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June 27, 2017

SENT VIA EMAIL

Anthony Star
Illinois Power Agency
160 N. LaSalle Street, Suite C-504
Chicago, IL 60601

RE: SRECTRADE, INC. RESPONSE TO ILLINOIS POWER AGENCY'S LONG-TERM RENEWABLE RESOURCES PROCUREMENT PLAN REQUEST FOR COMMENTS

Dear Mr. Star,

SRECTrade, Inc. ("SRECTrade") appreciates the opportunity to comment in response to the Illinois Power Agency's ("IPA" or "Agency") Long-Term Renewable Resources Procurement Plan ("LTRRPP") Request for Comments. Please find enclosed our comments on the LTRRPP and the Adjustable Block Program ("ABP").

I. Introduction

SRECTrade is one of the largest SREC transaction and management firms in the industry, with over 300 MW of solar assets under management. In addition to facilitating the SREC certification and facility registration for more than 22,000 solar assets, SRECTrade facilitates the brokerage of spot and forward contract solar renewable energy credit ("SREC") transactions in the over-the-counter markets. SRECTrade's brokerage business allows buyers and sellers to seamlessly execute transactions across multiple SREC markets in an efficient online format. Since 2008, SRECTrade has been one of the leading sources for information regarding SREC price trends and legislative updates, bringing a wealth of knowledge and transparency to some of the fastest growing state markets in the solar industry.

In Illinois, SRECTrade participates in the IPA Supplemental PV Procurement and in the Utility DG Procurement as an Aggregator, facilitating the contracts of many Illinois residential, commercial and industrial facility owners to allow for their participation in these procurements. Our comments reflect our experience in these procurements as well as in the SREC markets across the northeast and mid-Atlantic, in the hopes that we can contribute to the ongoing development of the Illinois solar market.

II. Comments on the Adjustable Block Program

SRECTrade supports those comments submitted by the Illinois Solar Energy Association with respect to the IPA's Request for Comments on the Adjustable Block Program. In addition, we offer the following comments and recommendations in response to the IPA's Request for Comments.

A. IPA Question 10. System Qualification

For systems 0 – 25 kW, SRECTrade recommends that a project not be able to submit its application for qualification in the ABP until the system has been interconnected. Upon application submission, the applicant will be able to provide full and final information regarding system specifications and will be able to provide Proof of Interconnection to substantiate the system's mechanical completion and energization. This qualification will (1)



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minimize project attrition; (2) ensure equitable access to eligible projects; (3) minimize the administrative burden on all parties, including the IPA, the Program Administrator, Aggregators, installers, and clients.

B. IPA Question 13. Metering Requirements

In the interest of minimizing the burden on all stakeholders and in maximizing the amount of RECs produced and delivered (that is, not requiring frequent manual reporting from all systems), SRECTrade recommends the following reporting requirements:

1. **Systems 25 kW and Smaller.** The IPA should consider allowing for systems 25 kW and smaller to report via estimates and only requiring that a reading be submitted once per year to ensure the actual production is in line with the estimates. Other states allow for small projects to produce SRECs based on estimates, and the IPA could ensure actual production by requiring an annual reading. For their SREC programs, both D.C. and Maryland allow for systems smaller than 10 kW to report via estimates.
2. **Systems over 25 kW.** For systems over 25 kW, the IPA should consider requiring systems to have a meter that is capable of remote online or automatic reporting. Massachusetts imposes a similar requirement on systems over 10 kW in its SREC programs. For systems over 25 kW, the upfront cost of an online monitoring system is less than the time and cost burden of frequently submitting and processing manual readings over a 15 year contract term.

C. Clawback Provisions

SRECTrade supports ISEA's position and recommendations regarding clawback provisions. SRECTrade recommends that the IPA follow other state programs by not requiring clawback provisions for systems less than or equal to 25 kW. Clawback provisions for small-scale systems have been determined to be administratively burdensome and unnecessary and should therefore be replaced with appropriately forecasted REC expectations for each contracted system.

For systems greater than 25 kW, SRECTrade would recommend that a system be exempt from a clawback provision once it meets the criteria required during the first five years of operation to receive complete payment of the ABP funds. If the system fails to meet this criteria during the first five years, payment of the ABP funds would be withheld accordingly, and the system would be given a suitable cure period in which it resumes compliance with the criteria (that is, REC delivery).

In consideration of these ABP clawback provisions, all systems would have met the minimum criteria for complete payment and program participation. That is: 1) minimum criteria required for systems less than or equal to 25 kW and 2) completion of initial five year term for systems greater than 25 kW. SRECTrade recommends that the IPA allow for this framework to be reconsidered after the program has been in place and operational for at least three years. We believe that having actual data regarding system performance and contract compliance would be beneficial before considering any further, more burdensome clawback provisions.



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With respect to the ABP Administrative Model and the participation of Aggregators, SRECTrade offers the following recommendations:

D. Program Administration and Administrative Model

SRECTrade recommends that the IPA follow its Model #2 as proposed in the Adjustable Block Programs workshop. This model would require Aggregators to submit batches of systems to the Program Administrator for approval under the Program on a rolling basis. Once the Program Administrator approves systems for inclusion in the program, Aggregators will contract with the utility for batches of individual systems.

This model will minimize the administrative burden on all market participants and will eliminate the need for the utility to contract with individual systems/individual system owners. Moreover, this will separate the contracting component from the Program Administrator's role. The Program Administrator's sole responsibility should be to process applications and to manage the overall administration of the program from an application standpoint. The contracting should occur separately and between the utilities and Aggregators.

The IPA used a similar model in its 2017 Procurement Plan for the Utility DG Procurement. In this Procurement, the IPA administered the procurement through a third party program administrator, and aggregators contracted directly with utilities for batches of systems that were granted a bid award. The benefit of this model is that it separated the IPA and the Program Administrator from the contracting piece of the procurement, allowing for the aggregators and utilities to contract with each other directly. Additionally, the model required a minimum amount of kW capacity to be submitted, helping to provide guarantees to the utilities that a minimum amount of RECs would be purchased. SRECTrade would recommend minimum submission capacity be criteria under the ABP and is further discussed in Section E. below.

In addition, other states with compliance SREC markets use a similar administrative model for their SREC programs. In Pennsylvania, a third party program administrator, Incline, LLC as PennAEPS, administers the Alternative Energy Credit Program.¹ New Jersey uses a third party program administrator for its SREC Registration Program, as well.² Maryland³, Ohio⁴, and D.C. administer their SREC certification programs through their Public Utilities Commission. In each case, the certifying entity is separate from the regional tracking system (PJM-GATS), which issues the RECs, and also from the contracts entered into between buyers (electricity suppliers, utilities, etc.) and sellers (aggregators on behalf of DG facility owners and other sellers). We believe that the IPA should construct a similar relationship between and among the Program Administrator, utilities and Aggregators such that each party can focus on its primary responsibilities under the ABP.

¹ Pennsylvania Alternative Energy Credit Program, <http://www.pennaeps.com/resourcessupport/solar-pv/>.

² NJ SREC Registration Program, <http://www.njcleanenergy.com/renewable-energy/programs/solar-renewable-energy-certificates-srec/new-jersey-solar-renewable-energy>.

³ Maryland PSC, Renewable Portfolio Standard, <http://www.psc.state.md.us/electricity/renewable-portfolio-standard/>.

⁴ Public Utilities Commission of Ohio, <http://www.puco.ohio.gov/puco/index.cfm/puco-forms/renewable-energy-resource-generating-facility-application-for-certification/#sthash.xrCNnDSi.OxmM24yG.dpbs>.



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E. Program Administrator Qualifications

SRECTrade encourages the IPA to require that the Program Administrator meet the following minimum qualifications:

1. Experience with Distributed Generation system qualification and certification, such as the Program Administrator for Pennsylvania’s Alternative Energy Credit Program, PennAEPS.⁵
2. Experience with issuing incentives and working with Aggregators.
3. Ability to build and modify an online application that can provide application status reports to applicants and manage blocks and system queuing.
4. Ability to provide the public with adequate transparency and notice into the status of blocks filling, including queuing for subsequent blocks.

We would also encourage the IPA to require the Program Administrator to solicit and accept feedback from applicants on the initial application process (through beta testing) and for continued and ongoing improvements to the application design and process throughout life of ABP. As with any new program, there is often room for improvement that can be identified by program participants, and such feedback should have a forum for consideration and implementation by the Program Administrator.

The overall goal for the administration of the ABP should be to create an online portal and application to streamline processes and save cost and time. Ideally, the online application will:

1. *Minimize supporting documentation requirements* – The Program Administrator should allow the applicant to make certifications on the application to eliminate the need for unnecessary or duplicative documentation. Documents providing proof of interconnection should be required to confirm a system’s interconnection date, and this document can also be used to confirm a facility’s address and ownership.
2. *Maximize the amount of the process to be completed and managed online in simplified and standardized format.* By providing applicants with a standardized application process, the Program Administrator will alleviate the burden on stakeholders and facilitate the expeditious processing of applications.

We support the IPA allowing for the Program Administrator to establish a pre-program-opening application so that applicants can submit systems this year or early next year. This will also address the backlog and pent up demand in the market and alleviate the rush occurring at the opening of the program in 2018.

A. Aggregators

SRECTrade believes that Aggregators are a critical component for the success of the ABP. As proposed under its Administrative Model #2, the IPA would have “Aggregators contract with the utility for batches of individual systems”, and the Aggregator would also “submit batches to [the] Program Administrator”. Under this model, the IPA should require all program applications to be submitted either through a 1 MW batch minimum **or** through a third party Aggregator.

SRECTrade recommends that the batch minimum be at least 1 MW of capacity. Once that threshold is met, the applicant would satisfy the requirement to continue to submit applications on a rolling basis. We would also recommend that, if an Aggregator has been successfully

⁵ Pennsylvania Alternative Energy Credit Program, <http://www.pennaeps.com/resource/support/solar-pv/>.



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participating in the previous IPA SPV and DG procurements, the upfront minimum criteria be waived from the outset of the program, given the Aggregators' previous performance and experience with the IPA's renewable energy credit programs.

Primarily, third party Aggregators will participate as the applicant and manager on behalf of aggregated DG resources, both with the Program Administrator in the application process and with the utility in the contracting process and ongoing contract management. As Aggregators have facilitated bidding and ongoing contract delivery and settlement under both Illinois' SPV and DG procurements, Aggregators can serve a similar function in the ABP by:

1. Submitting ABP applications to the Program Administrator on behalf of the client to streamline the application, certification and contracting process, which will alleviate the burden on the Program Administrator and on the contracting utilities (which, in turn, helps to control program costs);
2. Facilitating payment to distributed system owners (a lump sum is paid to the Aggregator, which can be distributed to owners by the Aggregator);
3. Facilitating the ongoing management and delivery of RECs, including operational support for meter reading submissions where applicable.

With respect to Aggregator qualification, we encourage the IPA to follow similar but more stringent Aggregator Qualification requirements than those utilized in the Solar Photovoltaic ("SPV") Procurement Plan. The IPA should impose parameters on Aggregator participation in the interest of Consumer Protection (as there are Qualified Installer parameters, there should be Qualified Aggregator parameters). Some recommendations are as follows:

1. In relevant part, the SPV Procurement Plan defines an Aggregator as a "third-party (i.e., non-system owner) that (i) owns or plans to acquire either unconditional title to or rights to legally transfer renewable energy credits from distributed renewable energy devices through contracts with multiple system owners, and (ii) is willing to contract with the [utility (for purposes of the ABP)] and accepts [its] standard [] terms as well as procedures for contract administration." Notwithstanding the foregoing, the IPA should allow for certain system owners possessing a minimum number of systems (i.e., 1 MW minimum) to apply directly as their own Aggregator, so long as they (1) satisfy other Aggregator pre-qualification requirements as provided below and (2) are able to contract in batches with the utilities.
2. Aggregators (whether third party or submitting batch systems on their own behalf) must pre-qualify with the IPA by meeting several provisions. At a minimum, an Aggregator must demonstrate to the IPA that the Aggregator is:
 - a. Registered to do business in the State of Illinois;
 - b. Able to ensure meter data is collected from aggregated systems;
 - c. Is or will be registered with GATS and/or M-RETS upon contract award; and
 - d. Satisfies a minimum financial requirement. SRECTrade would recommend that Aggregators be responsible for posting a letter of credit or performance bond of at least \$75,000.
3. The Procurement Administrator will maintain a website where a list of pre-qualified Aggregators will be available to interested parties (i.e., installers and homeowners who will need to use a pre-qualified Aggregator in order to participate in the ABP).

III. Conclusion

SRECTrade supports the involvement of a sophisticated Program Administrator and third party Aggregators. By establishing unique roles for each of these participants, the IPA will minimize



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cost by requiring sophisticated parties to interface with the Program Administrator and the utilities; eliminate a conflict of interest by separating the Program Administrator from the contracting and REC delivery component of the Program; and allow for continued efficiency gains throughout the life of the program.

SRECTrade thanks the IPA for its continued work on the implementation of the LTRRPP and its associated programs and procurements. We look forward to the continued development of Illinois' solar industry.

Questions regarding these comments may be directed at Allyson Browne, Director of Regulatory Affairs and General Counsel, at Allyson.Browne@sretrade.com.

Thank you for your consideration in this matter.

Best Regards,

Allyson Browne

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Steven Eisenberg

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