

NEXAMP RESPONSE TO ILLINOIS POWER AGENCY REQUEST FOR COMMENTS ON THE DRAFT 2022 LONG-TERM RENEWABLE RESOURCES PROCUREMENT PLAN

February 28, 2022

Nexamp appreciates the opportunity to provide responsive comments to the Illinois Power Agency's 2022 Draft of the Long-Term Renewable Resources Procurement Plan.

Nexamp is a vertically integrated clean energy company based in Boston, Massachusetts. Founded in 2007 by two U.S. Army veterans, Nexamp manages the complete project lifecycle of solar plus storage assets from design and construction to customer acquisition and management, operations and maintenance.

Since 2019, Nexamp has been proudly offering its flexible community solar program to Illinois residents and small business, providing guaranteed energy savings, with no sign-up costs, no credit checks, and no long-term contracts. We believe that all Illinois residents – regardless of where they live– should be able to benefit from clean energy savings.

Nexamp's commitment to the Illinois community solar market is significant. To date, we have invested in nearly 50 MW of community solar projects across the state. Our operational assets serve over 5,000 residents and small businesses through the Illinois Shines Program, with many more projects still under construction. An additional three projects currently serve over 800 customers in the Illinois Solar for All Program.

As a steering member of the JSP and a Board Member of both the Coalition for Community Solar Access and the Solar Energy Industries Association, Nexamp is supportive of the comments field by the Joint Solar Parties.

However, we submit these comments to provide an additional point of view on the IPA's proposed project selection criteria for the Traditional Community Solar capacity blocks in the Adjustable Block Program. We also provide a recommendation for how the IPA should structure a developer cap to ensure that participation in the Adjustable Block Program remains accessible to new market entrants and diverse business models.

I. Project Selection Criteria

The JSP proposes using project maturity milestones to break any ties that result from multiple projects applying on day one. While Nexamp is usually supportive of using project maturity milestones to queue projects for program selection, the history of the Illinois community solar market necessitates an approach that is different from strict application of this principle. To fully understand our perspective, it is important to remember how the Illinois community solar market evolved after the Future Energy Jobs Act was passed in 2016.

FEJA was incredibly effective at attracting investment in the Illinois community solar market and the market was quickly oversupplied given the capacity available under the Initial LTRRPP. While the lottery was not a perfect solution, it was an attempt to provide an equitable way to select projects without rewarding the earliest and most aggressive market participants. We are not advocating for another lottery, but we believe that the current market dynamics are similar, though not identical to those that made a lottery the imperfect choice for FEJA.

In the intervening years since the IPA conducted the community solar lottery, there has been no capacity for new projects. In that time, many developers reallocated their development resources to other markets while they waited for an indication that more capacity would become available in the ABP program. Meanwhile, most developers continued to hold onto their unawarded lottery projects based on the expectation that the legislature would eventually provide a path forward for a subset of these projects. These older waitlist projects were indeed provided special treatment under CEJA and granted apportioned REC awards that allowed the developers that applied to the program before 2019 to recognize value, and in some cases significant value, for their vintage lottery projects. As it played out, developers that brought forward a large number of projects under the original FEJA lottery, in some instances through speculative, aggressive behavior, were ultimately rewarded through receipt of significant waitlist REC awards.

We are concerned that a program that rewards speculative development crowds out the potential for a stable, long-term market characterized by a diversity of developers and products. We believe that a program should be designed to disincentivize speculative development to not reward actors that would clog queues with projects that have no path forward under current conditions.¹

It is because of the significant lag between available capacity under the FEJA ABP and the CEJA ABP that we believe the IPA should use its proposed scoring criteria to break any ties that result from multiple projects applying on day one and then proceed to queue projects thereafter based on project maturity milestones. Should a tie remain, we support the IPA's proposal of a random selection process if further ordering is required across first-day projects with tied point scores. We believe that this is an imperfect solution but given the market circumstances, it is the fairest option.

Though the capacity that will be available through the CEJA ABP is significant, it will likely be insufficient to meet the demand that has built up since the last block of community solar capacity was opened. If the first block is not opened until the second half of 2023, there will likely remain a bottleneck for capacity for some time and use of

¹ Because existing interconnection rules in ComEd allow projects to delay full payment of interconnection costs until one year after interconnection agreement execution, it is unreasonable to use a fully executed interconnection agreement as a proxy for project viability. It is possible that some projects which have earlier in time interconnection agreement dates are leveraging this payment timing to queue squat in hopes of securing program capacity before incurring real development costs.

project maturity milestones to queue projects will likely favor older projects for which project maturity milestones may no longer be a proper proxy for project viability. Again, many of these older projects have already benefited from REC allocations on the basis of their FEJA waitlist status.

Accordingly, Nexamp supports using the IPA's proposed scoring criteria with the following changes:

1. ~~STRIKE: Projects that are sited on brownfields.~~ (3 points) Because there is already designated capacity for brownfield projects, we recommend removing this point category, or reducing the points awarded to a single point.
2. ~~ADD: Projects that commit to 100% of project development work being performed by union labor contractors (carpentry, electrical) (2 points) or eligible equitable union labor contractors (carpentry, electrical).~~ (3 points) Adding bonus points for projects that use union labor and/or equitable union labor firms would further one of the central goals of CEJA, equitably growing the Illinois clean energy workforce.
3. ~~AMEND: Projects that are committed to agriculturally sensitive provisions, such as providing a pollinator friendly habitat.~~ (1 point) We applaud the IPA's recognition of the importance of community solar siting and the need to encourage deployment of pollinator sensitive habitats. However, we encourage only awarding one point for meeting this criterion unless the IPA details a standard or certification these habitats must meet, such as the UMass Clean Energy Extension Pollinator-Friendly Certification Program for Solar PV Arrays.
4. ~~ADD: Projects that use trackers or bifacial modules.~~ (1 point) Despite the pinch from increased steel costs, solar trackers remain an attractive option for ground mounted projects because they increase efficiency without significantly expanding a project's footprint. Bifacial modules also offer significant efficiency gains without any additional acreage. Given the efficiency gains these technologies provide, we recommend the IPA incentivize their deployment by offering a single point for their use.
5. ~~Projects that increase the geographic diversity of community solar by being located in a county or township that does not contain other approved community solar projects.~~ (2 points)
6. ~~Projects submitted by equity eligible contractors (2 points) or that can demonstrate contractual commitments for at least 50% of project development work to be performed by eligible equitable contractors (1 point).~~
7. ~~Projects that commit to 100% of projects subscriptions being met through small subscribers (below 25 kW).~~ (1 point)
8. ~~STRIKE: Project applications that were eligible for inclusion in the blocks of capacity that opened in December 2021 (e.g., were on waitlists as of December 31, 2020) (2 points).~~ As discussed above, projects on the lottery waitlist have already been given an opportunity to receive a REC award through CEJA's waitlist apportionment mechanism. Subsequent capacity should not prioritize older projects simply because they are on the waitlist; doing so is likely to reduce

the opportunities for new firms to enter the Illinois market and does not further the aims of CEJA.

It is important to note that Nexamp is fully supportive of the JSP position that the IPA opens applications to the Traditional Community Solar Block upon approval of the Long Term plan this year. While we cannot know if there will be sufficient unused capacity in other program segments to reallocate capacity to Traditional Community Solar, opening the program to applications in 2022 will almost certainly limit the number of projects applying on program day one, minimizing the need for tiebreakers.

II. Developer Cap

The IPA applied a developer cap of 20% to the 2019 program lottery to ensure that no single developer was able to secure a disproportionate amount of program capacity in each capacity block. Nexamp supported the developer cap in 2019 and remains supportive, but we recommend the following changes to ensure developer diversity in the initial block and to protect the accessibility of the program in subsequent years.

First, we recommend lowering the cap to 10%. The last ABP procurements demonstrated the popularity of this program and there is no reason to doubt the next procurement will be as successful. Further, with projects up to 5MW eligible to apply, the number of projects that will be selected is smaller creating the possibility that a small number of companies could secure an entire year's worth of capacity with no capacity available for new market participants.

Second, we recommend changing how the cap is applied to better protect against a single developer capturing 20% of program capacity in successive blocks. The 2019 lottery's development cap operated by placing at the top of the queue of the next block any projects that would otherwise have been selected but exceeded a developer's 20% allocation. While this construct was successful in preventing a single developer from securing more than 20% of a single block's capacity, it rewarded developers that submitted a significant volume of applications placing any awarded projects that exceeded the cap first in line for the next block. This all but guaranteed that the most aggressive developer could capture 20% of the next block, too.

We propose that instead of placing projects that exceed the developer cap at the top of the queue, the IPA place those projects that exceed the cap at the end of the queue after a block closes.

For example, DevCo A submits the first 11 projects to the queue, but their 11th project is over the cap. DevCo B submits 11 projects the next day, and their 11th project is also over the cap. The following day, DevCo A submits another project, its 12th, after which several different developers submit applications for their respective projects.

Under the prior waitlist procedure, DevCo A and DevCo B would each receive awards for their first 10 projects selected in Year 1, and their 11th projects would be placed first



and second on the waitlist in Year 2, respectively. DevCo A's 12th project would be third, to be followed by projects from any other developers that may have been on the waitlist.

Under Nexamp's proposal, the Year 2 queue would consist of: the entire waitlist remaining from the end of Year 1, followed by DevCo A's 11th project, DevCo B's 11th project, then DevCo A's 12th project.

We feel this is a more equitable solution that will protect the program from being carved up a handful of well-capitalized developers.

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Thank you for your consideration.