CLEAN GRID ALLIANCE

Clean Grid Alliance's Response to Illinois Power Agency's Request for Stakeholder Feedback on the Adjustable Block Program

December 3, 2021

On November 12, 2021 the Illinois Power Agency posted eight documents seeking stakeholder 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. Enclosed are Clean Grid Alliance's response to certain questions presented by the IPA regarding the Adjustable Block Program.

CGA's comments respond to the following questions: 2(a), 6 and 8.

GENERAL RESPONSE:

CGA reserves the right to change its position in response to comments made by others, and its lack of a response to a question should not be interpreted as not having a position on that topic, or waiving its right to comment in future workshops or litigation on the matter.

RESPONSE

Annual Block Capacity

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.[1] 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?

ANSWER

Block sizes should ramp up over time. That ramp rate should be considered in the 2024 LTRRP plan, after the equitable jobs programs are in place and are operating at full capacity.

   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?

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.[2]

ANSWER

While customer acquisition costs may decline due to online marketing, adders should not be reduced. As competition for customers heats up, and supply and demand start to become more competitively balanced, this can outweigh economic efficiencies due to

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

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

new marketing practices and erode returns for community solar vendors.

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.

ANSWER

Signed interconnection agreements are an appropriate indicator of project maturity. Other indicators of project maturity are payment of distribution grid upgrade deposits, and receipt of all non-ministerial permits and/or proof of a minimum threshold for offtake secured could be considered in assessing a project's feasibility.

Respectfully submitted for your consideration

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