has been issued, it must be provided; it must state that remediation was indeed conducted at the site, and it must be dated later than the Remedial Action Plan. If a No Further Remediation Letter is Provided it must cover the entirety of the site.

While the IPA is required by law to use this statutory definition for any subsequent brownfield procurements, feedback is nevertheless sought on whether the definition provides a barrier to participation. Is this requirement too onerous? If so, what would be a more reasonable approach to demonstrating "actual blight or contamination," and why?

We feel very strongly that these requirements should not be eased. Any property in the state, regardless of site conditions, can be readily enrolled into the Site Remediation Program (SRP) by completing a simple form and sending the IEPA a check for \$500. There is no mechanism for the IEPA to reject a site for enrollment in the program. For example, a "greenfield" farm could be enrolled in the SRP program, a very simple, inexpensive investigation to satisfy the SRP requirements could be conducted, and the farm would receive a NFR letter. A very inexpensive way to game the system. It was never the intent of FEJA for greenfield sites enrolled in the SRP to meet the definition of a brownfield site.

4) Consistent with the requirements applicable to the utility-scale solar RFP, projects participating in the Brownfield Procurement were also required to begin delivering RECs by May 31, 2021, with a possible one-year extension should the bidder meet an increased collateral requirement. Given the additional remediation potentially required to successfully develop a brownfield site PV project, is this requirement too onerous? If so, for brownfield site projects, what is a more realistic timeline between project selection and initial REC deliveries?

The timeline should not be an issue for development at brownfields. Remediation efforts are not financially viable for solar development at the vast majority of these properties. Rather, remediation will have been completed, or more likely on-going, with solar development as an "end use" that will not compromise or impede the completed and/or on-going remedial efforts.

5) Given the complexity of brownfield site development, the IPA recognizes that brownfield site PV projects could face development and performance risks distinct from those faced by a greenfield site utility-scale solar project. Are the REC delivery contract's force majeure provisions sufficient to account for such risks? Are there other ways in which the contract could account for brownfield site development risks? If so, how?

Our brief review of the contract did not indicate that this is an issue.

6) If you bid in the Brownfield Procurement, how did you learn about the opportunity to bid? Are there other venues or mediums through which information could have been published/provided that would have made it easier for you to learn about the procurement event?

We did not bid.

7) [CONFIDENTIAL] Bids were received in the Brownfield Procurement in late November of 2018, just months before the opening of the Adjustable Block Program, which provides incentives for RECs from new PV projects of up to 2 MW in size. Did the opportunity for incentives through the Adjustable Block Program impact your participation in the Brownfield Procurement? Did it impact your bid price?



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[Comment 1's logo]

8) *[CONFIDENTIAL] If you bid in the Brownfield Procurement—if the IPA were to conduct a second Brownfield Procurement in 2019, would you bid again?*



If you need any clarification on our comments, please contact [Commenter 1's owner] at [Commenter 1's phone number] or by email at [Commenter 1's email].