Response to Illinois Power Agency Request for Comments
From SolAmerica Energy
On the Draft 2022 Long-term Renewable Resources Procurement Plan
February 28, 2022

SolAmerica Energy appreciates the opportunity to respond to the Illinois Power Agency's most recent solicitation for comments related to the Draft 2022 Long-Term Renewable Resources Procurement Plan (LTRRPP). SolAmerica is a solar developer and EPC that focuses on community solar and behind-the-meter commercial and industrial projects. We are an approved vendor and have been active in the Illinois market since the passage of the Future Energy Jobs Act. We are also a member of the Joint Solar Parties (JSP) and comments here either expand on or differ from those of our colleagues.

Large DG REC Pricing for Projects Greater Than 2 MWs (7.5.2 Modeling Update)

SolAmerica appreciates the challenges associated with computing optimal REC values from a complex model. Specific to Large DG projects greater than 2 MWac, we believe there is an opportunity to improve the inputs of the CREST model. We believe this would result in a REC value that is more consistent with other size categories and that would strike the right balance between allowing for viable projects without overstimulating this market subset.

The REC values for Large DG systems > 2MWac are $33.40/MWh and $30.93/MWh for Group A and Group B, respectively. In comparison, values for Large DG Systems > 500 kWac to 2 MWac are $48.13/MWh and $48.33/MWh for Group A and Group B, respectively. To better understand this significant drop in value for RECs greater than 2 MW's, SolAmerica has reviewed the CREST model inputs in detail.

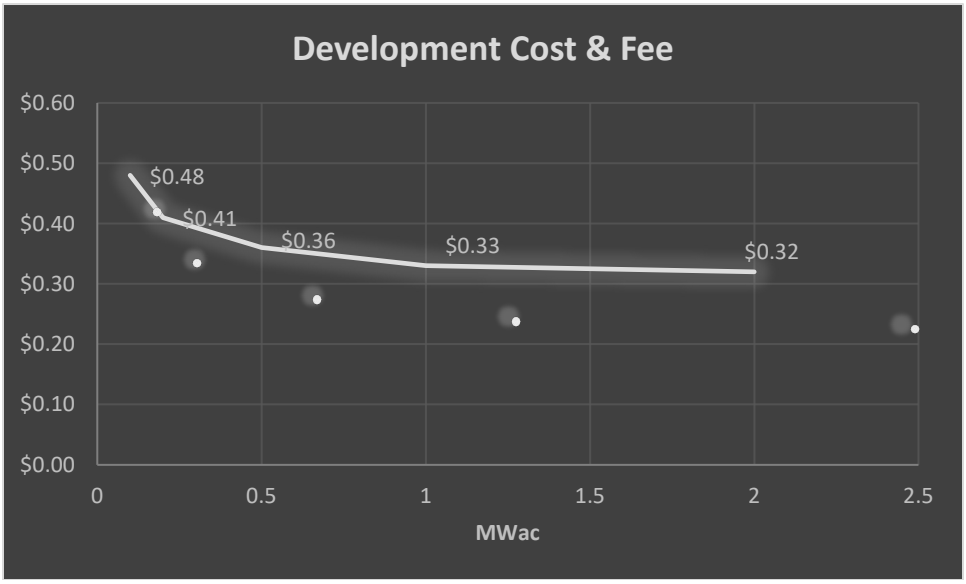
The meaningfully lower number for larger systems appears to be predominantly, but not exclusively, driven by the CREST model input for "Development Cost & Fee". As shown on the "Development Cost & Assumptions" Tab this amount is $699,669 for a 5 MWac (6.094 MWdc) project and $750,653 for a 2 MWac (2.438 MWdc) project. We see no reason to believe that a representative 2 MW system could have a higher total development cost and fee than a 5 MW system.

The stark difference in "Development Cost & Fee" for these sizes appears to come from using C&I costs for 2 MW projects and Utility-scale costs for 5 MW projects per NREL's U.S. Solar Photovoltaic System and Energy Storage Cost Benchmark: Q1 2020. While it is not exactly clear how numbers in the NREL report became inputs in the table "NREL Q1 2020 Benchmarking Study" on the "Size-specific Assumptions Tab," they are very similar to data sets found in the report. Specifically, the NREL Report lists "Development Cost & Fee" for 2 MWdc systems at $.30/Wdc and $.32/Wdc for rooftop and ground-mount, respectively. Compare this to the $.33/W computed from the CREST model (see pages 41 and 44 of the NREL report). Meanwhile, 2 MW's is the largest size listed for C&I projects in the NREL report. However, the report does have price info for 5 MW utility-scale projects (see page 53 of the NREL Report.) The cost listed in the report for "Development Cost & Fee" for 5 MW utility-scale systems is $.12/Wdc, which can be compared to the $.11/W computed from the CREST model.

SolAmerica develops and constructs both small utility-scale projects and relatively large behind-the-meter C&I projects. While we appreciate the dearth of data on larger C&I systems, our experience shows that Small Utility-scale cost data is not a good proxy for Large C&I cost data. This is due to several reasons, including the following:

- Large C&I projects are still typically roof-mount projects whereas utility-scale projects are almost invariably single-axis tracking systems. Roof-mount projects, typically, have higher overall unit costs than ground-mount systems.
- C&I sites must work with resident on-site challenges (roof or ground) whereas utility scale sites, even small ones, are specifically selected for ease of development which has a very direct impact on development burden.
- A large part of the development effort for a C&I project is customer coordination and alignment which doesn't apply to utility-scale projects. Larger C&I is still C&I.

Rather, we believe the NREL data set itself suggest a far higher "Development Cost & Fee" for projects from 2-5 MW projects. By plotting the Development Cost & Fee by size from page 44 of the study, we see the following:



This graph clearly indicates that the rate of decline in development cost and fee decreases as the system size grows. Further, there should be no expectation of the significant drop as shown in the CREST inputs (which was $.33/Wdc for systems from 500 kW to 2 MW's but $.11/Wdc for systems greater than 2 MW's.) Even if we continued to use the rate of decline observed from 1 to 2 MW projects from the NREL data (effectively, $1 decrease for every MW of increase), this would suggest a Development Cost & Fee of $.29/Wdc for a 5 MW project. We believe this number would make a more appropriate input for the model.

Setting REC price too low for this category would have adverse impacts. Most importantly, it could make larger projects unviable. Larger systems imply larger electrical loads that are more likely to be on the cheapest rate classes. If disadvantaged, the solar industry may not be able to make cost saving offers to

this market segment, minimizing their participation in the program. Alternatively, setting REC prices too low for the largest category could drive interested C&I customers to cap systems at 2 MW's to take advantage of the meaningful REC price disparity, potentially meaning less solar deployment and a more expensive program. Lastly, we believe that it is important that larger Large DG is an active and successful participant in the program. These projects are typically aimed at brand name companies which tend to be large employers. These companies want to locate and remain in places that allow them to visibly pursue their growing sustainability aspirations.

We hope this input is helpful and would be pleased to share any additional information given our experience in this segment of the market.

Scoring for Community Solar Project Selection (7.4.3 Traditional Community Solar)

SolAmerica supports IPA's intent to use a scoring system based on project characteristics to prioritize among those projects submitted on the same day. As currently proposed, there are scoring elements that only apply to ground-mount systems (such as brownfields or pollinator habitat, which we applaud). This, however, would disfavor roof-mounted community solar projects which could not qualify for these scoring elements. Rather, the program should seek to favor projects in the built environment which could include but not be limited to rooftops, parking lots, abandoned lands, and other non-agrarian or previously-developed land. We believe this would lead to a greater number of projects that embody widely-held stakeholder goals for the program—more urban/suburban, reduced environmental footprint, greater opportunity to be in EJ communities, and avoidance of prime farmland. The proposed scoring system could be adjusted in a number of ways to accomplish this outcome, including any of the following:

1. A scoring element solely for the built-environment/previously developed sites. This could be carefully defined for avoidance of any ambiguity. It should generate at least 3 points to ensure that such projects score higher than a farm-field project that commits to being a pollinator habitat, which, in our view, is simply becoming the norm wherever feasible and will not serve as a meaningful differentiator.
2. The brownfield scoring element could be replaced with the built-environment element, with brownfield simply being one of the defined types of qualifying projects.
3. Provided that the only counties/municipalities that do not yet have systems tends to be more urban/developed, either of the above approaches might also remove the need for a separate scoring element related to first in a county/municipality.

While we support JSP's call to consider a REC adder for the built environment, this would only help to support individual project viability. It would not do anything to help advance these projects in general against what will likely be an enormous surplus of farm field projects.

Reallocation of Unused Capacity (7.3.5 Uncontracted Capacity at the Close of a Delivery Year)

We expect passage of CEJA to unlock robust development efforts across the variety of project categories under the Adjustable Block Program. However, for many of these categories, it is unlikely that the true demand will be visible by the opening of the 2022-2023 delivery year, especially for C&I projects. This is due to the following reasons:

1. C&I development efforts would not have begun in earnest until at least declaration of the interim REC value in December;
2. This shortened interim delivery year would likely not provide enough time to make it through both the utility interconnection study process and the relatively long C&I sales cycle; and
3. For many projects, the interim REC value for Large DG is simply insufficient to move development. Note the meaningful difference in the interim REC value compared to IPA's proposed REC value in the Draft plan. By necessity or advantage, we believe many developers will simply wait on the stronger REC value to ensure they can make an attractive offer to customers.

As such, and to the extent allowed by the legislation, we recommend IPA refrain from making any reallocation that would see a reduction in Large DG's share of MW's for the opening of the 2022-2023 delivery year. We feel confident that Large DG's ability to successfully apply for capacity will be fully restored by the end of the current calendar year.

SolAmerica greatly appreciates the opportunity to comment and hopes the IPA finds our input useful. For any further discussion, please contact John Buffington, VP Business Development, 202-910-6381, jbuffington@solamericaenergy.com.