



OFFICE OF THE ATTORNEY GENERAL
STATE OF ILLINOIS

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ATTORNEY GENERAL

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Anthony Star, Director
Illinois Power Agency
160 North LaSalle Street
Suite C-504
Chicago, Illinois 60601

Re: Comments on Distributed Generation

Dear Mr. Star:

Thank you for the opportunity to participate in the workshop concerning the Illinois Power Agency's (IPA) inclusion of distributed solar generation in its procurement plan and to submit these Comments. The enactment of Public Act 98-0672 (HB 2427) directs the IPA to conduct a "supplemental procurement process" to obtain "renewable energy credits [RECs], if available, from new or existing photovoltaics, including, but not limited to, distributed photovoltaic generation." 20 ILCS 3855/1-56(i)(1). The People of the State of Illinois support the goals of the General Assembly and submit these Comments to address the important consumer protections in the new law and how the IPA should incorporate those protections into its procurement plan.

1. The Procurement Plan Should Require Disclosure, To The Owner Of Small Solar Installations, Of The RECs Associated With Each Solar Installation Smaller Than 25 Kilowatts, Of The IPA Procurement Plan, And Of The IPA REC Price.

The procurement of RECs from small, photovoltaic systems (or "solar installations"), particularly those of less than 25 kilowatts, presents the opportunity for property-owners throughout the state to add local, distributed energy to the state's renewable energy resources. However, installation of photovoltaic or solar systems on homes or roof-tops is not currently widespread in Illinois. This procurement can expand the use of these systems by providing consumers and developers the funds available from the IPA's purchase of RECs to comply with the state renewable energy portfolio standard. *See* 20 ILCS 3855/1-56(b) & 1-75(c).

The IPA should anticipate that people who install solar energy systems smaller than 25 kilowatts on their roof-top or property may not have the financial, technical, or

legal knowledge to directly participate in the IPA's procurement of solar RECs. Therefore, the IPA should adopt standardized disclosure requirements in its procurement plan so owners of solar installations smaller than 25 kilowatts will receive the same information and have the same opportunity to make further inquiry into the IPA's procurement process.

Specifically, the procurement plan should require that bidders of solar RECs from solar installations smaller than 25 kilowatts certify that owners of the solar installations or property owners where the solar installations are located are informed about the generation of RECs and that those RECs may be purchased by the IPA. The price for the RECs purchased by the IPA will not be known until after the procurement event has taken place. The certification should include that projects that are under development prior to the procurement event include a disclosure to the purchasers of solar installations or property owners where the solar installations are located that RECs associated with the project may be purchased by the IPA, at a price to be determined in the future. The certification should include that once the REC price is settled, owners of solar installations smaller than 25 kilowatts bid into the IPA procurement process will be informed of the final price.

While owners of solar installations smaller than 25 kilowatts may not participate directly in the IPA's processes, knowledge of this source of revenue (from the purchase of RECs) is important for the owners to understand in deciding on the value of the system they are installing. A standardized method of disclosure will ensure that all owners receive the same basic information, and that the market incorporates the effect of the IPA REC procurement in an open and transparent way.

2. The Procurement Plan Should Require Each REC To Be Accompanied By A Certification That The Solar Installation Was Installed By A Qualified Person As Defined In Section 1-56(i).

The General Assembly included very specific provisions requiring that solar installations be installed by a "qualified person," defined as someone who:

(A) has completed an apprenticeship as a journeyman electrician from a United States Department of Labor registered electrical apprenticeship and training program and received a certification of satisfactory completion; or

(B) does not currently meet the criteria under clause (A) of this paragraph (1), but is enrolled in a United States Department of Labor registered electrical apprenticeship program, provided that the person is directly supervised by a person who meets the criteria under clause (A) of this paragraph (1); or

(C) has obtained one of the following credentials in addition to attesting to satisfactory completion of at least 5 years or 8,000 hours of documented hands-on electrical experience:

- (i) a North American Board of Certified Energy Practitioners (NABCEP) Installer Certificate for Solar PV;
- (ii) an Underwriters Laboratories (UL) PV Systems Installer Certificate;
- (iii) an Electronics Technicians Association, International (ETAI) Level 3 PV Installer Certificate; or
- (iv) an Associate in Applied Science degree from an Illinois Community College Board approved community college program in renewable energy or a distributed generation technology.

For the purposes of this paragraph (1), "directly supervised" means that there is a qualified person who meets the qualifications under clause (A) of this paragraph (1) and who is available for supervision and consultation regarding the work performed by persons under clause (B) of this paragraph (1), including a final inspection of the installation work that has been directly supervised to ensure safety and conformity with applicable codes.

For the purposes of this paragraph (1), "install" means the major activities and actions required to connect, in accordance with applicable building and electrical codes, the conductors, connectors, and all associated fittings, devices, power outlets, or apparatuses mounted at the premises that are directly involved in delivering energy to the premises' electrical wiring from the photovoltaics, including, but not limited to, to distributed photovoltaic generation.

20 ILCS 3855/1-56(i)(1). These detailed requirements are necessary to ensure that small solar installations are safe, properly installed, and comply with electric codes and standards. Each REC that is purchased by the IPA from a facility built after the date the law became effective (6/30/2014) should be certified as complying with these provisions. This certification should be required of any party participating in the IPA's solar REC procurement process and be part of the disclosures provided to small solar system owners when the RECs they generate are purchased by the IPA.

3. Disclosure Rules Should Apply To All Participants in the Procurement Process, Including Aggregators of Small Solar Installation RECs.

The IPA requested comment on the role of aggregators. The disclosure provisions requested should be provided by all participants in the procurement process, including developers, owners of systems on other's property, and aggregators. Disclosures should be made to the property owners on which solar installations smaller than 25 kilowatts are located. This will ensure that developers and aggregators and property owners are accountable to each other and that there is appropriate transparency in connection with IPA purchases of small scale solar RECs.

4. Five Year REC Purchases Are Reasonable.

The IPA asked about the advantages of a five year term for small scale solar RECs. Five years is a reasonable period of time to purchase RECs from small scale solar installations. Solar installations have a life expectancy of greater than five years, and a five year REC procurement will provide more certainty to developers, solar system owners, and aggregators than single year RECs. This certainty can encourage solar installations and is important given the nascent condition of the market in Illinois.

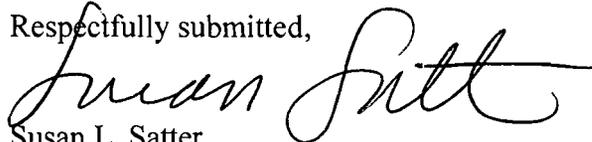
Procurement terms of greater than five years, however, could have unanticipated consequences. While a five year term is significant, a longer term may persist into a period with different market conditions or different technical standards or capabilities. Prices paid for RECs could become significantly higher or lower than market prices, burdening either the owners or the IPA and electricity consumers who pay for RECs. While a five year term may encourage investment in solar installations, a procurement term of greater than five years is too long relative to the changes expected in the energy markets in general and relative to the unknown development of the solar installation in particular.

5. It Is Important That Small Scale RECs Be Accurately Measured and Tracked By Established REC Tracking Systems.

It is critical that small solar installations on roof-tops and on residential properties are subject to independent verification and tracking of energy and RECs produced. Residential property-owners need to have measurement information available to them to understand the amount of energy their systems are generating, to be able to monitor that their installations are working properly, and to track RECs. Bidders into the IPA REC procurement should be required to provide to the IPA the source and method of measurement of energy produced by each solar installation that produces the RECs that are bid into the IPA process.

Currently RECs are tracked by the PJM-GATS and M-RETS systems. The IPA should not use other, less established tracking systems without a full review of the adequacy of the current system in terms of accuracy and efficiency, and the costs associated with any change.

Respectfully submitted,



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