

Adjustable Block Program

Request for Stakeholder Feedback

November 12, 2021

Background

On September 15, 2021, Governor Pritzker signed the Climate and Equitable Jobs Act ([Public Act 102-0662](#)) into law. This Act includes significant changes to the Illinois renewable portfolio standard, with the requirement a new Long-Term Renewable Resources Procurement Plan be published no later than 120 days after the effective date of the Act.

The Illinois Power Agency (“IPA” or “Agency”) is seeking feedback on certain topics in preparation for publishing its updated Long-Term Renewable Resources Procurement Plan on January 13, 2022 in compliance with P.A. 102-0662. This feedback may be utilized by the Agency to help form the content of that draft Plan, with stakeholders having additional opportunities for comment after that draft Plan is published.

Through this Request for Stakeholder Feedback, the Agency is seeking feedback on considerations related to changes to the Adjustable Block Program that were raised in the Agency’s now-withdrawn draft Second Revised Long-Term Plan,¹ as well new aspects of the Adjustable Block Program (“ABP”) created through Public Act 102-0662.

Responses to this Request for Stakeholder Feedback should be submitted to the IPA by December 3, 2021. Written responses should be emailed to IPA.Contactus@Illinois.gov with the subject “Responder’s Name – Response to ABP Comment Request.”

In general, responses will be made public and published on the [Illinois Power Agency](#) website. Should a commenter seek to designate any portion of its response as confidential and proprietary, that commenter should provide both public and redacted versions of its comments. Independent of that designation, if the Agency determines that a response contains confidential information that should not be disclosed, the IPA reserves the right to provide its own redactions.

¹ See: <https://www2.illinois.gov/sites/ipa/Documents/DraftSecondRevisedPlan16August.pdf>. The Agency released this draft plan on August 16, 2021 and withdrew it on September 16, 2021 in order to develop a new Long-Term Plan to comply with the new provisions of Public Act 102-0662. As a result, the Agency did not receive stakeholder feedback on certain proposals of that withdrawn plan that were not impacted by the changes in law.

Stakeholder Feedback Questions

Annual Block Capacity

- 1) With the updated Long-Term Plan scheduled to be approved in July 2022, initial blocks of annual capacity opening in December of 2021, and 1-75(c)(1)(K) referencing annual blocks of capacity by delivery year, how should the timing of block opening be reconciled?
 - a) Should the Agency utilize an approach to backdate the opening of annual blocks to the start of the 2022-2023 delivery year (June 1, 2022), which would result in the initial annual blocks opened on December 14, 2021 be open for less than a year? Or is there some other way of prorating the timing of annual blocks?
 - b) Are there considerations that would necessitate taking a different approach for reconciling the timing of block opening by category?
 - c) For categories with an initial allocation period of two years, is the initial period the 2021-2022 and 2022-2023 delivery years, resulting in the next block opening June 1, 2023?
- 2) How should Blocks be sized?
 - a) Section 1-75(c)(1)(C)(i) sets the Agency's goal to procure 45 million RECs delivered annually by 2030, 55% of which come from photovoltaics, and further of which 50% are from the Adjustable Block Program. This would be a 2030 goal of 12.375 million RECs.² To achieve that goal, should the Agency set even annual total block quantities for the delivery years between 2022 and 2030, or should the total annual block sizes ramp up over time to give the market time and space to grow? If a ramp up approach is used, what is a reasonable annual growth rate?
 - b) Given the initial distribution of 20% small DG, 20% large DG, 30% traditional community solar, 15% public schools, 5% community-driven community solar, and 10% projects from Equity Eligible Contractors, what would be a reasonable estimate of the size of DG market annually that could be used in setting block sizes?
 - c) Initial block sizes were set by converting 1 million RECs to MW by using a standard 16.5% capacity factor. Should a standard capacity factor be maintained, or should the REC to MW conversion be category specific? What other approaches could be utilized for converting REC targets to supported installed capacity?
- 3) What considerations should be made when redistributing uncontracted capacity at the end of a delivery year? Should waitlists be pure first-come first-served or some other process?
- 4) Should application fees for waitlisted projects be charged when first applying, or only be due once projects come off waitlists?

Open Questions from the withdrawn draft Second Revised Long-Term Plan³

- 5) Co-location of Distributed Generation Systems (Section 6.5.2, pg. 149)
 - a) *The Agency recognizes that in rural areas of Illinois it is not uncommon for a parcel to have buildings (and thus load to be offset by distributed generation) that serve separate residential and agricultural uses, and will evaluate requests to consider those uses separately for the*

² Note that in the initial blocks of capacity of the Adjustable Block Program procured approximately 1 million RECs delivered annually.

³ This is not an exhaustive list of questions posed in the withdrawn draft Second Revised Long-Term Plan. Certain questions have been omitted, such as those related to a proposed approach for the allocation of future capacity for community solar as Public Act 102-0662 provides a new roadmap for that allocation.

application of this standard. For this draft Second Revised Plan, the Agency welcomes stakeholder feedback on how to develop and apply criteria for making such evaluations.

- 6) Community Solar (Section 6.5.3, pg. 150-151)
 - a) *For this draft Second Revised Plan, the Agency seeks stakeholder feedback on if small subscriber adders should be reduced. The shift to online marketing and enrolment is likely an additional cost savings for community solar providers that may not be reflected in the current adder. To elicit feedback on this topic, and in lieu of additional data or cost modeling, the Agency suggests starting with the midpoint of the range of costs reported by GTM Research, or \$14.82/REC for 50% or over small subscriber levels. This approach produces adders very similar to the current Minnesota adder.⁴*
- 7) Program Administrator (Section 6.10, pg. 165-166)
 - a) *For this draft Second Revised Plan, the Agency is proposing that the Program Administrator will establish a mentorship/training program for new Approved Vendors and designees that are minority-owned, woman-owned, veteran-owned, disability-owned or considered a small business with the goal to help those new program participants learn about program requirements and application procedures. The Program Administrator would assign a dedicated staff person to each new Approved Vendor or Designee who qualifies for this program to provide them technical assistance and provide introductions and connections to established entities. The Agency welcomes stakeholder feedback on this proposal and how it can be refined. Additionally, the Agency is especially interested in increasing participation in the Program by these types of diverse businesses. The Agency is seeking stakeholder feedback particularly on how to increase the number of diverse business entities (i.e., minority-owned business, woman-owned business, veteran-owned business, disability-owned business, or small business). Specifically, what are barriers to entry currently observed in the market and how can those barriers be addressed adequately to ensure a more diverse pool of Program participants?⁵*
- 8) Technical System Requirements (Section 6.12.1, pg. 168)
 - a) *As discussed in Section 6.3.3.1.2, for this Second Revised Plan, the Agency is interested in feedback on specific alternatives to signed interconnection agreements for new community solar applications where there may be a long lead time between project application and selection. The Agency understands that certain stakeholders, particularly the utilities, are interested in alternative indicators of project maturity for community solar projects that may also alleviate pressure on interconnection processes. In Docket No. 19-0995, some stakeholders argued against the inclusion of the interconnection agreement requirement, but suggested no workable alternative indicator of project maturity to replace this requirement. The Agency continues to believe that signed interconnection agreements are an appropriate indicator of project maturity for distributed generation projects above 25 kW.*
- 9) Metering Requirements (Section 6.12.2, pg. 170)
 - a) *After approval of the Initial Plan, the Agency communicated regularly with industry stakeholders who were seeking to coordinate and obtain ANSI approval of a new DC metering standard. However, the Agency has not received any subsequent input from such stakeholders and understands that this [standard was finalized in of March 2021](#). The Agency has not yet*

⁴ Note that the separate Request for Stakeholder Feedback on the REC Pricing Model contains additional questions related to subscriber management costs.

⁵ Note that Public Act 102-0662 creates a variety of similar goals and opportunities. Nonetheless, the Agency remains interested in stakeholder feedback on this proposal.

reviewed the applicability or relevance of this standard to its programs and welcomes stakeholder comments on this topic.

10) Batches (Section 6.14.1, pg. 178)

- a) *While the Agency believes an initial batch of 100 kW is not a significant barrier to new market entrants, the Agency welcomes stakeholder feedback on whether the initial batch size and/or 75% verification level for new minority or woman-owned Approved Vendors should be set at a lower level.*

11) Batch Contract Approval (Section 6.14.6, pg. 180)

- a) *In stakeholder comment processes conducted by the Agency, parties have repeatedly requested allowing the rollover of collateral from projects withdrawn from the program to newly applied projects. The argument offered has been that, especially in the residential sector, the collateral requirement has created risks and costs for Approved Vendors who cannot control for decisions homeowners might make to cancel an installation. The Agency continues to believe that the collateral requirement is an important component of ensuring that only projects with a high degree of likely completion are submitted to the program. However, the Agency recognizes the concerns that have been raised repeatedly and is open to considering a narrow set of circumstances for allowing collateral from cancelled projects to be reallocated, such as if a homeowner sells the property prior to installation. The Agency welcomes stakeholder comments on what might be an acceptable list of such circumstances, and on the mechanics of how those exceptions could be applied (such as what level of proof would be appropriate).*

Equity Eligible Contractors Category

Public Act 102-0662 requires that the Equity Eligible Contractor (“EEC”) category grow over time to 40% from the initial 10% of Adjustable Block Program capacity.

12) Over how many years should that increase from 10% to 40% occur?

13) What mechanisms should be used to ensure that this percentage goal is met?

The Agency understands that in allowing only “applicants” who are Equity Eligible Contractors to be eligible for this block, an applicant cannot qualify for this category through having a portion of subcontractors or workforce being Equity Eligible Contractors or persons.

14) Are there interpretations of this language for the Agency to consider, such as qualification through Designees, subcontractors, or workforce?

15) If Designees are permitted to qualify as EEC, would the EEC category be limited to projects that have both an EEC Designee and Approved Vendor or would just an EEC Designee qualify a project for utilizing the capacity set aside for this category? How can the Agency ensure that this category is not dominated by a select few qualifying aggregators or firms who, outside of company status, may not otherwise substantially advance equity goals? Should the Agency consider additional workforce or subcontractor requirements? Can those be considered under the language of the law?

16) Equity Eligible Contractors may be eligible for an advance payment for a portion of their REC contract. To be eligible for predevelopment capital, what standard for “demonstration of qualification or need” should be considered? Should this demonstration be required on a project-by-project level, or should an Equity Eligible Contractor be able to demonstrate the need on a periodic basis? What types of documents might the Agency request as evidence of such need?

- 17) For the advance of predevelopment capital, what costs, in addition to the incremental cost of prevailing wage compliance, should be considered in determining the amount that could be advanced? Would those costs vary by project type or size? What should be the penalties or consequences if a project is not completed and energized, such as clawback mechanisms or limiting future program eligibility?
- 18) Should the Agency cap the share of projects eligible for predevelopment capital? If so, at what level and why?

Community-Driven Community Solar

The Agency seeks stakeholder feedback for refining this proposed prioritization and project selection methodology for Community-Driven Community Solar projects.

Section 1-75(c)(1)(K)(v) of the IPA Act, as amended by Public Act 102-0662, states that the Adjustable Block Program shall procure renewable energy credits from new photovoltaic projects, including in relevant part:

At least 5% from community-driven community solar projects intended to provide more direct and tangible connection and benefits to the communities which they serve or in which they operate and, additionally, to increase the variety of community solar locations, models, and options in Illinois. As part of its long-term renewable resources procurement plan, the Agency shall develop selection criteria for projects participating in this category. Nothing in this Section shall preclude the Agency from creating a selection process that maximizes community ownership and community benefits in selecting projects to receive renewable energy credits. Selection criteria shall include:

- (1) community ownership or community wealth-building;*
- (2) additional direct and indirect community benefit, beyond project participation as a subscriber, including, but not limited to, economic, environmental, social, cultural, and physical benefits;*
- (3) meaningful involvement in project organization and development by community members or nonprofit organizations or public entities located in or serving the community;*
- (4) engagement in project operations and management by nonprofit organizations, public entities, or community members; and*
- (5) whether a project is developed in response to a site-specific RFP developed by community members or a nonprofit organization or public entity located in or serving the community.*

In positioning feedback, the Act provides the following definitions and considerations:

For the purposes of this item (v):

"Community" means a social unit in which people come together regularly to effect change; a social unit in which participants are marked by a cooperative spirit, a common purpose, or shared interests or characteristics; or a space understood by its residents to be delineated through geographic boundaries or landmarks.

"Community benefit" means a range of services and activities that provide affirmative, economic, environmental, social, cultural, or physical value to a community; or a mechanism that enables economic development, high-quality employment, and education opportunities for local workers and residents, or formal monitoring and oversight structures such that community members may ensure that those services and activities respond to local knowledge and needs.

"Community ownership" means an arrangement in which an electric generating facility is, or over time will be, in significant part, owned collectively by members of the community to which an electric generating facility provides benefits; members of that community participate in decisions regarding the governance, operation, maintenance, and upgrades of and to that facility; and members of that community benefit from regular use of that facility.

Terms and guidance within these criteria that are not defined in this item (v) shall be defined by the Agency, with stakeholder input, during the development of the Agency's long-term renewable resources procurement plan. The Agency shall develop regular opportunities for projects to submit applications for projects under this category, and develop selection criteria that gives preference to projects that better meet individual criteria as well as projects that address a higher number of criteria.

To allow Approved Vendors and their community partners time to develop project applications for this category, the Agency proposes for each delivery year a 90-day period for projects to be submitted prior to any project selection. After the close of that 90-day period, the Agency will review projects submitted and score them according to the project selection process described below. The Agency will endeavor to complete the review, scoring, and selection process within 90 days. The Agency is interested in additional stakeholder feedback on the propriety of a 90-day initial application period.

Primary Criteria

For project selection, the Agency proposes that each of the five criteria listed above be allocated up to 2 points. Additionally, the Agency seeks specific feedback on how best to evaluate all but the last item (which simply would earn 2 points through submitting documentation demonstrating that the project was developed in response to a site-specific RFP).

- a. Related to Item (1), what does community ownership look like? The Agency is interested in different community ownership structures and/or minimum criteria for a project to qualify as community owned.
- b. Related to Item (1), how should the Agency define community wealth-building? Should the project continuously build wealth in the community? Or is a one-time influx of wealth into the community sufficient? Should there be requirements regarding the recipient(s) of the wealth the project builds?
- c. Related to Item (2), how should the Agency evaluate direct and indirect community benefits? The Agency is interested in proposals to define and/or establish minimum requirements for both direct and indirect community benefits.
- d. Related to Item (2), how should the Agency evaluate and score community benefits, whether direct or indirect? What might minimum requirements for community benefits look like?

- e. Related to Item (3), how should the Agency define meaningful involvement as it relates to project organization and development? What documents may be available that would demonstrate meaningful involvement? How can the Agency verify meaningful involvement?
- f. Related to Item (4), how should the Agency define engagement in project operations and management? What documents may be available to demonstrate such engagement, and how can the Agency verify this component?

Additional Criteria

Section 1-75(c)(1)(K)(v) states further that:

Selection criteria may also prioritize projects that:

- (1) are developed in collaboration with or to provide complementary opportunities for the Clean Jobs Workforce Network Program, the Illinois Climate Works Preapprenticeship Program, the Returning Residents Clean Jobs Training Program, the Clean Energy Contractor Incubator Program, or the Clean Energy Primes Contractor Accelerator Program;*
- (2) increase the diversity of locations of community solar projects in Illinois, including by locating in urban areas and population centers;*
- (3) are located in Equity Investment Eligible Communities;*
- (4) are not greenfield projects;*
- (5) serve only local subscribers;*
- (6) have a nameplate capacity that does not exceed 500 kW;*
- (7) are developed by an equity eligible contractor; or*
- (8) otherwise meaningfully advance the goals of providing more direct and tangible connection and benefits to the communities which they serve or in which they operate and increasing the variety of community solar locations, models, and options in Illinois.*

The Agency proposes that for seven of the eight criteria listed above, a project that meets that criteria be allocated up to 2 points. Additionally, the Agency seeks feedback on the following proposed approaches to evaluating these criteria, and the proposed points allocations.

- a. Related to Item (1), the Agency specifically requests feedback on minimum scoring requirements regarding collaboration and complementary opportunities, and what standard should be considered for what qualifies as a “collaboration” or “provid[ing] complementary opportunities.” The Agency proposes that up to 1 point would be allocated for meeting this criterion.
- b. Related to Item (2) the Agency proposes that projects will be sorted into four categories based on the development density of the townships in which they are located. The highest density class would get 2 points, the next class 1 points, the third class 0.5 points, and the lowest density class 0 points.
- c. Related to Item (3) the Agency proposes that projects located in Equity Investment Eligible Communities receive 1 point.

- d. Related to Item (4) the Agency proposes that projects that do not take agricultural land out of production will receive 1 point.
- e. Related to Item (5), the Agency proposes that projects that commit to only serve subscribers in the same county as the project would be awarded 2 points. If the county population is below 50,000, then subscribers in adjacent counties would also be allowed to meet this commitment.
 - i. This approach would not preclude the project from enrolling subscribers outside of this commitment area, however those subscribers would not be considered “subscribed shares” for the purpose of calculating REC payments.
 - ii. The Agency is interested in stakeholder feedback on how long over the life of a community solar project should this requirement be maintained, and how should subscriber turnover be handled?
 - iii. The Agency is also interested in feedback on if smaller community-solar projects such as those under 500 kW should have a smaller area allowed for local subscribers, and if so, recommendations on an appropriate geography.
- f. Related to Item (6) the Agency proposes that projects under 500 kW (AC) in size would be awarded 2 points. A project’s size will be determined through including any actual or proposed co-located community solar projects in that size determination.
- g. Related to Item (7) the Agency does not believe that this criterion requires separate scoring, as projects developed by an Approved Vendor which is an equity eligible contractor will be able to submit community solar projects to meet the block capacity specifically allocated to projects from equity eligible contractors.
- h. Related to Item (8), the Agency is interested in suggestions from stakeholders of goals that provide direct and tangible connection and benefits to communities, and if direct and tangible benefits should be required to last throughout the life of the project. The Agency proposes that 1 point would be allocated to projects that meet this criterion.

To avoid prioritization of a project that does not have community-based support, the Agency proposes requiring a minimum score of 6 points for project category qualification, but is interested whether a higher minimum point value should be required.

Furthermore, the Agency is interested in feedback on whether there are better ways of ensuring sufficient community support for all projects selected through this process? If an insufficient amount of project capacity qualifies during the initial application window, should the program then open up on a first-come, first-serve basis for projects that score at least, for example, 2 points? Or should some other prioritization of this capacity be considered (e.g., releasing the capacity to waitlisted community solar projects)?

Random selection would only be utilized as a tie-breaker for equally scored projects to fill available capacity, if any; however, should the capacity available be so small so as to only accommodate one or more projects below a certain size, then the Agency might only consider those projects small enough to not exceed that remaining capacity.

Additional Community Solar Requirements

Traditional community solar projects are now subject to the following requirements per P.A. 102-0662:

(2) projects shall have subscriptions of 25 kW or less for at least 50% of the facility's nameplate capacity and the Agency shall price the renewable energy credits with that as a factor;

(3) projects shall not be colocated with one or more other community renewable generation projects, as defined in the Agency's first revised long-term renewable resources procurement plan approved by the Commission on February 18, 2020, such that the aggregate nameplate capacity exceeds 5,000 kilowatts; and

(4) projects greater than 2 MW may not apply until after the approval of the Agency's revised Long-Term Renewable Resources Procurement Plan after the effective date of this amendatory Act of the 102nd General Assembly.

The Agency is interested in feedback regarding whether these requirements should be applied to community driven community solar projects as well. When providing feedback, please include reasoning as to why these requirements should or should not be applied to systems classified as community driven community solar.