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ELEVATE ENERGY
Smarter energy use for all

July 21, 2014

Anthony Star
Director
Illinois Power Agency
Michael A. Bilandic Building, Suite C-504
160 North LaSalle Street
Chicago, Illinois 60601

Dear Mr. Star:

Elevate Energy appreciates this opportunity to comment on questions posed after the June 12, 2014 Illinois Power Agency (IPA) workshop on Distributed Generation (DG). Elevate Energy designs and implements energy efficiency programs that lower costs, protect the environment, and ensure that the benefits of energy efficiency reach those who need them most. Among other programs, we run Energy Savers, an energy efficiency retrofit program for affordable apartment buildings that has improved the efficiency of over 18,000 apartments in northern Illinois since 2008. We are currently working to integrate distributed solar generation into our product offering to affordable apartment building owners.

Question 1: For DG between 25 kW and 2 MW in nameplate capacity, should the IPA consider holding procurements for more than one size range category? Are there other attributes that should be considered (e.g., net metering eligibility, community solar projects, residential/non-residential) in determining procurement categories?

Elevate Energy encourages the IPA to hold procurements that are structured so that community solar arrangements could take part without significant additional changes to the procurement process if virtual net metering becomes customary in the future. We also see value in structuring procurements to encourage residential DG and direct ownership of residential DG.

Question 2: How should the IPA define a distributed generation system? Is size of a system defined at the inverter, at the meter, or in some other way?

We recommend that the nameplate rating of the inverter(s) at the meter define the system size. The IPA should categorize DG into separate small, medium, and large classes, as each type will have its own cost structure, interconnection requirements, development timelines, and customer types. Also, having several classes will allow stakeholders to better target and track progress toward specific goals. The definitions of these classes could be determined by stakeholders. As a starting place for discussions, Elevate Energy would recommend the following divisions:

- Class I up to 60kW,
- Class II >60kW to 1MW, and

- Class III > 1MW to 2 MW.

<u>Question 3</u>: If the IPA holds separate procurements for new and existing systems, how should those terms be defined? For example, is a system under development but not in operation at the time of the procurement new or existing? If RECs procured from new systems are anticipated to be of higher value than those from existing systems, what can the IPA consider that will prevent the procurement process from having a short-term impact on project development?

Allowing systems under development, but not in operation at the time of procurement, to qualify for the procurement will provide much needed cash flow and help encourage development. In addition, the IPA should consider establishing a cut-off date and criteria to define existing systems.

<u>Question 9</u>: What credit requirements may be appropriate for aggregators and other counterparties (i.e., self-aggregating system owners)? Should these requirements vary based on REC portfolio size and system size? If so, how?

Elevate Energy is not aware of credit requirements for REC aggregators in other markets. We do not believe that credit requirements are necessary where payment to aggregators or self-aggregating system owners occurs at or after the time of REC delivery. In any case, the IPA should collect basic information on aggregators and other counterparties.

<u>Question 10</u>: Are there timing considerations other than those related to DCEO rebates, state and federal tax incentives that the IPA should consider?

Yes. The construction season must be taken into account. Ideally, applications and decisions would happen in the middle of winter so that projects are ready to complete when it becomes warm enough to work outside safely. The IPA should also consider the possibility of delays in RECs being brought to market if utilities are not staffed to handle a sharp increase in interconnection application volume caused by the IPA procurement.

<u>Question 11</u>: If aggregators are allowed to bid speculatively (e.g., not all projects in their aggregation identified at the time of bidding), what would be a reasonable length of time for aggregators to be given to provide evidence of viable projects, and what provisions should be considered to reallocate quantities of RECs to other aggregators if an aggregator is not able to verify progress on project development?

Three to six months is a reasonable amount of time for aggregators to provide evidence of viable projects. As evidence of projects' viability, aggregators should be able to provide a list of potential customers interested in REC brokerage services and, if more firm evidence is required, an executed REC contract with the DG system owner (perhaps redacted to protect privacy), and evidence of having applied for interconnection, if not the Certificate of Completion.

<u>Question 12</u>: What additional provisions, if any, should be included to allow entities to be their own aggregator?

There should be some provision to check self-aggregators from over-reporting production.

Thank you again for the opportunity to comment on the possible inclusion of distributed generation in future IPA procurements. We look forward to further discussions.

Sincerely,

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