CITIZENS UTILITY BOARD
Fighting for Illinois Consumers

Comments of the Citizens Utility Board
On the 2019 Illinois Power Agency Long-Term Renewable Resources Procurement Plan Update
July 22, 2019

The Citizens Utility Board (CUB) is glad to provide comments to the Illinois Power Agency (IPA) for consideration in its draft updated Long-Term Renewable Resources Procurement Plan (Plan). CUB appreciates the IPA's thorough approach to stakeholder feedback throughout the workshops on this matter, as well as its commitment to consumer protections as a crucial component of the Plan. CUB agrees with many of the IPA's proposed recommendations and submits these comments in answer to questions both raised in the IPA's Request for Comments as well as at the workshops themselves.

As a consumer advocate, CUB is focused on ensuring that the transition to an affordable, clean energy future is one that serves customer needs. CUB has had many discussions with consumers across the state who are very interested in renewable energy investments, and offers these comments to help the IPA, and all stakeholders, ensure consumers have the information they need to make the best decision for them.

A. June 20, Morning Session: Overview of the Renewable Portfolio Standard ("RPS") and the Long-Term Renewable Resources Procurement Plan; RPS Budgets; Utility-Scale Procurements

2. Utility-held Alternative Compliance Payments.

Acknowledging that additional budget flexibility may be needed to fulfill the IPA's contractual commitments given project energization timelines, which are perhaps longer than anticipated, CUB would prefer a more stable budget to a more volatile budget. CUB agrees with

309 W. Washington St., Suite 800, Chicago, IL 60606
Phone (312) 263-4282 | **Toll Free** 800-669-5556 | **Fax** (312) 263-4329

the IPA that amending the Plan to allow use of the Alternative Compliance Payments (ACPs) alongside the RPS rider collections would serve the overall goal of renewable energy procurement and would mitigate budget increases.

Holding some ACPs in reserve in order to manage yearly variability is not necessarily objectionable as long as this process is transparent. CUB proposes the model outlined in Section 16-115(d) (4) of the Public Utilities Act (PUA) that applies to the IPA Renewable Energy Resources Fund (RERF): that the IPA "shall submit an annual report...that shall include, but not be limited to...the amount of those payments utilized to purchased renewable energy credits itemized by the date of each procurement in which the payments were utilized."

CUB would defer to the IPA as to the amount that should be kept in reserve. Recognizing that the 4-year period ending May 31, 2021 is currently fixed legislatively, any reserved funds not designated for renewable energy procurement would belong to ratepayers.

3. Adjacent state criteria.

CUB does not have objections to the current rubric for scoring adjacent state criteria. There is one concern with one of the examples used in the current Plan. Section 4.1.1 includes the table of wind duration/direction factors for each adjacent state for use when evaluating renewable projects that generate sulfur dioxide and nitrogen oxide during combustion (i.e. biomass). But the example given is for a solar facility, which does not generate this pollution. CUB would suggest amending the example to a more appropriate generation source.

5. Contingency procurements.

In the case that a procurement will not meet its targets and additional procurements are required before the next Plan update, the procurements should be made at the IPA's discretion. Now that the Plan will only be updated every two years, CUB would like the IPA to have the flexibility to make the necessary procurements without expending resources on ICC approval. In order to accommodate budget variability, time-sensitive adjustments would be required to deliver the best value for consumers.

B. June 20, Afternoon Session: Illinois Solar for All

1. Funding levels.

CUB recommends that the annual level of RERF funding be maintained at $10 million per year. A program with a smaller annual budget but longer duration is preferable given the extensive outreach component of Solar for All (SFA). Considering that the limited budget of SFA prevents all individuals who may qualify for the program from being able to enroll, expanding the program too quickly would create confusion and perhaps distaste for a program that ideally would be in a community's best interests. CUB's experience with other low-income programs that reached capacity too quickly, such as the Percentage of Income Payment Plan, has informed its sensitivity to this matter. Extending the SFA program timeline would also be a more prudent allocation of the grassroots education budget, as grantees would have more time to build community trust.

2. Net metering in multifamily buildings.

The "tangible economic benefits" requirement of SFA is complicated in the case of master metered buildings, where tenants without a utility bill would not receive bill credits directly. Section 8.6.1.2 of the current Plan requires that "the building owner/manager will need to commit to passing along at least 50% of the energy savings from net metering to the tenants through reduced (or not raised) rents, or by other means." In turn, Section 5.6 of the SFA Approved Vendor Manual mandates that "in instances where distributed generation projects are installed on master-metered buildings, the property owner installs the system and receives net metering benefits on behalf of all tenants/participants and must demonstrate that at least half of the total energy value received is being passed onto tenants."

These requirements do not take into account how these savings numbers would be made available to tenants, or what would happen if the building owner/manager did not follow through on their commitment. CUB is concerned that if tenants are not made aware of their economic benefits as participants of SFA, the building owner/manager lacks accountability to deliver these benefits. CUB recommends that the Plan include a provision that the building owner/manager receiving the net metering benefits notify tenants as to what they will be providing, whether "lowered rents, stabilized rents, or other services."

CUB commends the IPA and SFA administrator for careful consideration of consumer protections in the Standard Disclosure Forms for each SFA program option. CUB recommends that a Standard Disclosure Form be drafted for tenants who are to receive benefits under SFA.

The purpose of the forms, which are not contracts but are intended as sources of "clear and accurate information about the terms" of a program participant's agreement with an Approved Vendor, would still apply in the case of a tenant living in a master metered building. It is especially important for tenants to be made aware of complaint venues if the building owner/manager is not in compliance with their commitments to SFA.

3. Non-profit/Public Facility REC pricing.

CUB defers to the IPA on REC pricing. In general, CUB would prefer lower REC prices and more projects, especially in order to demonstrate more equitable access to renewable energy. If the REC pricing model assumed that projects applying for the Non-profit/Public Facility REC levels were not receiving tax benefits, then project eligibility criteria should be in line with that assumption.

The current Plan directs the IPA to reassess the Non-profit/Public Facility eligibility criteria after one year, in consideration of participation in the program. It remains too soon after the SFA launch to adequately assess the viability of the current criteria, and even 5 of the 28 projects that applied to this sub-program have already been dropped or deemed ineligible. In the disappointment after the ABP lottery, CUB heard from some projects that were considering turning to SFA for funding. CUB would want to ensure that the projects receiving SFA RECs would directly benefit low-income communities, recognizing that in the ABP, Block 4 of the Large DG category remains open for Groups A and B.

4. Anchor tenants.

CUB recognizes the importance of balancing the desire for low income community solar to be located close to subscribers, with the desire for efficiency, and to incentivize cost-effective projects. For community solar overall, the definition of anchor tenant should not be changed to define anchor tenant as also being the host site. Doing so could greatly increase the cost for developers, and therefore increase the cost of community solar subscriptions.

However, because SFA already has a smaller budget, it can likely afford to be pickier in terms of what the funded projects look like. Narrowing down the definition of allowable host sites (i.e. must be within a certain distance of the anchor tenant or use the anchor tenant as a host site) could help increase the number of projects located in low income communities or projects that are community-driven as opposed to developer-driven.

SFA does not use a lottery system, but instead evaluates all projects that are submitted. Instead of creating a rule that all SFA community solar projects must be located at the site of the anchor tenant, this evaluation process allows the program administrator to evaluate projects according to a series of attributes. Adding as an attribute the location of the project relative to the anchor tenant that it will serve could increase the competitiveness of community-located projects.

7. Additional concerns.

a. Income Eligibility.

Section 8.13.1 of the current Plan states "the Agency proposes to use income eligibility guidelines from HUD. HUD bases its housing assistance programs, such as the Section 8 Housing Choice Voucher program on 80% of area median income, adjusted for family size." The current Plan does not include provisions for updating these guidelines, which HUD updates annually. CUB recommends that the draft Plan include the procedure for updating these guidelines, including how the SFA administrator will make the guidelines available to potential applicants. It is also noted that the "HUD Qualified Census Tracts" search function on the SFA website could be made more user-friendly, including a zip code lookup tool.

b. Standard Disclosure Forms.

Many have raised concerns about the length of the Standard Disclosure Forms, especially for the SFA program. CUB supports the forms' goal of providing "clear and accurate information" and would prefer a longer form that concisely laid out all of the conditions to a streamlined form. CUB recommends that the forms include a table of contents at the beginning with a brief description of each section, both for easier comprehension before signing and easier consultation in the years of the contract.

c. Alternative Retail Electric Suppliers (ARES) and SFA.

CUB is concerned that SFA customers who are also ARES customers will not receive their full net metering credits. Once a customer terminates their contract with an ARES, any accumulated net metering credits are lost, and the same applies to a utility supply customer switching to an ARES, whose utility net metering credits would be dissolved.

CUB has ample experience with residential customers who were not fully informed of the terms and conditions before switching their supplier, not to mention numerous cases of

customers who were switched to an ARES without their consent. CUB recommends including a section on ARES within the Standard Disclosure Forms so that customers are notified that switching their supplier will affect their net metering credits.

CUB suggests that information on where to find the utility price to compare be included in the disclosure form, and that Approved Vendors be required to discuss the utility price to compare with all Small DG participants. This can help ensure that they are not currently being charged more than the utility rate, and to prevent people from switching to plans that will ultimately overcharge them. The HEAT Act, which passed the IL House and Senate unanimously, places similar consumer protections in place for recipients of LIHEAP, to prevent LIHEAP recipients from being overcharged by ARES. Since Solar for All is also designed to serve low-income individuals, CUB strongly recommends extending similar protections to SFA participants.

d. Complaints.

CUB appreciates the inclusion of a "Complaints" section within the Standard Disclosure Forms, and reaffirms the need for a public complaint database as described in the Plan. As CUB has argued before, the more access to information that consumers have, the better-informed decisions they can make. In response to the concern that the IPA might be perceived as arbitrarily netting out punishment, CUB offers that publishing complaints "with any confidential or particularly sensitive information redacted from public entries" (Section 16.3.3) would at least allow consumers access to the prior experiences of others.

CUB also suggests a more streamlined way to file complaints through the SFA website. The current procedure of emailing or calling could frustrate participants, especially those with time-sensitive concerns. CUB suggests a portal on the SFA website with intake forms for complaints alongside the public complaint database.

e. Site assessments.

The issue of whether or not on-site assessments should continue to be required for SFA was brought up at the workshops. CUB believes that they should still be required, as SFA is serving communities that likely are receiving less solar marketing and solar information than other communities in Illinois. CUB feels that this extra step will help ensure that SFA participants have the best consumer protections possible.

CUB believes that because SFA projects make up a small percentage of overall solar projects in Illinois, that this added cost should not be too large of a financial burden on Approved Vendors, as they are likely not working on numerous SFA projects at a time. CUB recommends that if the IPA (or a large number of developers) are concerned about this, that the IPA start to track data on how much the site assessment add to the cost of SFA projects. This data could help assess the need to change this requirement in the future.

C. June 26, Morning Session: Adjustable Block Program structure; REC Pricing Model; Distributed Generation

1. Geographic diversity.

CUB supports geographic diversity of solar projects. It is important that all customers in Illinois who are supporting these programs have access to and benefit from investments in solar. CUB recognizes that a number of factors can influence where projects are located – customer interest, land available for use, interconnection costs, proximity to load centers, etc. The IPA should examine the geographic breakdown of energized projects, and consider preferencing projects in underserved areas.

5. Contract Structure

Please see comments in Section D (5) for suggestions of what should be included in REC disclosure forms. CUB would also like to re-iterate that where possible, adding in concise tables of contents can help make dense documents more readable and searchable for consumers.

7. Contract non-execution/collateral non-payment.

CUB commends the IPA's efforts to ensure that compromising behavior by Approved Vendors does not penalize customers. In the case that an Approved Vendor does not execute a contract, CUB would want to ensure ratepayer funds only go to executed projects. Because queue position creates budget variability, when an Approved Vendor fails to execute a project, it impedes other ratepayer-funded projects. Therefore, CUB supports interim collateral being applied to the period before execution, in order to prevent resources being redirected in order to recover unpaid fees in the event of exit prior to posting full collateral.

D. June 26, Afternoon Session: Community Solar, Consumer Protections

1. Waitlist.

CUB acknowledges the large amount of interest in community solar throughout the state, from solar developers and individuals alike. Having talked with many utility customers, CUB knows that people are excited not only to subscribe to projects, but to see projects built in their communities. However, the way the first lottery was set up encouraged developers to propose 2 MW projects that could take advantage of economies of scale and of lower land costs. As a result, to many people, the proposed community solar projects would be indistinguishable from utility-scale solar projects, due to their large size and rural location. When explaining this to consumers, many are surprised to learn that it is unlikely that they will see community solar projects in a diversity of communities.

CUB agrees that in the future it would be desirable to see more community solar projects proposed that are located within communities, and that are clearly different from utility-scale projects (i.e. on school parking lots, vacant lots, public buildings, etc.). Going forward, that would entail either adding more requirements for proposed community solar projects, or switching from a lottery system to a system where projects are judged according to a set of criteria. This would be a large shift in the way that community solar is run, and might require new legislation to determine which attributes to incentivize.

Currently, given that full new blocks of community solar funding are not expected to open up within the next year, and that any block which opened up would only have enough funding for a small number of projects, CUB does not recommend creating new criteria and giving proposed projects the chance to make updates to their proposals. If this were to happen, the high level of interest in the program would likely mean that dozens of developers would work to resubmit hundreds of projects and meet as many of the new criteria as possible. This would also involve many community stakeholders that had already worked on the waitlisted projects. Allowing all of this to happen, only for the sake of funding a minimal amount of new projects, would create more frustration among developers, host sites, and community partners.

CUB recommends that when selecting the additional projects to fund, the IPA either: a) proceed with the waitlist as is, b) re-shuffle the waitlist, or c) select projects based on new criteria, but without giving projects the chance to re-submit. Such criteria to rank projects could include: community engagement, in the form of community organization or resident participation

in organizing the project; community ownership, in the form of number of residents from the same geographic area participating; or community partnerships, where the project benefits or pairs with other community energy initiatives.

2. Small Subscriber Adder

CUB agrees that the IPA should incentivize community solar projects to secure a meaningful amount of small subscribers. However, given that virtually every project stated they could meet the small subscriber requirement and the amount of interest in community solar seen in the field, CUB does not think that meeting a small subscriber requirement will be difficult for most companies. There are already many people who are interested in community solar and many more people who have not heard of the program, but are very interested once told about the program. Furthermore, given the number of people who pay a premium for "Green" ARES, it is clear that there is an appetite in the residential market to support and purchase renewable energy.

In addition to incentivizing small subscribers, CUB would also like to see the RPS budget and the allocations for community solar incentivize as many projects as possible. Therefore CUB recommends removing the adder for small subscribers, and instead requiring that all projects meet at least 50% of small subscribers. This will allow for many more projects to be funded in the next round, for the same amount of money.

If not completely removed, the small subscriber adder could be reworked to reward projects that go above and beyond on small subscribers. For example, the IPA could require that all community solar projects have at least 30% small subscribers, and then have a small adder for projects that commit to 75% small subscribers, similar to Minnesota. CUB likes that the Minnesota adder is smaller, and requires a higher commitment to small subscribers. However, CUB also recognizes that 87% of Minnesota's community solar capacity is currently non-residential, and would not want to swing so strongly in the other direction that no developers could meet the adder. CUB advises against setting the adder too high again, at such a high value that every project will opt for it, and therefore not achieve the goal of funding more projects with the same community solar RPS funds. This hybrid between requiring small subscribers and rewarding projects with a stronger commitment to small subscribers could support small subscriber community solar, while also spreading the community solar funds further.

3. Approved Vendor Model

CUB fields many phone calls, emails, and in-person questions at events about solar, who the different companies are, and how to receive the state and federal credits. It would be helpful for the IPA and administrator to clarify the relationships between installers, approved vendors, and lead generators, or companies that direct people to lists of solar installers, but do not install solar themselves.

Lead generators can sometimes confuse customers, who think they are seeing advertisements directly from a solar company. CUB encourages the IPA to require more of any contracting company that an Approved Vendor uses. Approved Vendors who use lead generators should be required to ensure that the lead generators make it clear that they are not installation companies, but will instead refer customers to installation companies in their area.

Further, the relationship between an installer who is not an approved vendor and the REC aggregator they are using could be clarified. The name "Approved Vendor" does not immediately convey something beyond the fact that the company is licensed to operate in Illinois. Adding some language to materials and parts of the website that mention Approved Vendors could help with this.

CUB suggests: "The solar installer you choose may or may not be the Approved Vendor who will connect you to the state incentive. Some installers choose to work with a third-party Approved Vendor who handles that paperwork for them. When you talk to an installer, ask if they are an Approved Vendor and how you will receive the state credit."

4. Illinois Shines.

CUB appreciates the work put into developing Illinois Shines as a resource for consumers and a website that is easy for consumers to navigate. It could be clearer that Illinois Shines is the official state program, especially since the website is not an Illinos.gov website. Instead of saying "Supporting Solar Development in Illinois," a claim that many companies and non-profits could also make, the tagline could read "Official State of Illinois Solar Incentive Program."

Alternatively, the IPA could add the following line from the Illinois Shines brochure to the top of the Illinois Shines website: "Illinois Shines and the Adjustable Block Program are administered by InClime, Inc. on behalf of the Illinois Power Agency, an independent state

government agency." CUB finds that line very clearly communicates the relationship between Illinois Shines, the IPA, and the state of Illinois.

Many consumers are concerned that the funding for solar incentives may not be very reliable. This largely comes from a misunderstanding that the funding comes from taxpayers and must be funded every year during state budget negotiations. It would be helpful to make it clearer that this money is utility- held, ratepayer money. Something along the lines of "Illinois Shines incentives are funded by ratepayer money, that comes from a small charge on electric bills. This setup gives the program a consistent funding stream that is independent of state budget negotiations."

CUB supports the creation of a solar consumer financing guide. CUB supports the creation of education videos, especially videos that cover the basics, i.e. starting with "What is a REC?", "Why does Illinois want to buy your RECs?", before getting into other components, such as "What is net metering?" and "How long will my solar panels last?" Developing materials in multiple mediums will help the program reach more people.

CUB supports the creation of a public complaint database for potential customers of the Adjustable Block Program. As CUB has stated before in Section B (7)(d) of these comments in regard to Solar for All, a database of complaints accessible to the public would better inform potential customers, and help customers to better protect themselves. Publishing complaints "with any confidential or particularly sensitive information redacted from public entries" (Section 16.3.3) would help to prevent the erosion of consumer confidence that could result from under-reporting negative experiences with the program.

5. Disclosure Forms.

As a consumer advocate, CUB is very happy that the IPA is making the effort to clearly communicate the terms of solar contracts to customers. CUB especially appreciates the fact that the disclosure forms allow for the opportunity to compare proposals directly, without having to parse through different contracts.

CUB agrees that all of the information currently included should remain in the disclosure forms, but think that it could be communicated more clearly through the following steps:

A) On the first page of each of the disclosure forms, after a short introduction, add a table of contents so consumers know where to find which pieces of information.

B) In the Purchase Disclosure form, on page 4, under the heading "System Purchase Information" under the second bullet point that talks about the REC price, add the following (suggestions in blue, existing language in black):

-The expected value of the REC incentive payment(s) that will be received by the Approved Vendor for this solar energy system $_____.

-Check one:

-Your solar installation company is also your Approved Vendor.

-Your solar installation company is not an Approved Vendor and is working with a third party Approved Vendor.

-The Approved Vendor will (check one)

-Deduct your REC value from the amount you owe upfront.

-Sign the REC value over to you after your system is energized.

-The Approved Vendor will pass on $_____ of the REC to you.

-Check one:

-The Approved Vendor is keeping $_____ of the REC for this system as a fee, this is equivalent to _____% of the total REC value for this system.

-The Approved Vendor is passing on 100% of the REC value to you, the system owner.

-Is PV system sale contingent upon selection for the Illinois Shines incentive program? Yes OR NO

If installation is not contingent, will the pricing terms change if the project is not selected for the Illinois Shines incentive? Yes OR No.

Adding this sort of information will make it easier for consumers to compare Approved Vendors who are acting as REC Aggregators to each other, and will increase transparency in the case that any Approved Vendor is charging a fee that goes beyond the 5% collateral.

C) The disclosure forms would also benefit from mentioning the Utility Price to Compare, so that people are aware of whether or not going solar is saving them as much as possible. In each of the disclosure forms, after it describes that the

customer will receive net metering credits from "your electric supplier, which is either your local utility or an Alternative Retail Energy Supplier" (page 7 for the purchase disclosure form) CUB suggests adding:

If you have an alternative supplier, you might not be saving as much money by going solar as you would if you switched back to the utility company. Compare the supply rate your supplier is charging you to the Price to Compare. The supplier's rate is listed under the "Supply" section on the back of your bill, and the Price to Compare is listed under "Bill Messages" to the right of that. If after checking this you want to switch back to the utility rate, call your supplier to cancel.

6. Consumer protection requirements.

CUB appreciates the IPA's commitment to consumer protections, and applauds the use of Part 412 as a model for consumer protections guidelines for Approved Vendors. The adoption of 412.210, for example, would help to prevent a customer from being enrolled onto a community solar plan without their consent. However, without the protection of Section 412.110(k), it is unclear that a customer would have the ability, and in turn be informed of the ability, to cancel the community solar contract within 10 days of utility enrollment.

While certain parts of the code were not adopted, CUB appreciates that many of the protections of the code are still accounted for in the Marketing Guidelines and Standard Disclosure Forms. The IPA elected to allow developers to impose early termination fees, but on the condition that the fees must be made clear on the Standard Disclosure Form. In the event that SB 651 becomes law, CUB is concerned that there could be a scenario in which an ARES, now prevented from charging a termination fee, could market their plans in conjunction with community solar subscriptions in order to subvert the new requirements.

The Citizens Utility Board recognizes and appreciates the effort the IPA has put into ensuring that strong consumer protections are included in the rollout of these new programs. Hopefully these comments and relayed experience working with consumers directly are helpful in this goal. Please let us know if we can answer any follow up questions on these comments, or be of further assistance to the Draft Plan development.

Christina Uzzo
Environmental Outreach Coordinator
cuzzo@citizensutilityboard.org
312.263.4282 x. 134

Cate York
Sustainable Communities Liaison
cyork@citizensutilityboard.org
312.263.4282 x. 105

Kristin Munsch
Deputy Director
kmunsch@citizensutilityboard.org
312.263.4282 x. 119