

Comments of Cypress Creek Renewables to IPA draft Long-Term Renewable Resources Procurement Plan

Introduction & Overview

Cypress Creek Renewables (CCR) is a leading, national developer of utility-scale and community solar (CS) generation that is actively developing a portfolio of CS assets across Illinois. CCR appreciates the diligent work the Illinois Power Agency (IPA) put into the development of the Long-Term Renewable Resources Procurement Plan (LTRRPP), and we offer these brief comments to ensure program success. Overall, CCR supports the comments of the Joint Solar Parties (JSP), and we offer these additional comments to underscore the JSP input.

Key Recommendations

We understand that the IPA is likely to receive a wide variety of comments to this request for comment, so to expedite the process, we offer these key points:

- 1. A project selection system based on first-come, first-served (FCFS) is the most fair, rational, transparent way to bring stability to the adjustable block program (ABP).**
- 2. To ensure the FCFS system described in the JSP comments is workable, IPA must institute a system that requires meaningful and substantial program application collateral.**
- 3. If IPA chooses to institute a developer cap for the Community Solar program, it must announce the details of that cap as soon as possible and should not unnecessarily burden or limit participants who want to play a large and active role in developing community solar projects.**
- 4. IPA should recognize that due to budget constraints, any incentives for niche market segments should be avoided or minimized.**

Further detail about the above points is outlined in the following pages.

Detailed Recommendations

- 1. A project selection system based on first-come, first-served (FCFS) is the most fair, rational, transparent way to bring stability to the adjustable block program (ABP).**

Most community solar markets function in a relatively linear fashion. As a project completes a utility's interconnection study process and is presented with an upgrade cost estimate, it can decide whether pay some of those costs and move forward or withdraw the project from the queue. If it chooses to move forward, the project will then apply for RECs under a state RPS. As noted in the JSP comments, a lottery upends this process and creates uncertainty that destabilizes the program. Continuing to use the ordinal waitlist generated by that lottery would continue this instability, as the misalignment between the interconnection queue and the ABP would remain.

A first-come, first-served selection process is the best approach to aligning the two processes and bringing Illinois' community solar in line with the systems used in most other states. FCFS would also be the most equitable way to run the program. Larger or deeper-pocketed developers would not gain any significant advantage from FCFS. Every project would be on equal footing in this linear process, and market forces (primarily through interconnection costs) would incent developers to only submit the most cost-effective projects. This would achieve IPA's goal of reducing submission of speculative projects, increase geographic diversity and help ensure high-quality projects enter the program.

2. To ensure the FCFS system described in the JSP comments is workable, IPA must institute a system that requires meaningful and substantial program application collateral.

For FCFS to function properly, the IPA must require vendors to submit meaningful collateral at the time of the project's application to the ABP. The level of collateral should be significant enough to ensure the vendor is confident that the project economics are sound (vis a vis its interconnection upgrade costs and REC levels) and that the project can reasonably be built.

CCR recommends an application collateral of at least \$100/kWac. This amount is not unreasonable considering the total investment that vendors are making in community solar projects and an experienced developer capable of securing financing for a large solar project should be capable of securing these collateral levels. Further, \$100/kWac is not materially different than the performance collateral IPA required in Phase I of the program and is a reasonable hurdle that can ensure success for projects seeking millions of dollars in ratepayer-funded incentives.

3. If IPA chooses to institute a developer cap for the Community Solar program, it must announce the details of that cap as soon as possible and should not unnecessarily burden or limit participants who want to play a large and active role in developing community solar projects.

Cypress Creek is strongly opposed to developer caps. No community solar markets have developer caps, nor do PJM, MISO or any organized electric market in the US. Federal tax incentives are also not capped arbitrarily (except by the tax appetite of the lender).

But if IPA chooses to implement a vendor cap, it should set that cap to ensure that no vendor can capture more than 35% of any one block. Even more importantly, the cap must be announced as soon as possible (preferably in the draft LTRRPP to be filed October 21st). The primary concern with the vendor cap in Phase I was that it was not announced until late in the process, meaning vendors could not establish upper limits on market potential and plan accordingly. Stating clear details for a vendor cap early in the process can further add stability to the Illinois market and ensure developers focus on their best and most cost-effective projects.

4. IPA should recognize that due to budget constraints, any incentives for niche market segments should be avoided or minimized.

One of the benefits of solar photovoltaics is that it can be deployed in myriad locations on the grid, providing value to participating and non-participating customers and the utility. But simply because solar *can* be deployed in a certain location or certain type of structure doesn't mean it *should be incentivized* absent some statutory goal or quantification of the benefit that it provides.

For instance, the Future Energy Jobs Act includes a specific goal to ensure projects “are not concentrated in a few geographic areas,” as well as incentives for “non-profits and public facilities.” The first provision specifically provides justification for REC adders for projects in urban areas (which did not see significant development in Phase I of the ABP) while the second provision underlies the Solar for All program. However, IPA should be wary of other stakeholder recommendations for niche market segments, including solar on types of private facilities not mentioned in statute. These recommendations could include adders for solar deployment on carports, warehouses, airports or any niche other private land use. Such specific adders would directly benefit vendors who specialize in those niche market segments or owners of those specific properties while the ratepayer and/or subscribers have no guarantee of additional benefit. This could lead to a slippery slope toward incentives for a whole panoply of land uses that would deplete the IPA's limited budget and reduce the total amount of renewable energy deployed under the IPA's programs.