\June 29, 2023

Illinois Power Agency
105 West Madison Street
Suite 1401
Chicago, Illinois 60602
Via email: IPA.ContactUs@Illinois.gov

Re: ISEA Feedback 2024 IPA LTP Chapter 7: Illinois Shines (Adjustable Block Program)

The Illinois Solar Energy Association ("ISEA") appreciates this opportunity to provide feedback in response to the Illinois Power Agency's ("IPA") request for input on various issues raised through the June 8, 2023 announcement related to Chapter 7 in the next iteration of the Long-Term Renewable Resources Procurement Plan ("LTP"). While ISEA provided feedback in response to the IPA's May 26, 2023 request for comment as a member of the Joint Solar Parties ("JSP"), ISEA is separately submitting additional comments in response to the June 8, 2023 request. ISEA generally supports JSP's comments pertaining to Chapter 7, but wishes to emphasize and/or elaborate on certain questions posed by the IPA.[1]

As a preliminary matter, ISEA wishes to comment generally on the variety of new compliance and reporting obligations referenced under each chapter in the May 26, 2023 and June 8, 2023 requests for feedback. While ISEA shares the IPA's goals of a vibrant and diverse solar industry in Illinois serving all consumers and generally supports improvements to the programs aimed at achieving those goals, ISEA is concerned that recent history since transitioning to the current program administrator warrants caution. As all participants recognize, since the latter half of 2022, several wrinkles in the administration of the programs impeded developer and consumer participation. Such impediments continue to this day. ISEA realizes that particular questions or proposals under each chapter do not necessarily mean that the IPA will take a specific approach in the upcoming LTP, but nonetheless respectfully suggests that the 2024 LTP may not be a suitable vehicle for implementing any significant changes. Rather than attempt to make any measurable changes to the programs, ISEA urges moderation and generally maintaining the status quo to ensure that administration of the programs is on a solid foundation. Once a sure footing is reliably confirmed, changes to the programs that impose additional obligations and burdens on participants could be considered for implementation in subsequent years.

TOPIC 1: Expansion Pricing Resulting in Negative Incentives Levels

Background

Currently, when expansions to already participating Illinois Shines projects are built, the REC price for the expansion will be adjusted to account for the current block price at the size of the

[1] In the interest of avoiding unnecessary duplication, ISEA will omit from its comments topics on which it has no additional input beyond that provided by JSP.

combined system (original project size + expansion size) minus the price paid to the original system. Since some project expansions were early program participants (thus have higher REC prices) and the differential between the original project's REC price and the expansions REC price is so large, a negative REC price for the combined system occurs.

Said a different way, since some project expansions were early Program participants with high REC prices, seeking an expansion that would have a lower REC price has sometimes resulted in a lower REC value on the total expanded system compared to the originally-designed system (resulting in a negative incentive value for the total project including the expansion). The Agency seeks a solution for expansion pricing that is both fair and ensures gaming of REC pricing via expansions does not occur.

Questions

1. Is this REC price blending approach (blending of the old REC price with expansion REC price) an effective methodology for system expansions? What incentivizes expansions to already existing projects from a REC pricing perspective?

ISEA RESPONSE: Because lease and power purchase agreements may take into account the original REC value a system receives, the blending of REC values associated with a system expansion has the potential to complicate such contracts for third-party owned systems and necessitate renegotiation of the contract with the customer. Recognizing a separate REC value for the expanded portion of a system at least conceivably allows the original lease or power purchase agreement to remain in place and be supplemented with a second agreement covering the system expansion. Exactly how such contracts with third-party owned systems account for system expansions will likely vary by the developer.

2. Are there models in other states that have been successful for the pricing of expansions that the Program can review?

3. Would the absence of incentives for expansions have a negative effect on the development of expansions?

TOPIC 3: Developer Cap

Background

There is currently a developer cap of 20% (applied to an affiliated family of project developers) for two categories in the Program - the Traditional Community Solar and Equity Eligible Contractor categories. For the 2023-2024 program year, a developer cap would have been implemented in the EEC category if the category reached capacity on June 1, 2023, which did not occur. Other Program categories are not subject to a developer cap.

To improve understanding of Program requirements for AVs and Designees and streamline administration of the Program, the Agency prefers a consistent approach to the application of the developer cap across all categories that utilize a cap.

Questions

1. Would the Program benefit from a developer cap in other categories? If so, what is an appropriate level? 20% has been used throughout the Program's history, but the Agency is open to feedback on a different percentage is supported by appropriate justification.

ISEA RESPONSE: While developer caps in the EEC category may make sense to ensure broader involvement of EECs, additional developer caps are not appropriate, particularly for the Small DG category. Significant capacity in the Small DG Group B category went unused during the 2022-2023 program year, while the same in Group A was exhausted. The IPA should allocate more capacity to Group A Small DG and less to Group B Small DG so that all needs are met without capping developer participation. If developer caps are imposed in the Small DG category, a large Approved Vendor submitting projects from multiple dealers/designees could have its business arbitrarily limited to the detriment of customers. The harm to customers arises because a dealer will not know if and when it will no longer be able to rely RECs being available due to the availability of RECs depending on the success of other dealers working with the same Approved Vendor. Moreover, additional regulation of this nature renders the ABP more cumbersome and difficult to manage.

2. How might a developer cap work in a category with rolling application submissions (i.e., no distinct window for submissions)?

3. Are different percentage levels appropriate for different Program categories? If so, please explain why.

4. How should the developer cap be administered Program-wide? Should developer caps be applied across both Groups A and B for a single category or should the developer caps be limited within a Group/category combination?

TOPIC 4: Closing of Program year Before May 31st Each Year

Background

The Program will be operating on an annual cadence that, as it stands now, means closing the Program on May 31st each year and opening a new Program year immediately after on June 1st. This leaves a very short turnaround time for many programmatic activities required to both close out one program year and open another, including but not limited to portal software updates and uncontracted capacity calculations.

Please note, when mentioning “closing of the Program” here, the Agency merely means the closing of the Program for new project applications. Other activities such as AV application renewals, invoicing, REC contract quarterly reporting, Disclosure Form creation, etc. will continue during any downtime contemplated here.

Questions

1. What is the impact to AVs and Designees if the program year closes before May 31st?

ISEA RESPONSE: While not preferred, any temporary closing of the program must be well communicated in advance and as short as possible to minimize the impact on Approved Vendors and Designees.

2. What do other annual incentive solar programs do in terms of program opening and closing timelines?

3. What amount of time between the close of one Program year to the opening of the next Program year would ensure the best administration possible while causing minimal disruption to Program participants?

ISEA RESPONSE: While ISEA prefers to avoid any temporary closing of the program year, if the program is closed, ISEA recommends that it be closed for as short as possible but not more than two weeks.

4. Alternatively, would it be best to close the Program on May 31st and then reopen the Program sometime after June 1st? If so, what period of time would ensure the best administration possible while causing minimal disruption to Program participants?

ISEA RESPONSE: Any closing should occur after May 31st to avoid confusion and misunderstandings about the REC value available to a customer. Closing the program prior to May 31st and reopening the program after June 1 could contribute to unwarranted customer confusion and worry over which REC program year REC value a project will receive.

TOPIC 5: Further Differentiation Between EEC projects

Background

As stated in the 2022 Modified Long-Term Plan, “Even with defined subcategories and a developer cap applicable on the first day, the Agency may encounter a scenario in which it must somehow differentiate between projects of the same type, in the same group, submitted on the same day in the EEC category in 2023-2024. For example, if the Program receives multiple, large, community solar project applications from different EECs on the first day of the program

year that exceed that Group's allocation for community solar, some methodology must be used to distinguish between competing applications. The Agency does not at this time propose to create a project scoring system for the EEC category. Given the myriad policy considerations at play with the EEC category, the Agency would prefer to develop any project selection scoring system with input from stakeholders through a formal comment process. The Agency plans to examine this possibility in developing the next Long-Term Renewable Resources Procurement Plan."

Questions

1. Do stakeholders see a need for a process that further differentiates between projects within the EEC category? If so, please provide details as to why such differentiation is needed.

ISEA RESPONSE: ISEA believes that it is possible to develop a reasonable means of differentiating projects within the EEC category, particularly if it helps identify projects that are not appropriate for submission in the EEC category.

2. If there is a need, what process might accomplish the goal of differentiation best? Please include details on the process, how it would work, and the intended end result that the process would produce.

3. What are ways that Program design can incentivize further differentiation between EEC projects?

ISEA RESPONSE: While ISEA does not have specific recommendations, it emphasizes that any means of differentiating among EEC projects should not increase complexity in ways that advantage established market participants.

4. What are other mechanisms that have proven to be effective for project differentiation in other markets/programs/etc.?

TOPIC 6: Public Schools Category Uptake

Background

Since the inception in December 2021 of the three additional Program categories established by the Climate and Equitable Jobs Act (EEC, CDCS, and Public Schools), there has been slow uptake in the Public Schools category.

Questions

1. Are there modifications to the requirements for this category that can be considered that would incentivize additional development in the Public Schools category?

ISEA RESPONSE: The slow uptake in this category is due to the REC values being only marginally higher than the REC values achievable in other available categories. The marginally higher REC value is insufficient to overcome the accompanying 20-year payment period that lacks any upfront or accelerated payments. Schools (and third-party owners) are not interested in having such long contracts and instead apply under the more attractive categories.

2. Are additional provisions needed to preserve (i.e., rollover) capacity in this category in future years? If yes, please explain why and the provisions that the Agency should utilize to increase participation in this category.

ISEA RESPONSE: Because sales cycles for schools can be long, it may take time for such projects to mature. Accordingly, delaying the reallocation of capacity should be considered to ensure the capacity is available once a project is ready to proceed.

3. What unique barriers to development of distributed generation projects on Public Schools are being encountered by AVs and Designees? How can the Agency address those barriers in order to increase participation in this category? Are there structural barriers to participation in the category that the Agency can address through the Long-Term Plan?

TOPIC 10: Proposal to Require the IPA's Equity Portal to Certify Equity Eligible Persons (EEPs) for Compliance with the Minimum Equity Standard (MES)

Background

To verify the EEP status of the minimum number of individuals in their project workforce to satisfy the MES, Approved Vendors and Designees will submit a Year-End Report that includes a list of individual EEP utilized for compliance.

As it currently stands, EEPs can be certified either through registration in the Agency's Energy Equity Portal or by filling out the EEP certification form and submitting it to the Program Administrator. The registration of EEPs via the Energy Equity Portal was a functionality that was created in part because it was requested by stakeholders. The Agency proposes a requirement that all EEPs be certified via the Equity Portal, which would ensure a process that is less administratively burdensome for all parties involved. In addition, certification via the Equity Portal will allow employers to avoid asking sensitive questions of their employees and safeguard employee information from employers.

In this proposed requirement/scenario, employers would direct their qualifying employees to seek certification on the Equity Portal, then the Year-End Report to comply with the MES need only provide a list of the qualifying individuals. In this way, the Program Administrator would be able to verify EEP status for all submitted employees using the data from the Equity Portal.

Questions

1. Are there any unintended consequences that may result from requiring EEPs to use the Equity Portal for certification of their EEP status?

ISEA RESPONSE: ISEA remains concerned that some employees may not be comfortable using an online portal to submit confidential and sensitive information. While a high level of security should be ensured, the IPA should also offer multiple paths for employees to verify their EEP status, if they choose to do so. For some employees, the optics of registering their status as an equity eligible person with the government in any manner may be undesirable. Because an employee may not wish to declare his or her EEP status and an employer cannot require them to do so, there should be no repercussions for the employer if an employee does not register as an EEP.

2. Do stakeholders see any issue with shifting the reporting work onto the EEPs themselves as opposed to the participating AV or Designee?

3. What is the preferred method for the certification of EEPs for compliance with the Minimum Equity Standard?

4. Are there potential barriers to access the Equity Portal for qualifying individuals that the Agency should consider?

TOPIC 11: Application Requirements

Background

As the Illinois Shines program embarks on its fifth year since inception, the Agency is looking for feedback related to application requirements for both the Part I and Part II applications. Current requirements can be found in Appendix I and Appendix J of the Program Guidebook.

Questions

1. Are there any application requirements that require updating? If so, please explain which requirements and how they should be updated.

ISEA RESPONSE: The Sharepoint platform is not easy to navigate and use. ISEA recognizes that Sharepoint may be the best option currently available, but in the long-term requests that the information be integrated into the portal itself.

2. Are there any application requirements that should be tightened?

3. Are there any items that are not currently application requirements but should be considered for addition to the requirements list?

4. Are there any application requirements that no longer apply or make sense that should be reconsidered?

TOPIC 13: Traditional Community Solar Scoring Guidelines

Background

On May 11, 2023, Senate Bill 2226 passed both houses of the Illinois General Assembly. This bill, which has yet to be sent to the Governor for signature, specifies that Conservation Opportunity Areas, as designated by the Illinois Department of Natural Resources, will no longer be included in future iterations of the Traditional Community Solar (TCS) Scoring Guidelines beginning in the 2024-25 Program year. The Agency seeks feedback on how to modify the TCS Scoring Guidelines in the event that SB 2226 is ultimately enacted, as well as other considerations related to the scoring process.

Current TCS Scoring Guidelines can be found here: https://illinoisabp.com/wpcontent/uploads/2022/10/Final-TCS-Scoring-Guidelines-7-Oct-2022.pdf

Questions

1. Should the Agency consider another approach to discourage the development of TCS projects on greenfields or land that is available for conservation? Please provide details on what approach the Agency might use to ensure development does not coincide with this type of land.

ISEA RESPONSE: ISEA is strongly in favor of the incentives the Agency has offered to diversify traditional community solar project locations and characteristics, such as development on brownfields, rooftops, built environment, pollinator habitat, and agrivoltaics. Affirmative incentives (carrots) are preferable to disincentives (sticks).

With that perspective, ISEA recommends against any measures that discourage development of traditional community solar projects on land that is currently used for agriculture. Such a disincentive would increase program costs, hinder landowner property rights, and further the degradation of our ecosystem. From an environmental perspective, solar is a preferable use of land compared to industrial agriculture. Parcels that are in active row crop production are regularly tilled and sprayed with pesticides, herbicides, and fertilizers. The runoff from the fertilizer is well-demonstrated to damage water systems and contributes to the algae blooms and the Dead Zone in the Gulf of Mexico.

Conversely, land used for solar (and planted with pollinator habitat as defined by Illinois law) is far healthier, is prohibited from being sprayed with chemicals or fertilizers, and leaves the land more aerated and productive after the panels are removed. A disincentive to build traditional community solar projects on farmland currently in production only serves to maintain environmental degradation of Illinois lands and should not be included in the program. If IPA does want to include subtractors for projects on farmland, at a minimum those subtractors should not apply if the project commits to either pollinators or agrivoltaics.

x

2. Are there any changes that stakeholders can suggest that may reduce the administrative lift of scoring TCS projects, while still accomplishing the goal of differentiation between projects?

3. Does the interconnection fractional point process provide enough differentiation between projects? Should this process be revamped at all? If so, please explain why.

4. Do stakeholders find that commitments to scoring points both under Agrivoltaics (scoring criterion 1.c) and the Pollinator Friendly Habitat (scoring criterion 1.d) are at odds? If so, please explain why and how the Agency can amend these scoring criteria to solve for this issue.

5. Please provide any other feedback on changes to the TCS scoring guidelines that might be relevant to ensuring that the multiple goals of TCS project development – encouraging solar development state-wide, best utilizing land in the state that cannot be otherwise utilized for conversation/farming/etc., and diversifying project attributes amongst TCS projects.