RESPONSE ABP AND SFA REC PRICES REQUEST FOR COMMENTS ON BEHALF OF THE SOLAR ENERGY INDUSTRIES ASSOCIATION, COALITION FOR COMMUNITY SOLAR ACCESS, AND ILLINOIS SOLAR ENERGY ASSOCIATION

March 24, 2023

The Solar Energy Industries Association, Coalition for Community Solar Access, and Illinois Solar Energy Association (collectively the "Joint Solar Parties" or "JSP") appreciate the opportunity to respond to the IPA's proposed Adjustable Block Program ("ABP") and Solar for All ("SFA") proposed REC pricing for the 2023-24 block request for comments dated March 2, 2023.

At a high level, the Joint Solar Parties do not have strenuous objections to most of the new pricing. The Joint Solar Parties for the most part have comments on selected cost inputs and errors in the REC pricing model spreadsheet. The one exception is the Public Schools block, which (as of the week of these comments) appears to have barely over 1 MW in applied projects. Whatever the changes to the inputs causing reductions in prices, if the current prices are not incentivizing projects it is unlikely that decreasing prices for all Group A systems and under 200 kW Group B systems will incentivize development of those systems.[1]

In terms of technical comments:

- On the "Data Processing" tab, it appears that the construction period row does not have the proper values. The value should be 12 months for all except under 10 kW, for which it should be 6 months. This is partly because the equation in 'Data Processing' Row 15 references the wrong row on the 'ILSfA Scenario Inputs' tab (it has row 16, which should be row 15), but also because the equations in the referenced cells on both the 'ABP Scenario InputAssumptions' and 'ILSfA Scenario InputAssumptions' tabs (cells X15-AD15) are also referencing the wrong cells. These equations should be fixed to ensure accurate construction periods are feeding through the model.
- In the "NREL Capital Costs" tab:
    - Each of cells F20-K20, F22-K22, F23-K23, and F24-K24 are multiplied by a scaler. The total of the four cells in a particular column (i.e. F20, F22, F23, and F24) thus has already been scaled. When F25-K25 is multiplied by column counterpart in F35-K35, the scaled total is being scaled again. Either F20-K20, F22-K22, F23-K23, and F24-K24 should no longer be scaled, or F25-K25 should no longer be scaled. This technical correction does not have an impact on REC prices.
    - Row 22, the formula should *multiply* by row 32 and not *add* row K32. This results in a price decrease.
    - The 2023-24 draft model does not include a separate category for tracking systems (at an 8.5% premium) even though the 2022-23 REC Pricing model did. The Joint

[1] Group B Large DG also has a substantial amount of capacity remaining (even as Group A Large DG hit capacity a while back) and both Group A and Group B Small DG has capacity remaining; however with the exception of Group A Small DG and smaller Group B Large DG, the applicable REC prices are proposed to increase and adopting the technical changes below might cause further increases to the larger Large DG prices.

Solar Parties believe it should be included on the same terms as in the 2022-23 model.

Larger projects awarded RECs in the 2023-24 blocks (and perhaps many smaller projects, depending on the timing of the award) will almost certainly not achieve commercial operation in calendar year 2023 given the time required to design, permit and construct projects following REC award. Projects with a projected 12 month construction period will therefore get 60% federal bonus depreciation instead of the 80% currently in this model. Even projects with a six-month construction period would need to have the Part I approved by June 30, 2023 for the six-month construction period to end in 2023.

In addition, for Solar for All low-income community solar, the REC Contract (unlike the ABP) requires measurement of subscriptions on a daily average basis rather than based on specified check-in dates. As a result, the management costs are higher to manage churn and to address the reality that there are going to be losses of REC Contract value due to persistent 100% subscription being virtually impossible over the course of a single year much less 15 years. The IPA should model that subscription levels (and thus REC Revenue) is at the average daily subscription level observed for existing Solar for All projects, or alternatively that 5% of low-income subscription value is uncaptured or clawed back.

For the Traditional Community Solar program, several of the point-scoring opportunities (building on contaminated land, building on existing structures, agrivoltaics, pollinator friendly) come with costs above and beyond a greenfield ground-mount development that neither incorporates agrivoltaics nor pollinator friendly attributes. While the Joint Solar Parties appreciate that these adders are voluntary, they do come with increased costs and based on TCS scoring it appears that the overwhelming majority of projects in Group A that met the minimum scoring threshold for the waitlist also utilized at least two of these scoring opportunities (scoring categories 1.a through 1.d) and all in Group A and Group B used at least one. The REC Pricing Model should consider the cost of at least one of the categories given that it appears at least one was a practical threshold to making the minimum score for staying on the waitlist the first time around.

The Joint Solar Parties note that these comments assume that the Part II backlog will be resolved soon and that Part II applications will be processed on quicker timelines going forward. To the extent that a backlog is persistent or recurs, the REC Pricing model does not properly model the NPV of the REC revenues. As the Joint Solar Parties have explained in other contexts, the financial impact of delay in terms of NPV of REC Revenue (to say nothing of commitments to financing parties) is substantial.