July 22, 2019

Anthony Star, Director
Illinois Power Agency
105 West Madison Street, Suite 1401
Chicago, Illinois 60602
IPA.contactus@illinois.gov

RE: Response to Long Term Renewable Resources Procurement Plan Request for Comments

Dear Mr. Star:

Thank you for this opportunity to provide comments as the IPA prepares to release a draft of the LTRRPP this summer. The feedback included herein is a collective effort by StraightUp Solar, Community Transformation Partnership Power, Hawk-Attollo, Central Road Energy, and Carbon Solutions Group, all of whom participated in partnership and with others on several projects submitted to the Illinois Solar For All Program (ILSfA) as well as the Adjustable Block Program. This group's comments generally follow the outline of IPA's Request for Comments dated July 3, 2019; however, sections for which the group had no comment are not included herein and an additional section is included at the end of the document which responds to several questions posed at the Workshop session for ILSfA.

Additionally, if legislation is passed that would change statutory funding processes for the IL Solar for All program during the 2020-2021 plan process or after the plan is finalized, this group strongly suggests that the Illinois Power Agency reopen the plan and engage stakeholders to account for changes and impacts from any new law.

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**

1) **Budget**. Thank you for the Budget overview provided during the June 20th morning stakeholder session. This group believes the data on budget current obligations and future year spending estimates are reasonably accurate. We suggest the IPA consider adding impacts of tariffs in the modeling.

2) **Utility-held Alternative Compliance Payments.** This group believes the IPA should utilize the funds as fully as possible to release additional capacity for ABP to prioritize keeping blocks available for market stability.

6) **Contracts and credit/collateral requirements**. This group believes the current collateral requirements are too onerous. Homeowners in particular prefer to have the collateral payments

withdrawn from their first (for many, the only) SREC payment rather than be required to pay the cost up-front. At the time of signature for a 10kW AC system, a homeowner is paying a downpayment to the installer ($500 as an example, and this may vary by installer) + $100 for application to the ABP, and shortly thereafter are required to pay the 5% collateral, which is approximately $1000. This $1600 up-front payment can be a hardship for homeowners. From an Approved Vendor perspective this has been confusing and burdensome to customers who already have a solar installation to pay for. We recommend that all residential systems are given the option to have the collateral withheld from their first REC payment, whether or not they are energized at the time of submission to the ABP.

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

1) **Funding levels.** The initial Plan allocated $20 million per year from the Renewable Energy Resources Fund or "RERF" (which has roughly $150 million available prior to the 2018-2019 program year) in addition to the roughly $11 million per year allocated by law from utility Renewable Resources Budgets. This group believes this level of annual funding is appropriate and should be maintained.

2) **Net metering in multifamily buildings.** At the June 20 workshop, stakeholders raised the concern that the provisions of Section 16-107.5(I)(1)(B) of the Public Utilities Act, which allows for individual units in a multifamily building to have net metering for a shared system on the building, might not economically work in practice as a way for benefits of a project to flow to residents. We feel that it may be premature to begin changing the program with regard to multi-family buildings until the results of the next round are in. Our limited experience has been that mastered-meter building agreements are easier to negotiate but more difficult to demonstrate the program requirement for savings passed on to residents. Conversely, individually metered multi-family buildings are much more difficult to engineer and install but quantifying savings is much easier. We have not yet submitted a multi-family project to the program but hope to in the near future.

   We feel the most important component of the program be consistency. This allows us time to work with our low-income community partners to shape projects that work for everyone involved. We feel that a rush of changes to the program before the first projects are even built may result in confusion, disappointment, and even anger for our LI/EJ community partners. We encourage the Agency to avoid implementing suggested program tweeks based on anecdotal information at this early stage of the program. Rather, we encourage a patient, systematic, data driven approach to program changes.

3) **Non-profit/Public Facility REC pricing.** The organizations that administer qualifying Non-Profit/Public facilities do not all have the same access to capital. A large organization such as the Catholic church or the Church of Jesus Christ of Latter-day Saints may have the capital available to invest in solar and may not want to deal with the requirements of ILSfA, while we have struggled to make solar projects work for small independent baptist churches,

for example. The organizational structure and decision-making process of smaller organizations often require significant additional resources and effort to complete the funding application package. Although some developers of Non-Profit/Public facilities chose to enter projects under the ABP, it does not necessarily mean that the REC pricing should change for ILSfA. Rather, this group would prefer to see an analysis of the results of the current program to assess whether the program is attracting robust participation by approved vendors and developers. A reasonably oversubscribed program that results in only the best projects being funded is preferable to an undersubscribed program that does not put available program funding into productive solar projects.

5) **Project application windows versus open enrollment**. This group supports the current application window model for community solar and public and non-profit facilities (with some caveats to the length and timing of some of the window openings). However, this group believes the ILSfA DG program should be administered on an open enrollment first come/first serve model if the program is not fully subscribed during the initial program application window. This would be an essential change that would allow groups like ours to fully engage in public education, encourage robust industry participation, and reduce frustration with potential customers.

6) **Job training requirements.** This group agrees there is a concern in the expected increase in volume of trainees as the program matures. Without growth in the program funding, we foresee workforce numbers stabilizing after the initial ramp up of the industry over these first few years. We feel that ILSfA should be encouraging long-term employment of job training program graduates, over ever-increasing new trainee hiring requirements.

Additional Comments:

A) Consideration of Tangible Economic Benefits

a) **Savings Calculation:** Regarding the requirement that *"Savings accruing to each participant, net of any ongoing participation fees, are at least 50% of the value produced by the solar system through avoided usage or net metering credits"* We have struggled with the calculation of the energy rate for the 50% value calculation. We support the ILSfA Working Group comments on this particular issue and reiterate the applicable portion of their comment below with our observations included.

Non-profit/public facilities are required by the program to use the "recent bills" calculation method to determine an energy rate for the 50% value demonstration. The Approved Vendor manual states that:

> "The recent bills methodology includes totaling Supply, Transmission, and Delivery volumetric charges for the 12-month period and dividing by the number of kilowatt

> hours used during that period (i.e., factoring in all but taxes and fees)."

However, the taxes and many of the fees are usage dependent and will be offset with net metering credits. This can result in as much as a 15% difference (or just under \$0.015) between the expected offset rate and the rate calculated using the "recent bills" methodology. While this does not seem like much money, the difference for a 7 kWac (8.5 kWdc) system, a typical rooftop DG project, is over \$23,000 over the 15-year life of the project while a 70 kWac/85kWdc, a project more typical of a non-profit/public facility, is \$230,000. This could be the difference between a project moving forward and a project being abandoned.

When we discussed this issue with ComEd, they provided us the following table with the line items from a customer's bill and whether or not they include those charges in their net metering calculations.

NM Type - NM1 - Rate BES	Interval Level Netting	Credit (kWh) for Outflow
Supply		
Electricity Supply Charge	Yes	Yes
Transmission Service Charge	Yes	Yes
Purchased Electricity Adjustment	Yes	Yes
Delivery		
Customer Charge	No	No
Standard Metering Charge	No	No
Distribution Facilities Charge	Yes	Yes
IL Electricity Distribution Charge	Yes	Yes
Taxes & Fees		
Environmental Cost Recovery Adj	Yes	Yes
Renewable Portfolio Standard	Yes	Yes
Zero Emission Standard	Yes	Yes
Energy Efficiency Programs	Yes	Yes
Franchise Cost	No	N/A
State Tax	Yes	Yes
Municipal Tax	Yes	Yes

NM Type - NM2 - Rate BESH	Interval Level Netting	Credit ($) for Outflow
Supply		
Electricity Supply Charge	Yes	Yes
Transmission Service Charge	Yes	Yes
Capacity Charge	No	No
Purchased Electricity Adjustment	Yes	Yes
Misc Procurement Component Chg	Yes	Yes
Delivery		
Customer Charge	No	No
Standard Metering Charge	No	No
Distribution Facilities Charge	Yes	Yes
IL Electricity Distribution Charge	Yes	Yes
Taxes & Fees		
Environmental Cost Recovery Adj	Yes	Yes
Renewable Portfolio Standard	Yes	Yes
Zero Emission Standard	Yes	Yes
Energy Efficiency Programs	Yes	Yes
Franchise Cost	No	N/A
State Tax	Yes	Yes
Municipal Tax	Yes	Yes

Furthermore, we cannot see how the state average was calculated to be what it is without including taxes and the usage-based fees.

Further complicating this issue is that many larger Non-Profit/Public Facilities also pay a demand charge. Modeling using interval data and analysis of system performance impact on the typical energy usage profile will produce an estimated demand charge reduction in accordance with the specific facility's typical usage pattern. One possible solution is allowing modeling of electrical production of the array coupled with rate modeling. For example, Energy Toolbase (https://www.energytoolbase.com/) provides models that account for demand charges and calculate expected savings based on actual site demand data and/or industry-based energy usage models. Just like a developer can use a third party program such as Helioscope to calculate an alternative capacity factor, we suggest that the Agency consider accepting third-party programs, like Energy Toolbase, to calculate avoided energy rates for the ILSfA program.

In addition to the ILSfA Working Group comments, we also suggest that the Agency use the most recent usage associated fees rather than the 12 month average. The most recent usage-based fees are the fee costs that we expect to occur going forward. The 12 month average may include fee rates that are no longer applicable.

B) Approved Vendor Requirements

a) *Is the rubric scoring properly weighted?*
We think additional refinements are going to prove necessary if the program wants to be successful in funding projects that best support the goals of the program. We support the comments provided by the ILSfA Working Group, especially those related to anchor tenants at community solar projects.

C) Eligibility Requirements for Non-Profits/Public Facilities

a) *Given limited funding (currently 15% of total Program budget), what additional refinements are needed for eligibility to ensure sustainable funding levels?*
We feel that the current eligibility requirements are appropriate. We suggest that the results of the first two rounds be assessed to ensure that the program is funding the largest number of projects possible in this program sub-category. If, like the DG projects, very large projects are being funded to the detriment or exclusion of smaller projects, it may behoove the program to limit the array size or adjust the scoring to favor smaller projects.

D) Managing Program Demand

a) *Should scoring include commitments rather than measurable project attributes?*
Yes. Especially those commitments that can be demonstrated prior to the Agency paying out the REC contract. For example, we support the encouragement of WBE/MBE but the current program only superficially evaluates the participation of these contractors by awarding points based solely on the ownership status of the Approved Vendor rather than the entire project team. If a team includes a MBE/WBE as a contractor, their share of the total project funding should be used to prioritize the project. The WBE/MBE could then attest to their participation level as part of the PArt 2 Application process.

b) *What level of transparency into project application and scoring?*
We support full transparency. Scoring reports should be made public as well as the list of projects that are awarded REC contracts through the program. With

the exception of DG projects for single family households and multi-family projects under 5 units, this information should include approved vendors, recipient or teaming organization(s) name(s), project size, and location, For small DG projects and low income subscribers, no identifying information should be made public to ensure the participant's privacy.

Thank you for considering our comments and we look forward to continued participation in both the ABP and ILSfA. As always, we appreciate the work and openness of the IPA.

Best,
Shannon Fulton
StraightUp Solar
505 N. Main Street, Suite A
Bloomington, IL
Shannon@straightupsolar.com
309-830-5039

The following company representatives are also signing on to these comments:
Dylan DeBiasi, Carbon Solutions Group
Jay Corgiat, Central Road Energy
Rev. Tony Pierce, Community Transformation Partnership Power
Jason Hawksworth, Hawk-Attollo, LLC