



Borrego Solar Systems, Inc. (Borrego) appreciates the opportunity to submit the following comments to the Illinois Power Agency (IPA) on the Revised Long-Term Renewable Resources Procurement Plan (LTRRPP). As a developer of commercial behind-the-meter, community solar, utility scale solar and storage projects across the nation, Borrego has participated in programs and procurements in many states and can therefore appreciate the complexity of designing a program that sends clear market signals without creating a rush to fill the capacity. Even in Minnesota and Michigan, where the community solar program and PURPA regulations respectively have no capacity limit, the demand was so great that utilities, regulators and the industry were forced to reevaluate the program rules and regulations. We offer the following suggestions in recognition of the difficulty associated with designing a program to meet many goals. We support the comments submitted by the Joint Solar Parties (JSP) and submit these as additional, supportive comments.

Community Solar Waitlist:

Borrego believes that the IPA's primary goal for the Adjustable Block Program (ABP) in the revision of the LTRRPP should be to efficiently procure Renewable Energy Credits (RECs) by sending clear market signals that will better align the interconnection queue and the opening of block capacity, thereby ensuring that projects that receive an award are ready to move forward. For better or worse interconnection is one of the most important costs associated with project development, and we strongly support the need for an interconnection agreement (ISA) as a barrier to entry. It has been suggested by other entities that an ISA should not be needed for application to the ABP, and we disagree. It is inefficient for a project to go through permitting without any sense of what interconnection costs for the project may be and eliminating the need for an ISA will increase the attrition of projects post-award. We recognize the IPA has no control over the interconnection queue itself, but it can send signals to the development community that can help limit the potential for chaos.

To set the stage, we offer the following thoughts. At present, community solar developers are moving forward with awarded projects (or in a few cases dropping those projects) and are waiting to understand when the next opportunity for an award is available. Ameren has required all projects to pay the presented upgrade costs or leave the interconnection queue. It is our understanding that the vast majority of projects in Ameren without an award have been forced to leave the queue. ComEd chose to sequentially re-study projects and is still working through this process. Therefore, many projects in ComEd have not yet started the restudy process or been presented with a revised cost. Those unawarded projects that have received a restudy have largely chosen to leave the queue. We expect ComEd to finish the restudy process soon, and therefore all projects will have been presented with a pay or get out option, and most projects will likely choose to get out.

The result of this process is that multiple gigawatts of projects are laying in wait, trying to decide when to get back into the interconnection queue. Some developers have already resubmitted interconnection applications, but most developers will try to time interconnection application submissions to meet up with ABP block capacity availability. It is inefficient and wasteful for every project to reapply to the interconnection queue at the same time given the limited ABP capacity. It is inefficient and wasteful for projects to apply for interconnection over and over again hoping to get the timing right. Anecdotally we understand that the utilities will be requiring deposits after an ISA is signed – something that was waived last time around – and we applaud this step. However, there are still loopholes – such as the

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ability to choose a build date sufficiently far out to delay the full payment of interconnection costs. We will be advocating to eliminate this loophole and for the utilities to require additional minimal criteria (e.g., binding site control to begin the study process) to proceed through the interconnection process - not something currently required - as a way to further add some sanity to the process.

The IPA can further add some sanity by offering clear market signals, and we can largely avoid a continuous cycle of application, redundant studying and exiting of the interconnection queue. We offer the following suggestions:

First and foremost, the IPA should definitively say it will not use another lottery for project selection. We disagree with the use of a lottery for the initial blocks of the ABP because it exacerbated the disconnect between the interconnection queue and the ABP. Moving forward, we suggest the IPA make it clear that a lottery won't be used to fill the next set of blocks. Doing so in conjunction with other steps outlined below will help create clear signals to the market to only pursue projects that have a high likelihood of moving forward.

Second, the IPA should not use the ordinal rank of the waitlist. The ordinal rank is a randomly generated list of projects that does nothing to ensure that projects chosen are likely to move forward.

We maintain that project readiness is the best way to ensure that projects chosen will move forward. In our response to the Request for Comments earlier this year Borrego suggested the IPA reorder the waitlist based on the original date the project was eligible to sign an ISA. We made this suggestion because we believe that interconnection costs are a key piece to any project understanding its viability and therefore its readiness. However, we acknowledged that reordering the waitlist based on original ISA date would still have a disconnect with the interconnection process such that there would need to be a waiver to get projects back to their original queue position. Since the IPA has no control over the interconnection queue and is unlikely to accept a suggestion that creates such a disconnect, we offer the following revision.

We suggest that the IPA clear the waitlist and reopen the application window on a first come, first serve basis with stricter barriers to entry that address readiness, allowing a window of opportunity for projects that are currently on the waitlist before other projects. Doing this will not eliminate the chaos, nor will it completely solve the problems with interconnection, but it will send clear signals to the market to prioritize projects.

The barriers to entry that best predict readiness include a valid interconnection agreement, a lease or other site control, and a non-ministerial permit from the Authority Having Jurisdiction (AHJ) or a written letter from the AHJ if no permit is required. However, there are whole areas of the state that have no permitting requirement, and it is therefore very low risk and high speculation for projects to apply to the ABP from these areas with just a lease and an ISA. Therefore, we suggest projects submit the following additional, objective criteria:

1. Wetlands sign-off from either the Army Corps of Engineers or the local AHJ.
2. Archeological sign-off from the Illinois Historical Preservation Agency with a report that is timely and valid.



3. Endangered species termination from the Illinois Department of Natural Resources that is timely and valid. If a Take Permit is required, then the permit must be complete.

We believe a Phase I Environmental Site Assessment (or Phase II Environmental Site Assessment if recommended by preparer of Phase I Assessment) clear of recognized environmental conditions is too subjective to be included. Projects will undoubtedly have to provide the above three additional criteria to financiers (and thus prove they are ready to build), but different financing parties will have different opinions on what is reasonable to build on or around in terms of the ESA.

Projects that are currently on the waitlist should be allowed to re-apply for the ABP during an initial window before other projects can apply. The window could be any reasonable amount of time – the point is to recognize the desire of the industry to offer a first opportunity to projects currently on the waitlist that did not receive an award.

Third, the IPA should require a significant application deposit that is non-refundable or is transferable into a non-refundable collateral payment once the project receives an award. Making the deposit non-refundable is one of the best ways to ensure that projects that enter the program are the least speculative.

Fourth, the IPA should impose a strict developer cap and perhaps even a submission cap. A developer cap limits the number of awards that any one developer can receive but it does nothing to limit the number of projects that any one developer can submit to the program. We recognize that the stricter barriers to entry and the application deposit should encourage developers to prioritize their best and most viable projects, so a submission cap would be a belt and suspenders policy. With either policy – developer cap and submission cap – the IPA will have to be vigilant to prevent gaming.

All these steps combined should ensure a more orderly and aligned process while still offering ample opportunity. We believe the Illinois market has great potential and look forward to working with the IPA to achieve this end.