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Adjustable Block Program
2019 Draft Revised Long-Term Renewable Resources Procurement Plan
Request for Comments
September 30, 2019

Dear Mr. Anthony Star and the Illinois Power Agency:

SRECTrade, Inc. (“SRECTrade”) appreciates the opportunity to provide feedback on the 2019 Draft Revised Long-Term Renewable Resources Procurement Plan (“DRLTRRPP”). SRECTrade provides our comments on specified sections of the DRLTRRPP below, particularly those sections related to the Adjustable Block Program (“ABP”). SRECTrade recognizes that the ABP REC Purchase and Sale Agreement review process may present another opportunity to address some of these comments.

6. Adjustable Block Program

6.3. Block Structure

SRECTrade recognizes the funding barrier described in Chapters 3 and 6, but would like to express its concern that the significant gap in time between the projected 1,000,000 RECs delivered annually by May 31, 2021 and the subsequent target of 500,000 additional RECs delivered annually by May 31, 2026 could have a negative impact on demand for solar in the state and employment in Illinois’s solar industry.

6.3.2. Transition between Blocks

SRECTrade recommends not reducing the length of time that Small DG Blocks 1 and 2 will be held open after their block volumes are filled. The 14-day period provided in the Initial Plan should not be reduced to a 7-day period in the DRLTRRPP.

6.4. REC Pricing Model

SRECTrade would like to again reiterate the importance of providing a clear, long-term price schedule which will enable ABP stakeholders to forecast values beyond the currently available blocks. SRECTrade notes that the current 4% block price reduction rule serves this purpose well. SRECTrade does not have any comments on specific price levels or the rate of block price reductions.

6.7. Contracts

Regarding the two listed options for applying the updated utility REC contract to any new ABP contracted capacity, SRECTrade recommends the second option, “Apply the updated contract to only projects approved after the finalization date...”. SRECTrade believes this option is would be more desirable since it would not halt project approvals and respective contract payments and Approved Vendors and project owners are still presented with the opportunity to decline the new contract via the “off-ramp” option described.



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In this section, SRECTrade recommends altering the language, “The assignor may be required to pay a fee to the contracting utility.” to “The assignor or assignee may be required to pay a fee to the contracting utility. In this event, the assignor and assignee would be required to reach an agreement on which party pays the fee.” The fee should not be required to be paid by the assignor.

6.9.1. Approved Vendor Designees

Of the three options presented in the DRLTRRPP regarding the management of Approved Vendor Designees, SRECTrade is in support of the second option, “Full vetting of Approved Vendor designees by Program Administrator through an Approved Vendor registration process, much like the current Approved Vendor registration process”. This would eliminate a lot of double work that is being done and in practice the ABP is already treating the Approved Vendor Designee and Approved Vendor as separate entities. Doing so would also protect good faith-acting Approved Vendors from third parties that could jeopardize their Approved Vendor status.

6.12.1. Technical System Requirements

SRECTrade is in support of removing the “Net metering application approval letter (if applicable)” requirement from the DRLTRRPP, as SRECTrade believes that its submission should not be considered vital in approving a project application under the ABP.

Regarding project application requirements, SRECTrade would like to again reiterate that it would be beneficial to Approved Vendors to be provided with specific examples of documentation for application requirements that would generally be approved (for example, listing an “Aurora Solar Shading Analysis” as acceptable). SRECTrade also believes that Approved Vendors and Approved Vendor Designees would benefit from being provided with a list of objective criteria that are used by the Program Administrator to review and approve applications, to help stakeholders better prepare project applications before submission and try to reduce the volume of applications that enter a “Need Info” status.

SRECTrade also recommends that there be two separate application processes for energized and non-energized projects. Right now, the same Part I and Part II application process is utilized for both types of projects. Instead, for energized projects, there should just be one Part which requires everything upfront, before the batching process. SRECTrade believes that the current Part I and Part II application process is reasonable for non-energized projects.

Regarding project application changes between Part I and Part II of the process, the increase in the AC project size of less than the larger of 5 kW or 25% (within the allowable range) results in an increase of estimated REC delivery obligation, while maintaining the lesser of the REC contract value. SRECTrade understands that an increase in AC size will affect the management of budget for allocated REC contract pricing and that the estimated REC contract value should remain the lesser between both parts of the program. However, SRECTrade is not in agreement with the notion that although the REC contract value remains the lesser of both parts, the project is obligated to deliver the full REC amount correlating to the project’s AC size. As such, increasing a project’s size between the Part I and Part II applications should not result in an increase of estimated REC delivery obligation since the REC contract value is unaffected by that adjustment.



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6.12.2. Metering Requirements

SRECTrade is opposed to altering the ABP's metering standard to reflect a revenue grade meter requirement for all projects, as opposed to only those larger than 10 kW AC in size (as it is at present). While it is true that some other SREC market jurisdictions require a revenue grade meter for all project sizes, it is also true that an even greater number of SREC markets only require a revenue grade meter for projects larger than or equal to 10 kW in size (or in the case of Pennsylvania, only larger than or equal to 15 kW in size). Altering the metering standard in this manner would also impose additional, unnecessary costs on solar installers and developers and ultimately their customers.

6.13. Customer Information Requirements/Consumer Protections

SRECTrade would like to again point out that some Installation Contract Requirements are duplicate requirements with terms presented in the Disclosure Forms. SRECTrade believes that it is sufficient for each term to be required in either the Sale Contract or Disclosure Form, not both. In cases of duplicates, it seems preferable to only require the terms in the Disclosure Form, since the document is standardized and could be easier for customers to understand. SRECTrade thus proposes that duplicate requirements/terms are removed from the Installation Contract Requirements.

SRECTrade believes that incorporating all of the Final Contract Requirements into the Disclosure Form should be considered, since the Disclosure Form and Final Contract Requirements seem to exist to serve the same purpose.

6.14.5. Converting System Size into REC Quantities

SRECTrade recommends not changing the capacity factors used from an average 15-year capacity factor to a first-year capacity factor. The equations associated with the SREC contract quantity calculation(s) are already a source of confusion for some Approved Vendor Designees and project owners and changing the application field in this way would likely further confuse stakeholders.

6.14.6. Batch Contract Approval

SRECTrade would like to reiterate prior comments on the window that Approved Vendors have to submit Part II applications and have project collateral withheld from the first/only REC payment. The mechanism for allowing interconnected projects to withhold collateral from the first payment, rather than paying up front, is fundamentally flawed. The issue is that the utility must receive Part II approval notification from the ABP Administrator before the collateral due date (30 days from contract date) in order to withhold collateral. The Part I to Part II process with the Program Administrator, however, makes meeting this deadline extremely challenging as Part II applications are not reviewed until the contract date and the Program Administrator has guided Approved Vendors to submit Part II applications four weeks in advance of the collateral due date. This leaves a very small window in which Approved Vendors can submit Part II applications and an even smaller window to correct deficiencies.

SRECTrade would recommend that PJM GATS approval and Standing Order initiation be the only requirements to have a project be eligible to withhold collateral. Under this scenario, the Utility can be assured that they are set up to receive RECs while the project owner completes their final application with



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the Program Administrator. Given the high incentive to complete Part II and receive ABP funding, SRECTrade believes projects will be motivated to complete the Part II application and at that stage of the process there is no risk of applicants using this rule to take advantage of the application project.

In addition, SRECTrade believes that there is one circumstance where exceptions should be considered to penalizing Approved Vendors for contract non-execution. SRECTrade believes that a more specific reference to the below circumstance should be made. Specifically, since the deadline for posting collateral can fall significantly after batch application submission (following P1 approval, Illinois Commerce Commission batch approval, and the 30-day period after contract execution), Approved Vendors applying for third-party project owners face an issue where project owners do not want to pay collateral far in advance of its due date, but Approved Vendors face penalties for non-execution in cases where they have not received the required collateral. Approved Vendors should be exempt from non-execution for instances in which multiple, good faith attempts have been made to collect collateral from third-party project owners but collateral was not received prior to the contract execution due date.

Thank you for your time and consideration on SRECTrade's comments and please contact us with any questions.

Sincerely,

SRECTrade, Inc.