



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

June 27, 2017

Director Star,

Clean Energy Collective (CEC) appreciates the opportunity to comment on the Illinois Long-Term Renewable Resources Procurement Plan (LTRRPP) in response to the Illinois Power Agency's (IPA) Request for Comments (RFC). The following response focuses on the establishment of community renewable generation projects and a community renewable generation program under Senate Bill 2814, and most specifically the opportunity for residential and small commercial customers to participate in community solar projects under the Adjustable Block Program (ABP). These comments are in response to questions #10-13 of the Community Solar (Sec. D) section of the RFC.

CEC is the leading provider of community shared solar solutions in the U.S., having pioneered the community solar model in 2009. We've partnered with 27 utilities in 12 states and have over 100 community solar projects either online or in advanced development. We take pride in contributing our experience and lessons learned to policy discussions throughout the country to help expand consumer access to affordable, local, clean energy through community solar.

Our experience in developing community solar projects across the country has made clear to us that not only is the participation of a diverse set of customers - large and small - integral to the sustainability of the community solar industry, but that the guiding laws and regulations which define the programs and projects are critical to ensuring that diversity and ultimately success is achieved. We are excited by the opportunity created by Senate Bill 2814 to expand community solar (and community renewables more generally) in Illinois, and are further encouraged by the law's stated intent to ensure robust participation opportunities for residential and small commercial customers. We look forward to working with the IPA and other stakeholders in establishing a successful program that meets the objectives of the legislation.

These brief comments are intended to both reinforce what's already stated in the law while providing additional relevant insight that we've gained through our experience as a leader in community solar. The input falls into five primary categories:

- Endorsement of (most) comments by the Coalition for Community Solar Access
- Illinois' Adjustable Block Program should require residential and small commercial customer participation in community solar projects
- Residential and small commercial customer participation in community solar is important for the state, its people, and the industry
- A project-level carve out requirement is the best mechanism for ensuring robust participation opportunities for residential and small commercial customers
- Other opportunities for community renewable generation development are created in the legislation and deserve attention and clarification from the IPA



Endorsement of (most) comments by the Coalition for Community Solar Access

We are an active member of the Coalition for Community Solar Access (CCSA) and are supportive of the vast majority of comments submitted in the response by CCSA to this RFC opportunity. However, we felt it necessary to provide additional emphasis to the importance of ensuring robust participation opportunities for residential and small commercial customers in community solar projects.

As with CCSA, we feel strongly that a minimum level of each community solar project's capacity should be set aside for subscriptions by residential and small commercial customers in order to be eligible for renewable energy certificates (RECs) within the community solar category of the ABP. Not only would this mechanism enable the program to meet the legislation's stated intent to ensure robust participation opportunities by those customer classes, it would also better align with the vision held by CEC and most policy makers of the equitable opportunity that can and should be created by "community solar."

Notably, we take a stronger position than CCSA with regard to the minimum level of small customer participation that should be required in each ABP community solar project. Whereas CCSA recommends at least 25% of each project's capacity be reserved for residential and small commercial customers, we would recommend this level instead be 50% of each project's capacity. We believe this is a more equitable distribution of capacity from each project, and therefore the program, and ultimately provides more customers with the opportunity to participate in the program. For reference, residential customers alone (not including small commercial customers) represent about a third of capacity for Illinois investor owned utilities and nearly 90% of utility customers are residential customers.¹

Illinois' Adjustable Block Program should require residential and small commercial participation in community solar projects

The enacting legislation, SB 2814, specifically calls for the IPA to establish a "community renewable generation program" that expands access and ensures "robust" participation opportunities for residential and small commercial customers.² We anticipate community solar to be the primary type of "community renewable generation project" in the state and that the Adjustable Block Program (ABP) will drive much of that development. Therefore, the ABP should serve as the primary vehicle for ensuring residential and small commercial customers are provided robust opportunities to participate in community renewable generation projects (i.e., community solar).

Without a minimum requirement for small-customer participation in community solar projects in the ABP, there is no level of assurance that residential and small commercial customers will have an opportunity, much less a "robust" opportunity, to participate in any type of community renewable generation project. As discussed further below, national experience demonstrates that market development will flock toward the largest and fewest customers required in a project (i.e., commercial

¹ EIA-861. (2015). Sales_Ult_Cust_2015. Found here: <https://www.eia.gov/electricity/data/eia861/>

² Senate Bill 2814. Sec. 1-75(c)(1)(K). Pgs. 101-102.



and industrial customers) due to the lower cost and effort involved in acquiring and maintaining a few large customers versus hundreds of residential customers for a single project. If the Illinois RPS program results in only C&I customers participating in the community solar program it will not only be a failure of the IPA and Illinois Commerce Commission (ICC) to meet the legislation’s clear directive, but will also result in an inequitable program that does not share benefits (through RECs and the rebate) invested by, and therefore owed to, all ratepayers.

Residential and small commercial participation in community solar is important for the state, its people, and its solar industry

Beyond the legislation’s clear direction to the IPA and ICC to “ensure robust” opportunities for participation in community renewable generation projects, residential and small commercial customers represent a critical component of a successful community solar program. In fact, we would argue that a program should not be classified as “community solar” if it fails to include residential and small commercial customers.

In Illinois’s ABP, there are REC targets for onsite small customer development (under 10 kW) and for onsite larger development (10kW – 2000 kW). Community solar should represent an alternative opportunity for customers in both of these sectors to participate in the costs and benefits of solar development. This is particularly true if those customers are otherwise unable to leverage the onsite ABP DG opportunity due to physical (property ownership, shading, etc.) or other constraints. In fact, the U.S. Department of Energy³ estimates that about 50% households and businesses are unable to host a PV system due to property constraints, and GTM Research⁴ estimates that 77% of U.S. households are locked out of the onsite rooftop market when accounting for policy and financial considerations. In other words, the majority of residential customers can only be served by community solar, and thus the majority of program funds intended to support residential customer participation in solar should be directed toward community solar.

The solar industry also stands to benefit from broader customer participation in community solar. Smaller customers are the key to a long-term, vibrant healthy community solar market. Unlike a project that only focuses on three large commercial customers and lacks diversity in marketing and design, a market that requires small customer participation drives product innovation and ultimately results in a greater variety of business models and products to meet market demand. In turn, it creates a new level of competition among developers to serve an enormous market – everyone with an electric bill.

³ U.S. Department of Energy & National Renewable Energy Laboratory. (2015) *Shared Solar: Current Landscape, Market Potential and Impact of Federal Securities Regulation*.

⁴ GTM Research. *U.S. Community Solar Outlook 2015-2020*. Summary can be viewed in this article: <http://www.utilitydive.com/news/note-to-utilities-heres-why-2015-is-the-tipping-point-for-community-sol/403284/>



A project-level carve out requirement is the best mechanism for ensuring robust participation opportunities for residential and small commercial customers

The national experience demonstrates that a community solar market will thrive with a required minimum level of participation by residential and small commercial customers (or, maximum level of larger-sized customer participation) in each project. It is easy to implement, easy to understand, and easy to administer. It's also the only mechanism that will actually guarantee these customers are served.

Conversely, a program that relies on only an “adder” value to encourage small customer participation in the program risks being more complicated to develop and administer and provides no assurance of success in achieving small customer participation. The adder may not be sufficient to justify the costs or risks of obtaining numerous subscribers, or more simply it may not be worth the developer's time to explore a new market segment since many developers typically only target larger customers. Not getting the price right from the start could potentially waste valuable time, further delaying residential and small commercial customer access to community solar.

Massachusetts and Minnesota provide good examples of the risks and opportunities for ensuring robust small customer participation based on the enabling mechanism.

- Community solar in Massachusetts has been driven by a REC value that is only provided to those projects which provide at least 50% of their total capacity to subscriptions sized under 25 kW. There are other opportunities to develop projects in MA that are not eligible for the higher REC value, but which avoid the small customer participation requirement and therefore are not classified as “community shared solar”. The requirement for the small customer participation has been tremendously successful, resulting in the largest community solar market in the country, with the most equitable opportunities for residents.
- The Minnesota community solar program was rolled out with no requirement for small customer participation, but with higher credit rates for residential and small commercial customers. Yet, even with a bill credit rate that is higher (~2-3 cents/kWh⁵) for residential customers relative to larger commercial customers, the program has so far resulted in 89% of its total installed capacity (~80 MW) being subscribed by only commercial customers.⁶ Minnesota is now seeking solutions that will drive greater interest by developers to market and acquire residential customer participation.

The parallel we draw for Illinois in relation to these examples is that the ABP represents the place to define a specific community solar program which requires diverse participation among customers. This

⁵ Northern States Power Company, dba Excel Energy. Minnesota Electric Rate Book – MPUC No. 2. Section 9-64. Found here: https://www.xcelenergy.com/staticfiles/xe/PDF/Regulatory/Me_Section_9.pdf

⁶ Northern States Power Company, dba Excel Energy. Monthly Update Community Solar Gardens Docket No. E002/M-13-867. (June 15, 2017) Found here: <https://www.edockets.state.mn.us/EFiling/edockets/searchDocuments.do?method=showPopup&documentId={05DBE5B1-7465-49AB-90CB-0222CF704B17}&documentTitle=20176-132832-01>



will be the token program for the state of Illinois, but as discussed in the next section, should not be the only option for developing projects that have multiple off-takers.

Other opportunities for community renewable generation development are created in the legislation and deserve attention and clarification from the IPA

CEC's interpretation of Senate Bill 2814 is that there are at least two, potentially three other authorized opportunities for community renewable generation project development outside the ABP's targeted community solar program. We view these other program options as places for project development that does not meet the same requirements as those established for true community solar (involving small customer participation) as it should be defined in the ABP. It's important for IPA and ultimately the ICC to ensure these different programs are in fact established as distinct options for community renewable development.

- Community renewable generation program. The community renewable generation "program" established in the legislation creates an opportunity for community renewable projects (based on a variety of renewable technologies, and meeting basic definitional thresholds) to participate in the Illinois Renewable Portfolio Standard (RPS) and therefore be eligible for RECs.⁷ While the ABP is only for solar photovoltaic technologies, and we argue projects should be required to include residential and small commercial capacity carve outs, community renewable generation projects outside of the ABP could also be developed and awarded likely lower value RECs relative to the ABP.
- Non-RPS community renewable generation projects. While the community renewable generation program represents an opportunity for community renewable projects to be eligible for Illinois RECs, the law confirms that community renewable generation projects are also eligible for development outside the RPS and instead under the auspices of net electricity metering.⁸ This represents a distinct development opportunity for community renewable projects that may prefer to avoid the REC market.
- The fourth category of distributed generation capacity in the ABP represents yet another potential area for community renewable generation project development. To the extent companies interested in developing projects to serve a few large commercial customers are seeking to secure capacity under the community solar portion of the ABP, they could be directed to this discretionary capacity category.

We recognize the massive undertaking by IPA to manage this entire RPS program, and ask that these various opportunities be considered because they represent unique development channels that could serve different industry and consumer market segments. Maximizing multiple avenues will reduce the pressure to satisfy all sectors of the solar industry and customers via the design of the community solar

⁷ Senate Bill 2814. Sec. 1-75(c)(1)(K). Pgs. 101-102.

⁸ Senate Bill 2814. Sec. 16-107.5(k)(1). Pgs. 267-268.



portion of the ABP, and will result in more opportunities for industry investment and more options for Illinois customers.

Please consider me and my team a resource should you have any questions; you may contact me at 415-595-6119 or Charlie.Coggeshall@easycleanenergy.com.

Sincerely,

/s/

Charlie Coggeshall

Senior Policy Analyst

Clean Energy Collective