RESPONSE TO ILLINOIS POWER AGENCY REQUEST FOR COMMENTS ON BEHALF OF THE SOLAR ENERGY INDUSTRIES ASSOCIATION, THE COALITION FOR COMMUNITY SOLAR ACCESS, AND THE ILLINOIS SOLAR ENERGY ASSOCIATION

December 3, 2021

The Solar Energy Industries Association, the Coalition for Community Solar Access, and the Illinois Solar Energy Association (collectively the Joint Solar Parties) appreciate the opportunity to respond to the Illinois Power Agency's most recent solicitation for comments on the Adjustable Block Program.

The Joint Solar Parties appreciate the opportunity to comment on topics in preparation of the IPA's publishing of its updated Long-Term Renewable Resource Procurement Plan (LTRRPP) in January 2022 for public comment, in compliance with Public Act 102-0662. The Joint Solar Parties plan to be active participants in the public comment period and litigation before the Commission but also appreciate the spirit of discussing issues in lower-stakes informal comments prior to litigation.

Annual Block Capacity

1. With the updated Long-Term Plan scheduled to be approved in July 2022, initial blocks of annual capacity opening in December of 2021, and 1-75(c)(1)(K) referencing annual blocks of capacity by delivery year, how should the timing of block opening be reconciled?
   a. Should the Agency utilize an approach to backdate the opening of annual blocks to the start of the 2022-2023 delivery year (June 1, 2022), which would result in the initial annual blocks opened on December 14, 2021 be open for less than a year? Or is there some other way of prorating the timing of annual blocks?
   b. Are there considerations that would necessitate taking a different approach for reconciling the timing of block opening by category?
   c. For categories with an initial allocation period of two years, is the initial period the 2021- 2022 and 2022-2023 delivery years, resulting in the next block opening June 1, 2023?

   JSP RESPONSE: (a) The IPA should open the new blocks on June 1, 2022. The Joint Solar Parties recognize that the LTRRPP is unlikely to be approved until mid-July. However, the IPA will already be operating blocks under interim pre-LTRRPP approaches when all six categories open on December 14, 2021. The Joint Solar Parties note that this approach may require the IPA to reallocate unused capacity as of June 1, 2022, under the third-to-last paragraph of 1-75(c)(1)(K); the Joint Solar Parties respectfully recommend that the IPA consider a request for comments on this process well in advance of June 1, 2022, if the IPA anticipates a reallocation need.

   (b) The Joint Solar Parties do not see a reason to open different blocks at different times, except to the extent that known and predictable staggering of block openings eases the administrative burden on the IPA and Program Administrator.

(c) Yes. Responding further, the IPA having the ability to reallocate capacity pursuant to the third-to-last paragraph of 1-75(c)(1)(K) during the middle of that two-year period. Specifically, Section 1-75(c)(1)(K)(iii) allows the IPA to procure new community solar systems in the third delivery year or "earlier if the Agency determines there is additional capacity needed to meet previous delivery year requirements." The Joint Solar Parties interpret that language to allow the IPA to begin selecting new projects to address attrition within the community solar program, whether from lottery projects or waitlist-clearing projects (where much less attrition is expected).

2. How should Blocks be sized?
   a. Section 1-75(c)(1)(C)(i) sets the Agency's goal to procure 45 million RECs delivered annually by 2030, 55% of which come from photovoltaics, and further of which 50% are from the Adjustable Block Program. This would be a 2030 goal of 12.375 million RECs. To achieve that goal, should the Agency set even annual total block quantities for the delivery years between 2022 and 2030, or should the total annual block sizes ramp up over time to give the market time and space to grow? If a ramp up approach is used, what is a reasonable annual growth rate?
   b. Given the initial distribution of 20% small DG, 20% large DG, 30% traditional community solar, 15% public schools, 5% community-driven community solar, and 10% projects from Equity Eligible Contractors, what would be a reasonable estimate of the size of DG market annually that could be used in setting block sizes?
   c. Initial block sizes were set by converting 1 million RECs to MW by using a standard 16.5% capacity factor. Should a standard capacity factor be maintained, or should the REC to MW conversion be category specific? What other approaches could be utilized for converting REC targets to supported installed capacity?

JSP RESPONSE: (a) and (b) The Joint Solar Parties note that 45 million RECs by 2030 is a minimum, not a maximum. The Joint Solar Parties further note that the IPA has a mandate to procure RECs until its forecasted expenses equal to the maximum budget that is available under Section 1-75(c)(1)(C)(ii). However, the Joint Solar Parties are mindful of the challenges caused to the industry by the recent budget shortfalls and potential REC Contract payment reductions. While the Joint Solar Parties do not anticipate the same circumstances recurring, the Joint Solar Parties respectfully suggest taking this into account at least over the first few years by imposing a baseline goal of ratable increases each year but using that excess budget for the following year (which is feasible under the changes to Section 16-108(k)) as a supplemental allocation to each block.

In terms of the estimate for the DG market, the Joint Solar Parties cannot predict over the medium term how much (for instance) the Public School or Equity blocks will break down between community solar and behind-the-meter. Although unlikely, it is possible that either could be 100% community solar and either could be 100% behind-the-meter. The Joint Solar Parties are mindful of not predicting individual member choices (as opposed to explaining potential behavior based on market rules/incentives). However, based on analysis done by Joint Solar Parties member CCSA, using DC/AC ratios in the withdrawn

Second Revised LTRRPP, the Year 3 allocation (which would be applicable to future years) would look approximately like:

MW (AC) Allocation	Total	Small DG	Large DG	Traditional CS	Schools	CDCS	Equity
Year 3	**832**	**173**	**159**	**213**	**147**	**44**	**96**

The Joint Solar Parties stress that these values are rough estimates based on assumptions in the withdrawn Second Revised LTRRPP and that actual capacity amounts are likely to be different based on updated assumptions.

(c). The Joint Solar Parties support category-specific capacity factors, and specifically support the withdrawn draft Second Revised LTRRPP's use of PVWatts for community solar. As technology (specifically what is widely commercially available) continues to advance, the Joint Solar Parties expect that yields will be updated from time to time.

3. What considerations should be made when redistributing uncontracted capacity at the end of a delivery year? Should waitlists be pure first-come first-served or some other process?

JSP RESPONSE: The Joint Solar Parties believe that the IPA should redistribute uncontracted capacity to categories with waitlists based on the relative sizes of the waitlists. Further, waitlists should be cleared on a first-come, first-served approach. The Joint Solar Parties also support limits on allocations away from the Equity block to keep reasonable amounts rolling forward. This approach is intended to preserve the Equity Block as an opportunity to Equity Eligible Contractors even if it takes time to ramp up the program.

In the likely circumstance that batches (if the projects are batched at application) or projects enter the waitlist at the same time, they should be placed ordinally on the waitlist based on the date and time of their application. The Joint Solar Parties propose defining simultaneous submission as submission during the same minute, but could support a longer interval up to one hour. For community solar systems, the IPA should organize the waitlist based on the later of the date of the interconnection agreement and the land-use permit (the Joint Solar Parties note that some evidence of site control is required for interconnection applications pursuant to 83 Ill. Admin. Code 466.60(f)). This allows systems that were "shovel ready" first to go forward.

4. Should application fees for waitlisted projects be charged when first applying, or only be due once projects come off waitlists?

JSP RESPONSE: The Joint Solar Parties believe that application fees for waitlisted parties should be charged when first applying so being waitlisted does not delay the obligation to pay application fees. While the Joint Solar Parties appreciate the sentiment behind allowing delay of application fee payments if the system is waiting to be selected, with annual blocks and the potential for secondary allocations under 1-75(c)(1)(C)(ii), the

Joint Solar Parties believe it is more important to assess the fee at the same time for all projects (at application).

Open Questions from the withdrawn draft Second Revised Long-Term Plan

5. Co-location of Distributed Generation Systems (Section 6.5.2, pg. 149)
   a. *The Agency recognizes that in rural areas of Illinois it is not uncommon for a parcel to have buildings (and thus load to be offset by distributed generation) that serve separate residential and agricultural uses, and will evaluate requests to consider those uses separately for the application of this standard. For this draft Second Revised Plan, the Agency welcomes stakeholder feedback on how to develop and apply criteria for making such evaluations.*

   JSP RESPONSE: The Joint Solar Parties note that this question relates specifically to the REC Contract and not the net metering or DG Rebate aspect. In that narrow context, the Joint Solar Parties encourage the IPA to not aggregate behind-the-meter projects at a single parcel if the customer(s) can demonstrate that (1) separate entities are on the accounts (such as the owner of the farm for the agricultural equipment and a tenant-farmer for the residence), or (2) if the accounts are not separate or separate accounts are held by the same person, the customer can provide an attestation or other documents demonstrating that the use of one meter is agricultural and another is residential. The Joint Solar Parties note that two separate systems on two separate accounts would be handled in two separate applications; the fact that two separate accounts are used on the same property should be sufficient to not aggregate the capacities under Adjustable Block Program guidelines but for clarity the two uses should not be considered "affiliated" for the purposes of aggregating the nameplate capacity of the two systems.

6. Community Solar (Section 6.5.3, pg. 150-151)
   a. *For this draft Second Revised Plan, the Agency seeks stakeholder feedback on if small subscriber adders should be reduced. The shift to online marketing and enrolment is likely an additional cost savings for community solar providers that may not be reflected in the current adder. To elicit feedback on this topic, and in lieu of additional data or cost modeling, the Agency suggests starting with the midpoint of the range of costs reported by GTM Research, or $14.82/REC for 50% or over small subscriber levels. This approach produces adders very similar to the current Minnesota adder.*

   JSP RESPONSE: Moving forward, Community Solar is required to have 50% small subscribers so the IPA should include the costs associated with acquisition and retention of residential customers in the REC pricing instead of treating it as an adder. The Joint Solar Parties further note that Illinois has more robust requirements for customer acquisition than other states, which increase costs and technical challenges for community solar program growth. Specifically, the lower end of the range is likely in states that allow for a more automated solution that do not require customer signature on a disclosure form or re-disclosure (with signature) for moving customers to other systems or increasing subscription size by over 10%. However, some marketing is conducted through physical mailing which is cost and labor intensive or other marketing channels that are cost

intensive, labor intensive, or both. The Joint Solar Parties merely note these requirements as context for why Illinois is far more analogous to the higher end of customer acquisition and retention costs than the lower end and thus the midpoint is unlikely to be reflective of actual costs in Illinois.

7. Program Administrator (Section 6.10, pg. 165-166)
   a. *For this draft Second Revised Plan, the Agency is proposing that the Program Administrator will establish a mentorship/training program for new Approved Vendors and designees that are minority-owned, woman-owned, veteran-owned, disability-owned or considered a small business with the goal to help those new program participants learn about program requirements and application procedures. The Program Administrator would assign a dedicated staff person to each new Approved Vendor or Designee who qualifies for this program to provide them technical assistance and provide introductions and connections to established entities. The Agency welcomes stakeholder feedback on this proposal and how it can be refined. Additionally, the Agency is especially interested in increasing participation in the Program by these types of diverse businesses. The Agency is seeking stakeholder feedback particularly on how to increase the number of diverse business entities (i.e., minority-owned business, woman owned business, veteran-owned business, disability-owned business, or small business). Specifically, what are barriers to entry currently observed in the market and how can those barriers be addressed adequately to ensure a more diverse pool of Program participants?*

JSP RESPONSE: As an initial matter, the Joint Solar Parties continue to recommend that the LTRRPP provide an enhanced cure right for work done by MBEs, WBEs, and VBEs so long as the remediation is done by an MBE, WBE, or VBE. The Joint Solar Parties believe this will make systems developed by Equity Eligible Contractors more valuable to potential buyers and the sale transaction more straightforward, which are both benefits to Equity Eligible Contractors.

With regard to mentorship programs specifically, education and awareness can be one of the biggest barriers for minority-owned, woman-owned, veteran-owned, or person with disability-owned businesses or small businesses entering the solar industry. The Joint Solar Parties encourage the IPA to share opportunities, through online or in-person sessions for participants in existing state networks such as Illinois' Business Enterprise Program (through CMS), the Department of Commerce and Economic Opportunity's forthcoming Primes Accelerator program, or through the Commission's Supplier Diversity network.

Joint Solar Parties also suggest a specific stakeholder solicitation or meeting with those who run the entrepreneur programs, and its graduates. For example, HACIA, and its graduates of the contractor accelerator program, could give direct feedback on obstacles. Joint Solar Parties members that have worked with these contractors through conversations with impacted individuals understand that some barriers include: having a set pipeline of projects to realistically plan staffing and hiring levels, establishing partnerships with other existing companies to build and provide that pipeline, start-up capital to afford a warehouse space, and being able to staff to needs.

The Joint Solar Parties note that while a Program Administrator-run mentoring or educational program could produce great value, there are certain areas that peer mentoring from established solar companies in all parts of the industry has unique value. For instance, established early-stage developers may have more insight into current issues in zoning, frequent issues with interconnection, or what to expect as standard reps/warranties and payment terms for selling systems to long-term owner/operators. Similarly, established installers can share compliance resources, experiences with witness tests and local inspectors while long-term owner/operators can provide information about what happens to a system once the early-stage developer sells it to the long-term owner/operator in terms of financing and asset management/contract administration.

Responding further, the Joint Solar Parties recommend that the IPA look to programs from the Interstate Renewable Energy Council.

8. Technical System Requirements (Section 6.12.1, pg. 168)
   a. *As discussed in Section 6.3.3.1.2, for this Second Revised Plan, the Agency is interested in feedback on specific alternatives to signed interconnection agreements for new community solar applications where there may be a long lead time between project application and selection. The Agency understands that certain stakeholders, particularly the utilities, are interested in alternative indicators of project maturity for community solar projects that may also alleviate pressure on interconnection processes. In Docket No. 19-0995, some stakeholders argued against the inclusion of the interconnection agreement requirement, but suggested no workable alternative indicator of project maturity to replace this requirement. The Agency continues to believe that signed interconnection agreements are an appropriate indicator of project maturity for distributed generation projects above 25 kW.*

JSP RESPONSE: The Joint Solar Parties agree with the IPA's take that signed interconnection agreements are an appropriate indicator of project maturity for systems over 25 kW. While the administration of interconnection has at times led to challenges and may continue to do so in the future, having *no* requirement—especially given the minimal hosting capacity information available in real time—is likely to lead to even greater project attrition. No party benefits from added attrition, from ratepayers or the IPA to developers to the utility.

As an aside, the Joint Solar Parties note that Part 466 remains in the amendment process with no firm date for any amendments to be effective other than the limited Emergency Rulemaking issued on December 1, 2021. The Adjustable Block Program should preserve the flexibility to take into account timing and ongoing requirements of interconnection that might be impacted by the changes (for instance, that the withdrawn Second Notice Rule required a 100% deposit 15 business days after signing the interconnection agreement).

9. Metering Requirements (Section 6.12.2, pg. 170)
   a. *After approval of the Initial Plan, the Agency communicated regularly with industry stakeholders who were seeking to coordinate and obtain ANSI approval of a new DC*

metering standard. However, the Agency has not received any subsequent input from such stakeholders and understands that this standard was finalized in of March 2021. The Agency has not yet reviewed the applicability or relevance of this standard to its programs and welcomes stakeholder comments on this topic.

JSP RESPONSE: The Joint Solar Parties take no position.

10. Batches (Section 6.14.1, pg. 178)
    a. *While the Agency believes an initial batch of 100 kW is not a significant barrier to new market entrants, the Agency welcomes stakeholder feedback on whether the initial batch size and/or 75% verification level for new minority or woman-owned Approved Vendors should be set at a lower level.*

JSP RESPONSE: The Joint Solar Parties are not aware of specific issues that MBE/WBE/VBEs have had with the minimal threshold (which was initially 50 kW for MBE/WBE/small businesses). The Joint Solar Parties further understand that the 75% verification level has been a challenge to varying degrees across the industry (not specifically to MBE/WBE/VBE) until Approved Vendors were given the option to batch after system approval. Given that it is a general industry challenge, the Joint Solar Parties would not be surprised if it was a particular challenge for new entrants that elect to batch prior to Commission approval. As a result, the Joint Solar Parties suggest that the verification level be 75% *or at least 100 kW* if the batching is done prior to Commission approval.

11. Batch Contract Approval (Section 6.14.6, pg. 180)
    a. *In stakeholder comment processes conducted by the Agency, parties have repeatedly requested allowing the rollover of collateral from projects withdrawn from the program to newly applied projects. The argument offered has been that, especially in the residential sector, the collateral requirement has created risks and costs for Approved Vendors who cannot control for decisions homeowners might make to cancel an installation. The Agency continues to believe that the collateral requirement is an important component of ensuring that only projects with a high degree of likely completion are submitted to the program. However, the Agency recognizes the concerns that have been raised repeatedly and is open to considering a narrow set of circumstances for allowing collateral from cancelled projects to be reallocated, such as if a homeowner sells the property prior to installation. The Agency welcomes stakeholder comments on what might be an acceptable list of such circumstances, and on the mechanics of how those exceptions could be applied (such as what level of proof would be appropriate).*

JSP RESPONSE: At minimum, collateral should be transferrable between projects when there is a change on the utility account (for instance if the account holder moves) or other limited circumstances. Providing limited but reasonable circumstances under which collateral can be transferred relieves pressure on early termination fees to the customer prior to system energization because once the collateral is at risk the customer's termination under the current system leads to a loss of that collateral in addition to all other

development and customer acquisition costs. The Joint Solar Parties note that too few limitations could lead to less mature projects being proposed; the purpose of the collateral transfer is to address circumstances outside of the Approved Vendor's control like customer moves after the Part I is complete but before installation.

Equity Eligible Contractors Category

Public Act 102-0662 requires that the Equity Eligible Contractor ("EEC") category grow over time to 40% from the initial 10% of Adjustable Block Program capacity.

12. Over how many years should that increase from 10% to 40% occur?

    JSP RESPONSE: The Illinois Power Agency will have to make this adjustment based on the uptake in capacity in this category. If there is robust demand in the Equity block, the block should grow more rapidly to track demand. If demand takes longer to ramp up, increasing the allocation too quickly will simply lead to capacity that must be reallocated at the end of the delivery year. The Joint Solar Parties strongly prefer allocating accurately based on present circumstances rather than pre-determining an allocation path that either leads to a large backlog on one hand or a large reallocation of unused capacity on the other—neither of which are ideal outcomes.

13. What mechanisms should be used to ensure that this percentage goal is met? The Agency understands that in allowing only "applicants" who are Equity Eligible Contractors to be eligible for this block, an applicant cannot qualify for this category through having a portion of subcontractors or workforce being Equity Eligible Contractors or persons.

    JSP RESPONSE: The Joint Solar Parties agree that if an Equity Eligible Contractor is an Approved Vendor, it would be eligible to apply to the Equity Block. The Joint Solar Parties support this business model, and note that the definition of "Equity Eligible Contractor" allows co-ownership with Eligible Persons by non-Eligible Persons such as established market participants that could provide capital, technical support, and a pipeline of projects.

    Equity Eligible Contractors that seek to focus on a discrete part of the development or asset management process such as installation, EPC, sales and marketing, customer care, or maintenance should also be able to participate in the Equity block without finding an Equity Eligible Contractor-Approved Vendor to work with. The costs and risks of application to and eventual administration of the REC Contract—not to mention the compliance requirements on Approved Vendors—are more than many Equity Eligible Contractors (like many other firms in the solar space) may wish to take on. In particular, administration of the REC Contract places substantial risk on the Approved Vendor, especially if they are providing Approved Vendor-as-a-Service after selling systems to customers. The Joint Solar Parties thus recommend that there should be a pathway for a non-Equity Eligible Contractor Approved Vendor to (at the batch level) provide a narrative to the IPA or its designee that makes binding commitments to use of and benefits flow to Equity Eligible Contractors. The IPA would then evaluate these narratives on a case-by-case basis based on standards that the IPA would develop about how to demonstrate and

minimum expectations for use of and benefits flow to Equity Eligible Contractors. The Joint Solar Parties oppose any structure that would allow "sleeving" of REC Contracts, where the Equity Eligible Contractor was merely a front to apply to the program and was not receiving many if any of the benefits of the transaction.

Separately, the Joint Solar Parties note that the Adjustable Block Program has repeatedly demonstrated that price signals work. The REC value or other economic terms and conditions (such as the terms and conditions of the pre-payment and accelerated payment) will attract participants, as will an unrestricted ability to sell to long-term owner operators on the best terms. Not coincidentally, these steps—while not the only positive steps the IPA could take—would also be anticipated to build capital for Equity Eligible Contractors faster and reduce the risk Equity Eligible Contractors that are Approved Vendors must take on.

In addition to these recommendations, the Joint Solar Parties urge the IPA to collect feedback on a rolling basis from Equity Eligible Contractors. While the Joint Solar Parties member companies have deep collective experience in the Illinois market and in other markets, the Joint Solar Parties recommend hearing from Equity Eligible Contractors what they see as opportunity versus what they see as areas of risk, financial or technical barriers, or disincentives.

14. Are there interpretations of this language for the Agency to consider, such as qualification through Designees, subcontractors, or workforce?

JSP RESPONSE: The Joint Solar Parties support the IPA in their efforts to ensure that the Equity Eligible Contractor is an actual beneficiary and REC Contract. However, because as noted above the costs and risks related to Approved Vendor compliance and applying for/administering the REC Contract are substantial and not right for all Equity Eligible Contractors (at least at first), the IPA should not have a bright line requiring all participants to be both an Equity Eligible Contractor and Approved Vendor.

There are two sides to this issue. First, Equity Eligible Contractors participating in the equity block should not be foreclosed from working with other service providers that are not Equity Eligible Contractors. The Joint Solar Parties note that opportunities for Equity Eligible Contractors for functions other than a developer—such as in installer or EPC, owner/operator, maintenance, sales, etc.—are going to be tracked pursuant to Section 1-75(c-10). In other words, the Equity block is an important but not the unique way for Equity Eligible Contractors to participate.

Second, as proposed above, due to the costs and risks associated with being an Approved Vendor, the IPA should allow a non-Equity Eligible Contractor Approved Vendor to provide at a Batch level a narrative with binding commitments to inclusion of and flow of benefits to Equity Eligible Contractors. Put another way, Equity Eligible Contractors should be free to find structures that allow them to fully participate in the Equity block and receive enhanced benefits but without the costs and risks of performing as an Approved Vendor too.

15. If Designees are permitted to qualify as EEC, would the EEC category be limited to projects that have both an EEC Designee and Approved Vendor or would just an EEC Designee qualify a project for utilizing the capacity set aside for this category? How can the Agency ensure that this category is not dominated by a select few qualifying aggregators or firms who, outside of company status, may not otherwise substantially advance equity goals? Should the Agency consider additional workforce or subcontractor requirements? Can those be considered under the language of the law?

    JSP RESPONSE: As noted above, an Equity Eligible Contractor should not be restricted to only working with other Equity Eligible Contractors and Equity Eligible Contractors in limited circumstances should be able to participate as Designees or in other supporting roles with a non-Equity Eligible Contractor Approved Vendor. Equity Eligible Contractors should be encouraged to forge business relationships with service providers, including of course other Equity Eligible Contractors but not to the exclusion of all others.

16. Equity Eligible Contractors may be eligible for an advance payment for a portion of their REC contract. To be eligible for predevelopment capital, what standard for "demonstration of qualification or need" should be considered? Should this demonstration be required on a project by-project level, or should an Equity Eligible Contractor be able to demonstrate the need on a periodic basis? What types of documents might the Agency request as evidence of such need?

    JSP RESPONSE: The Joint Solar Parties do not have specific recommendations. The Joint Solar Parties encourage the IPA to get a better understanding from potential Equity Eligible Contractor applicants about their capital constraints. While hearing from Equity Eligible Contractors is important, the Joint Solar Parties respectfully suggest that whatever the terms of the pre-Energization payment the terms and conditions should not be so onerous as to make it difficult for qualifying Equity Eligible Contractors to avail themselves of the benefit.

17. For the advance of predevelopment capital, what costs, in addition to the incremental cost of prevailing wage compliance, should be considered in determining the amount that could be advanced? Would those costs vary by project type or size? What should be the penalties or consequences if a project is not completed and energized, such as clawback mechanisms or limiting future program eligibility?

    JSP RESPONSE: The Joint Solar Parties note that development is an inherently risky endeavor—residential customers, for instance, move or change their mind, larger commercial customers go through economic fluctuations that impact their credit, etc.—and the failure of some projects (even if they are a high percentage of a small portfolio) is not necessarily indicative of poor performance by a new entrant. The Joint Solar Parties respectfully request that the IPA take a holistic approach and be mindful that not every new entrant will luck into ideal customers or circumstances in their first projects.

18. Should the Agency cap the share of projects eligible for predevelopment capital? If so, at what level and why?

    JSP RESPONSE: The Joint Solar Parties have no comment.

Community-Driven Community Solar

The Agency seeks stakeholder feedback for refining this proposed prioritization and project selection methodology for Community-Driven Community Solar projects.

Section 1-75(c)(1)(K)(v) of the IPA Act, as amended by Public Act 102-0662, states that the Adjustable Block Program shall procure renewable energy credits from new photovoltaic projects, including in relevant part:

> *At least 5% from community-driven community solar projects intended to provide more direct and tangible connection and benefits to the communities which they serve or in which they operate and, additionally, to increase the variety of community solar locations, models, and options in Illinois. As part of its long-term renewable resources procurement plan, the Agency shall develop selection criteria for projects participating in this category. Nothing in this Section shall preclude the Agency from creating a selection process that maximizes community ownership and community benefits in selecting projects to receive renewable energy credits. Selection criteria shall include:*
>
> > *(1) community ownership or community wealth-building;*
> > *(2) additional direct and indirect community benefit, beyond project participation as a subscriber, including, but not limited to, economic, environmental, social, cultural, and physical benefits;*
> > *(3) meaningful involvement in project organization and development by community members or nonprofit organizations or public entities located in or serving the community;*
> > *(4) engagement in project operations and management by nonprofit organizations, public entities, or community members; and*
> > *(5) whether a project is developed in response to a site-specific RFP developed by community members or a nonprofit organization or public entity located in or serving the community*

In positioning feedback, the Act provides the following definitions and considerations:

For the purposes of this item (v):

> *"Community" means a social unit in which people come together regularly to effect change; a social unit in which participants are marked by a cooperative spirit, a common purpose, or shared interests or characteristics; or a space understood by its residents to be delineated through geographic boundaries or landmarks.*
>
> *"Community benefit" means a range of services and activities that provide affirmative, economic, environmental, social, cultural, or physical value to a community; or a*

mechanism that enables economic development, high-quality employment, and education opportunities for local workers and residents, or formal monitoring and oversight structures such that community members may ensure that those services and activities respond to local knowledge and needs.

"Community ownership" means an arrangement in which an electric generating facility is, or over time will be, in significant part, owned collectively by members of the community to which an electric generating facility provides benefits; members of that community participate in decisions regarding the governance, operation, maintenance, and upgrades of and to that facility; and members of that community benefit from regular use of that facility.

Terms and guidance within these criteria that are not defined in this item (v) shall be defined by the Agency, with stakeholder input, during the development of the Agency's long-term renewable resources procurement plan. The Agency shall develop regular opportunities for projects to submit applications for projects under this category, and develop selection criteria that gives preference to projects that better meet individual criteria as well as projects that address a higher number of criteria.

To allow Approved Vendors and their community partners time to develop project applications for this category, the Agency proposes for each delivery year a 90-day period for projects to be submitted prior to any project selection. After the close of that 90-day period, the Agency will review projects submitted and score them according to the project selection process described below. The Agency will endeavor to complete the review, scoring, and selection process within 90 days. The Agency in interested in additional stakeholder feedback on the propriety of a 90-day initial application period.

Primary Criteria

For project selection, the Agency proposes that each of the five criteria listed above be allocated up to 2 points. Additionally, the Agency seeks specific feedback on how best to evaluate all but the last item (which simply would earn 2 points through submitting documentation demonstrating that the project was developed in response to a site-specific RFP).

a. Related to Item (1), what does community ownership look like? The Agency is interested in different community ownership structures and/or minimum criteria for a project to qualify as community owned.
b. Related to Item (1), how should the Agency define community wealth-building? Should the project continuously build wealth in the community? Or is a one-time influx of wealth into the community sufficient? Should there be requirements regarding the recipient(s) of the wealth the project builds?
c. Related to Item (2), how should the Agency evaluate direct and indirect community benefits? The Agency is interested in proposals to define and/or establish minimum requirements for both direct and indirect community benefits.

d. Related to Item (2), how should the Agency evaluate and score community benefits, whether direct or indirect? What might minimum requirements for community benefits look like?
e. Related to Item (3), how should the Agency define meaningful involvement as it relates to project organization and development? What documents may be available that would demonstrate meaningful involvement? How can the Agency verify meaningful involvement?
f. Related to Item (4), how should the Agency define engagement in project operations and management? What documents may be available to demonstrate such engagement, and how can the Agency verify this component?

JSP RESPONSE: (a)-(f): The Joint Solar provide the following limited suggestions in response to the primary criteria:

- Scoring impact of the primary criteria should be substantially more than the secondary criteria. The Joint Solar Parties do not have a specific allocation to propose at this time.
- Maximum scores should be higher to differentiate between projects that meet the bare minimum of a criteria from projects that meet the spirit of the law.
- The site-specific RFP should not be its own criteria but instead evidence of meaningful community (including local government) involvement.

Additional Criteria

Section 1-75(c)(1)(K)(v) states further that:

Selection criteria may also prioritize projects that:

(1) are developed in collaboration with or to provide complementary opportunities for the Clean Jobs Workforce Network Program, the Illinois Climate Works Pre-apprenticeship Program, the Returning Residents Clean Jobs Training Program, the Clean Energy Contractor Incubator Program, or the Clean Energy Primes Contractor Accelerator Program;
(2) increase the diversity of locations of community solar projects in Illinois, including by locating in urban areas and population centers;
(3) are located in Equity Investment Eligible Communities;
(4) are not greenfield projects;
(5) serve only local subscribers;
(6) have a nameplate capacity that does not exceed 500 kW;
(7) are developed by an equity eligible contractor; or
(8) otherwise meaningfully advance the goals of providing more direct and tangible connection and benefits to the communities which they serve or in which they operate and increasing the variety of community solar locations, models, and options in Illinois.

The Agency proposes that for seven of the eight criteria listed above, a project that meets that criteria be allocated up to 2 points. Additionally, the Agency seeks feedback on the following proposed approaches to evaluating these criteria, and the proposed points allocations.

a. Related to Item (1), the Agency specifically requests feedback on minimum scoring requirements regarding collaboration and complementary opportunities, and what standard should be considered for what qualifies as a "collaboration" or "provid[ing] complementary opportunities." The Agency proposes that up to 1 point would be allocated for meeting this criterion.
b. Related to Item (2) the Agency proposes that projects will be sorted into four categories based on the development density of the townships in which they are located. The highest density class would get 2 points, the next class 1 points, the third class 0.5 points, and the lowest density class 0 points.
c. Related to Item (3) the Agency proposes that projects located in Equity Investment Eligible Communities receive 1 point.
d. Related to Item (4) the Agency proposes that projects that do not take agricultural land out of production will receive 1 point.

   JSP RESPONSE: (a)-(d) the Joint Solar Parties provide limited comments on the secondary criteria as follows:

   - The Joint Solar Parties recommend removing the scoring criteria for system size. As the Joint Solar Parties have commented in the past, it is not clear why smaller systems are a *per se* benefit to communities or to the Adjustable Block Program.
   - The definition of greenfield should not disincentivize farm-based projects. A rural community should not be penalized simply because it builds a project on farmland.

e. Related to Item (5), the Agency proposes that projects that commit to only serve subscribers in the same county as the project would be awarded 2 points. If the county population is below 50,000, then subscribers in adjacent counties would also be allowed to meet this commitment.
   i. This approach would not preclude the project from enrolling subscribers outside of this commitment area, however those subscribers would not be considered "subscribed shares" for the purpose of calculating REC payments.
   ii. The Agency is interested in stakeholder feedback on how long over the life of a community solar project should this requirement be maintained, and how should subscriber turnover be handled?
   iii. The Agency is also interested in feedback on if smaller community-solar projects such as those under 500 kW should have a smaller area allowed for local subscribers, and if so, recommendations on an appropriate geography.

   JSP RESPONSE: (i) The Joint Solar Parties note that if the subscribers are not counted toward the REC Contract, the customers should also not have to sign disclosure forms or otherwise comply with program requirements.
   (ii) The Joint Solar Parties assume that the local subscriber requirement would be in force and effect for the duration of the REC Contract (approximately 15 years from

Energization). With that understanding, the Joint Solar Parties imagine that subscriber turnover would be handled the same way turnover is handled on other systems—by replacing a customer with another eligible (in this instance by county and not utility service territory) customer.
(iii) The Joint Solar Parties have no comment.

f. Related to Item (6) the Agency proposes that projects under 500 kW (AC) in size would be awarded 2 points. A project's size will be determined through including any actual or proposed co-located community solar projects in that size determination.
g. Related to Item (7) the Agency does not believe that this criterion requires separate scoring, as projects developed by an Approved Vendor which is an equity eligible contractor will be able to submit community solar projects to meet the block capacity specifically allocated to projects from equity eligible contractors.
h. Related to Item (8), the Agency is interested in suggestions from stakeholders of goals that provide direct and tangible connection and benefits to communities, and if direct and tangible benefits should be required to last throughout the life of the project. The Agency proposes that 1 point would be allocated to projects that meet this criterion.

JSP RESPONSE: The Joint Solar Parties oppose scoring based on system size.

To avoid prioritization of a project that does not have community-based support, the Agency proposes requiring a minimum score of 6 points for project category qualification, but is interested whether a higher minimum point value should be required.

JSP RESPONSE: The Joint Solar Parties believe this is a reasonable minimums score, but it should be reviewed and adjusted periodically to account for market activity and observed community impacts. The Joint Solar Parties support having a minimum score.

Furthermore, the Agency is interested in feedback on whether there are better ways of ensuring sufficient community support for all projects selected through this process? If an insufficient amount of project capacity qualifies during the initial application window, should the program then open up on a first-come, first-serve basis for projects that score at least, for example, 2 points? Or should some other prioritization of this capacity be considered (e.g., releasing the capacity to waitlisted community solar projects)?

JSP RESPONSE: The proposed approach is reasonable, although the Joint Solar Parties have no comment on the minimum score required to participate.

Random selection would only be utilized as a tie-breaker for equally scored projects to fill available capacity, if any; however, should the capacity available be so small so as to only accommodate one or more projects below a certain size, then the Agency might only consider those projects small enough to not exceed that remaining capacity.

JSP RESPONSE: As a general matter, the Joint Solar Parties do not support random selection and recommend instead tangible tiebreakers that systems can plan to achieve (or not at their own risk) or quantifiable amounts that are unlikely to result in a tie.

Additional Community Solar Requirements:

Traditional community solar projects are now subject to the following requirements per P.A. 102-0662:

> *(2) projects shall have subscriptions of 25 kW or less for at least 50% of the facility's nameplate capacity and the Agency shall price the renewable energy credits with that as a factor;*
> *(3) projects shall not be co-located with one or more other community renewable generation projects, as defined in the Agency's first revised long-term renewable resources procurement plan approved by the Commission on February 18, 2020, such that the aggregate nameplate capacity exceeds 5,000 kilowatts; and*
> *(4) projects greater than 2 MW may not apply until after the approval of the Agency's revised Long-Term Renewable Resources Procurement Plan after the effective date of this amendatory Act of the 102nd General Assembly.*

The Agency is interested in feedback regarding whether these requirements should be applied to community driven community solar projects as well. When providing feedback, please include reasoning as to why these requirements should or should not be applied to systems classified as community driven community solar.

> **JSP RESPONSE:** The Joint Solar Parties support application of (2) and (3). The Joint Solar Parties do not object to larger systems applying because there is no existing waitlist for community-driven community solar and the program remains subject to development and thus there was not a potential concern with early applicants (for lack of better term) squatting in the incentive queue.