



**Environmental Defense Fund Responses to Illinois Power Agency’s
2019 Long-Term Renewable Resources Procurement Plan Request for Comments**

Environmental Defense Fund (“EDF”) appreciates the opportunity to provide the following comments in response to the Illinois Power Agency’s (“IPA” or “Agency”) Request for Comments of July 3, 2019. EDF is a national nonprofit organization whose mission is to preserve the natural systems on which all life depends. Guided by science and economics, EDF finds practical and lasting solutions to the most serious environmental problems. EDF has a strong interest in minimizing the electric industry’s significant contribution to climate change and other environmental problems.

In these comments, EDF responds to the Agency’s request on several discrete issues. Failure to comment on any particular issue at this time should not be construed as agreement or objection to the IPA’s current proposals or at this time. EDF’s comments at this time are limited to: support for the IPA’s use of Alternative Compliance Payments to provide additional budget flexibility; objection to the use of spot procurements; a proposal for increasing geographic diversity in the community solar program; comments on the Agency’s use of a waitlist for community solar projects, and comments on the small subscriber adder for community solar projects.

On issues related to the Illinois Solar for All program, EDF defers to and supports comments of Illinois Solar for All Working Group.

A. OVERVIEW OF RPS AND LTRRPP; RPS BUDGETS; UTILITY-SCALE PROCUREMENTS

2. Utility-held Alternative Compliance Payments

EDF supports the IPA's proposed approach to use of Alternative-Compliance Payments ("ACPs") to provide additional budget flexibility to ensure continual development in the face of a budget shortage. In particular, EDF suggests that ACP funds should be used to support the steady development of the state's solar market by supporting projects that would otherwise be threatened by the expiration of the budget rollover, and that have a shorter lead time to project development and would reasonably be commenced or completed within the next two years. The best project type that fits that category would be projects in the "Large DG" category, as those projects typically have a significantly-shorter lead-time than community solar and are often completed in the timeframe of months, rather than years. Additionally, as the "Small DG" category has the benefit of short construction time and single payouts, they provide an opportunity to use budget prior to the rollover expiration.

EDF thus suggests that the IPA utilize the budget flexibility afforded by use of ACP funds to open an additional Block 5, with the projects prioritized toward the Large DG category, as well as the Small DG category, to the extent that the IPA reasonably finds that there will be demand for a Small DG Block 5 statewide in the next 20 months. If there is a need to additionally open a Community Solar block, then EDF suggests using the opportunity to conduct a procurement for more "community-focused" community solar projects that may have been disadvantaged by the previous procurement. Under this scenario, as much budget as possible can therefore be allocated to these types of projects so as to accomplish the goals of FEJA within budget and before any budget reconciliation.

4. Meeting Annual RPS Percentage Goals

The Future Energy Jobs Act and the Illinois Commerce Commission's previous order on this topic make clear that, in the event of a conflict between the overall goals versus new wind and solar development, the IPA must prioritize new wind and solar development. 20 ILCS 3855/1-75(c)(1)(B); ICC Docket No. 17-0838 Final Order of April 3, 2018 at 41. No circumstances have changed since the Commission rejected the IPA's proposal in its 2017 Plan filing to conduct spot procurements that would warrant treating the 2019 plan update any differently. Use of spot procurements will prevent the Agency from meeting its overall goals. The IPA should not procure any RECs via spot procurements, even if doing so would meet annual RPS percentage goals.

The overarching intention of the legislation is to meet long-term goals, and to develop a strategy that will ensure the continuing success for meeting the RPS by focusing on new build. 20 ILCS 3855/1-75(c)(1)(B) ("...the long-term plan shall prioritize compliance with the new wind and new photovoltaic procurement requirements described in items (i) through (iii) of subparagraph (c) of this paragraph (1) over the annual percentage targets described). By devoting any portion of the limited budget to RECs obtained via spot procurement (likely old RECs from adjacent states that were, for unknown reasons, not yet retired), the IPA unnecessarily uses budget that would otherwise be used for new, long-term, in-state RECs. Those long-term contracts and Adjustable Block Program investments are necessary to meet the statute's obligations of procuring at least 25% of energy load from renewable sources by 2025 and continuing thereafter. Due to the design and expense of the Adjustable Block Program, the IPA has made clear that the budget is constrained for the near-term delivery years. It is even more important not to spend any dollars on RECs that will not make any progress toward the 25% goal. Indeed, it violates the statute to utilize budget on spot procurements and leave budget unavailable for other statutorily-prioritized long-

term program goals. A main feature of the legislature’s statutory language was the shift to multi-year planning and budgeting.

When last the Agency proposed the use of Spot Procurements, the Commission rightly rejected that proposal. The Commission noted that spot procurements do not lead to the development of new renewable energy in Illinois. ICC Docket No. 17-0838 Final Order of April 3, 2018 at 41. The Commission also relied on the fact that past spot procurements did not meet long-term RPS goals or fulfill the legislative intent of the law to enhance the public health and well-being of residents. *Id.* at 41-42. The facts at hand this year do not justify any departure from the Commission’s previous decision, nor do they change EDF’s position that the statutory requirement of long-term compliance with overall goals supersedes annual percentage targets. EDF therefore implore the Agency to not include any spot procurements in its 2019 Plan.

C. ADJUSTABLE BLOCK PROGRAM STRUCTURE, REC PRICING MODEL, DISTRIBUTED GENERATION
1. Geographic Diversity

Based on an initial review of the data released by the Agency regarding the location of projects that applied to and were selected for the community solar program, EDF is concerned that the legislature’s intended geographic diversity for that program is not being met. Very few – if any – projects seem to be in or even near urban areas. They are likewise distant from population and load centers.

Geographic diversity is a key goal of the Future Energy Jobs Act. FEJA clearly describes a need for the benefits of FEJA to be statewide: “The Adjustable Block program shall be designed to ensure that renewable energy credits are procured from... renewable energy generation projects in diverse locations and are not concentrated in a few geographic areas.” 20 ILCS 3855/1-

75(c)(1)(K)(vi). Geographic diversity helps to ensure equity in the ability of all residents of the state to participate as well as equity in opportunities for jobs related to projects. Unfortunately, these opportunities are not reaching urban populations at present.

As explained further below, interest in the community solar program has far outpaced available capacity to receive those incentives. A lengthy waitlist of unselected projects exists. Developers have thus been eager to take advantage of incentives such as the small subscriber block reservation system which served as a preference for projects with at least 50% small subscribers. Similarly, the Agency could reserve a portion of new blocks for projects located in certain areas that promote geographic diversity. Based on the response to reserving space for small-subscriber projects, such a system seems likely to entice many if not most projects to seek out locations in currently unserved areas.

D. COMMUNITY SOLAR; CONSUMER PROTECTIONS

1. Waitlist

Because of the tremendous demand for community solar projects, the IPA has a substantial waitlist of yet-unselected projects. While EDF agrees that it is appropriate to maintain a waitlist for each block in order to quickly backfill projects that drop out of development, the waitlist should not be a consideration for new blocks of capacity. Instead, as new blocks open, all-new applications should be taken. Developers with projects on a waitlist may re-apply at that time, but should not receive preference over newly-applied projects.

As discussed above, geographic diversity has been inadequate in the community solar program. It will not be improved by continuing to select projects from the current waitlist, which shows no more geographic diversity than the currently-selected projects. Additionally, community-driven community solar projects, which are likely to take longer to organize than

developer-driven projects, may be disadvantaged if new applications are not equal opportunity for selection in new blocks.

Given the shortfalls noted above in the current community solar applicant pool, it is reasonable to incentivize the desired geographic diversity. Interest in the program is so high that the only needed incentive is likely to be a preference for (such as weighted scoring) such projects or reservation of a portion of new blocks for projects located in specific areas. Given past resistance to weighted scoring in the lottery, EDF suggests that the Agency should develop a list of un-or underserved zip codes and reserve a significant portion of future blocks for projects that are located in those areas. This has been an effective tool in driving projects with a large percentage of small subscribers in the program.

2.Small Subscriber Adder

During the last planning cycle, EDF initially advocated for a requirement of 25% small subscribers for community solar projects. However, EDF later agreed to the IPA's revised proposal to reserve 50% of funding from the first community solar block for projects that include at least 50% small subscribers. IPA Long-Term Renewable Resources Procurement Plan, Final Plan of August 6, 2018 at 101. In the event that the number of proposed projects with at least 50% small subscribers exceeds 50% of available funding, the IPA's process set forth a lottery process would determine which projects were selected to that 50% reserved block, and the balance of those projects would go into the lottery for the remaining 50% of funding (along with projects that do not include 50% small subscribers). *Id.*

EDF is pleased that nearly all community solar projects have in fact committed to at least 50% small subscribers. Given that success, and noting the budget constraints the Agency currently faces, EDF proposes it may not be necessary to offer an adder at levels at or below 50% small

subscribers. Simply continuing to reserve 50% of blocks for projects that include at least 50% small subscribers is likely to be incentive enough for developers to continue committing to that level of small subscribers. Alternatively, given the apparent confidence developers have in their ability to subscribe small customers, a requirement of 50% small subscribers, with an adder at higher levels, may also be reasonable.

It is important to continue incentivizing small subscriber participation levels in community solar projects in order to meet the statute's intent of ensuring benefits of local shared systems and residential participation. FEJA defines a "Community Renewable Generation Project" as an electric generating facility that: 1) is powered by a renewable resource, such as wind, photovoltaic cells or panels, etc., and 2) is interconnected at the distribution system level of an electric public utility. 20 ILCS 3855/1-10. FEJA requires the development of a Community Solar Program, noting "[d]eveloping Community solar projects in Illinois will help to expand access to renewable energy resources to more Illinois residents." 20 ILCS 3855/1-5(7). The General Assembly explicitly required that the community solar program should expand access to renewable energy to a "broader group of energy consumers," including residential and small commercial customers and those who cannot install renewable energy on their own properties. 20 ILCS 3855/1-75(c)(1)(N). Therefore, EDF encourages the Agency to continue incentivizing developers to seek out small subscribers, but notes that the oversized demand for the community solar program provides significant opportunity for the Agency to add requirements and reduce adders. Doing so both ensures the legislature's intent continues to be met and also provides additional budget that can be used to meet the statute's 2025 and beyond goals.