Mr. Brown,

On behalf of Siemens's Distributed Energy Systems team, please accept the following comments in response to the request for written comments from stakeholders on the Independent REC Pricing Review.

- IPA should not attempt to analyze and scale the SREC values for all the permutations for the IRA bonus ITC categories.
    - They are not well understood at this early stage and the US Treasury must still provide guidance on many of them to make sense of qualification and to provide acceptable investment certainty.
    - These bonus ITC project categories would often be inherently higher cost or complexity to implement would therefore require more incentive vs. levelized incentive to make the investments acceptable.
    - Making the investment consideration for these bonus ITC project categories more complicated and layering SREC valuation changes on top of IRA uncertainty is not a recipe for investment approval.
- The IPA should consider incorporating a methodology in its project modeling that accounts for the following, as the historic trend of annually lower project costs is not holding:
    - Current project implementation costs are higher – inflationary pressures, limited labor, supply chain, etc.
    - Project implementation schedules are longer – due to supply chain on critical components, particularly critical path electrical components. Transformers, switchgear etc.
        - Schedule delays have the following two-fold impact on project economics: 1) Costs increase with longer timeline 2) Timeline extension reduces project returns
    - Interest rates have risen materially and with it return requirements and project debt financing is more expensive.
- IL is competing with the entire US for the equipment and expertise necessary to meet its policy objectives. The IRA is going to provide significant federal incentive for projects across the US – beyond the IL state boundary – that will be competing for the required electrical gear, the PV modules, inverters, Battery storage packages etc. which is likely, in the short to medium term, to keep pricing and delivery timelines higher than traditional projects. The IRA needs to consider this in its economic modeling for the next 1–2-year time frame. Investors will look to markets where the investment in projects can be relied upon and where integrated incentives can make projects routinely attractive.

Sincerely,

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