

To: Illinois Power Agency
From: The Joint Non-Governmental Organizations (ELPC, NRDC, Vote Solar)
Date: July 23, 2021
Subject: Response to July 2021 LTRRPP Workshop #2 Follow-Up Request for Comments

The Environmental Law and Policy Center (ELPC), Natural Resources Defense Council (NRDC) and Vote Solar (VS), commenting together as the Joint Non-Governmental Organizations or Joint NGOs, appreciate the opportunity to comment ahead of the Illinois Power Agency's (IPA or Agency) development of its second draft update to the Long Term Renewable Resources Procurement Plan (Plan).

This is a complicated time to update the Plan. The renewables budget is overextended such that no new general market procurements are expected within the two-year planning horizon. At the same time, legislative proposals that would not only rejuvenate the budget but substantially alter and expand renewables procurement are on the table. Developing a Plan under either scenario creates unique challenges, and both together create a particularly difficult task.

The Joint NGOs therefore respond to these requests for comments following IPA workshops, not only with specifics regarding the update of the existing Plan, but with an eye toward broader programmatic improvements that should be considered under any scenario. We commend the IPA for considering the big picture that pertains to any future renewable procurement scenario.

For this second request for comments, we respond first to specific questions raised regarding the Adjustable Block Program (ABP) and then share some key priorities for the second draft Plan with regard to the Solar for All program and, particularly, its Low-Income Distributed Generation subprogram. After two years of limited (in ComEd) to no (in Ameren) uptake in this subprogram, the Plan must address the serious shortcomings of that subprogram and get it on track. The Joint NGOs look forward to working constructively with the Agency and other stakeholders through the Plan's update process and beyond to achieve this important goal.

Adjustable Block Program

Future Block Sizes, Structure, and REC Pricing (ABP Q1a)

The Joint NGOs support the annual block structure seen in legislative proposals that keeps pricing stable for a program year. Aiming for a similar approach makes sense absent legislation, within the limits of current law. However, a thorough review of the potential budget impacts and measures to preserve balance in the program should also be considered. Likewise, the 4% price decline between blocks appeared to work well at least for the Large DG and Small DG blocks of the Adjustable Block Program, but the Joint NGOs are open to other options.

One element of planning for the Adjustable Block Program structure that is not addressed in the "Request for Comments #2" is the IPA's use of its discretionary authority to modify the ABP between the statutorily required plan updates. As detailed in statute:

Program modifications to any price, capacity block, or other program element that do not deviate from the Commission's approved value by more than 25% shall take effect immediately and are not subject to Commission review and approval. (20 ILCS 3855/1-75(c)(1)(M))

The plan could benefit from elaboration on scenarios under which the IPA might use its discretionary authority to change ABP program elements between planning cycles. While the Joint NGOs prefer for the IPA never to have to use its discretionary authority to change block sizes and prices between planning cycles, failing to plan around when using this authority is warranted means it is less likely to be used when needed. Discussion around the use of discretionary authority in past renewables plans has been limited to factors external to the plan (e.g. the institution of federal solar tariffs). This discussion should be expanded to the health of the ABP regardless of exogenous factors. For instance, these could include:

- Changes to align procurement timing and budgets if Illinois once again appears to be charting a course in which the two are out of sync.
- Changes if a particular block category appears to be heading toward vast oversubscription, or, alternatively, is seeing unexpectedly and persistently low uptake.

The Joint NGOs recommend the IPA expand the discussion of scenarios under which discretionary authority to change ABP program elements between planning cycles may be used in the next plan update.

Geographic Granularity (ABP Q1b)

Developing distributed generation projects - both behind the meter and community solar - across the breadth of Illinois, and not leaving pockets of the state behind, is an important goal. By and large, the Small and Large DG categories of the Adjustable Block Program (ABP) appear to be succeeding in this goal whereas, as ELPC/VS demonstrated in comments on the last Plan update¹, the community solar category is not.

Adding additional groups to facilitate geographic granularity is one of three different strategies that have been discussed in the context of either the Solar for All Program or the Adjustable Block Program to help achieve geographic goals. The other two strategies are adders and scoring approaches. All three approaches have pros and cons and can be used with success, individually or paired, in different contexts. The current-approved Plan and proposed legislation (prior to a plan update) utilizes scoring.

At this time, with no more funding available under current law for the ABP for the next two years, the Joint NGOs do not recommend increasing the complexity of the program by adding more granular geographic groups.

¹ See [Comments of the Environmental Law and Policy Center and Vote Solar on the Illinois Power Agency's Draft Revised Long-Term Renewable Resources Procurement Plan](#).

Differentiation of Project Application Requirements by Financing (ABP Q4)

The Joint NGOs support some minimal differentiation of project application requirements that enhance the customer experience, provide more accurate and tailored information, or streamline the application process. It is not only a waste of time, but confusing for customers to be subject to application requirements (e.g. disclosure form sections) that do not apply to their financing model. That said, we caution against differentiation that would make the program more complex, including differentiating REC prices by financing model.

To the extent that differentiating project application requirements is proposed, however, the IPA should keep in mind the importance of behind-the-meter PPAs and solar leases for enabling solar access to households without the upfront capital to purchase systems outright. In the past, recommendations² to differentiate between financing models in Illinois have often been targeted at making it more difficult (sometimes impossible) to utilize PPA financing. **It would be deeply unfortunate to find that the differentiation in project application requirements created barriers to solar access by making it comparatively more difficult to participate in Illinois solar programs via a lease or a PPA versus outright ownership.**

Illinois Solar for All Program

The Joint NGOs all participate to various degrees in the Illinois Solar for All Working Group (Working Group). Additionally, some of our organizations helped author the Working Group's response to this round of comments signed onto the Working Group's comments. Rather than respond in parallel to the specific questions posed regarding the Solar for All Program, the Joint NGOs highlight some key recommendations for inclusion in the IPA's Plan around this program.

Low-Income Distributed Generation Subprogram

The IPA should include in its Plan the creation of a stakeholder working group or a related process to identify and tackle the various challenges facing the Low-Income Distributed Generation Subprogram³. Uptake in the Low-Income Distributed Generation Subprogram is far too low. The fact that there is money available for this program while the ABP has exceeded its budget signals the program needs reform. And the Joint NGOs strongly agree with the Working Group's comments that getting to the bottom of some of the challenges facing the subprogram will involve detailed technical dialogues that cannot be achieved through the IPA's typical comment approach. A stakeholder working group or other dialogue-facilitating process that meets, at minimum, on a monthly basis, makes sense as a process to address the issues facing the subprogram. It will be critical that the recommendations coming out of this process have the ability to be implemented between plan cycles, so the IPA should give thought to whether additional plan language and/or ICC process is required to enable this.

In addition to the creation of a stakeholder working group, the IPA should **increase REC prices** and commit in the Plan to **improving the project application and approval process** for the

² These recommendations have not come from the IPA.

³ This process could also be used to address issues beyond the DG Subprogram.

Low-Income Distributed Generation Subprogram. The latter should include both general streamlining and consideration of how to ease Approved Vendor crossover from the ABP *without* compromising Solar for All's unique program requirements and consumer protections.

Project Selection

Outside of plan changes to address barriers to the Low-Income Distributed Generation subprogram, the Joint NGOs strongly encourage the IPA to **formalize in the plan a project selection process that finalizes criteria for project selection close to a year in advance of selection actually occurring**. The practice to-date of releasing new project selection criteria weeks to several months ahead of project selection occurring, and many months after developers begin the work to prepare projects for the next round of Illinois Solar for All is problematic. At best, it greatly undermines the power of project selection to incentivize projects that better align with selection criteria. At worst, it leads developers and communities to invest meaningful resources in projects with limited chance of succeeding.

The timely release of project selection criteria may be slightly more important for the community-solar subprogram than the non-profit and public facility one, given the longer development timeline in the former. Likewise, it may be easier to respond to some criteria (MWBE utilization) than other criteria (project location) later in the project development process. The Joint NGOs welcome more nuanced approaches than just finalizing project selection roughly a year in advance to account for these differing needs, if the IPA or other commenters have suggestions. But in general, more time between finalizing criteria and completing the project selection process is critical for the criteria to be effective in incentivizing better projects.

Community Ownership and Partnership Flips (ILSFA Q2)

Achieving community ownership of solar and other distributed energy resources is a key, if not *the* key priority of a number of the frontline and environmental justice organizations that our organizations worked with on clean energy issues over the past year. Partnership flip models, where ownership flips to a tax-exempt or low-tax-burden entity after the investment tax credit and depreciation benefits have been realized (often 6-years), are powerful tools for enabling community ownership. Currently the program effectively disallows these sorts of partnership flip models. **It is critical that the IPA enable these models for the Illinois Solar for All program.** The Joint NGOs strongly support adding necessary protections to support low-income and environmental justice community entities in achieving ownership. The Joint NGOs recommend the IPA and its program administration team require Solar for All protections that are within, if potentially on the more protective side of, the range of protections typically afforded to solar customers who buy their systems outright in the Adjustable Block Program. Going significantly outside the typical range of protections afforded solar system owners risks making community ownership unattainable in effect, if not disallowed in fact.