



Geronimo Energy Response to InClime request for Comments on Adjustable Block Program
Block 1 Lottery Strawman Proposal

On September 10, 2018, the Illinois Power Agency (“IPA”) released a Block 1 Lottery IPA Strawman Proposal (“Proposal”). Subsequently, on September 17, 2018, the IPA Adjustable Block Program (“ABP”) Administrator (“InClime”) held an interactive webinar to discuss the Proposal and answer stakeholder questions. The IPA has requested additional written feedback from stakeholders on the Proposal and as such, Geronimo Energy submits the following comments. Geronimo Energy is a renewable energy developer, owner, and operator with 2,000 MW of successful experience and is currently active in the Illinois market with both utility-scale and distributed generation development assets in various stages of development and construction.

Due to the anticipated demand for the Adjustable Block Program for Community Solar, Geronimo believes that a lottery will indeed be necessary, and the process must be carefully structured to ensure that the only projects that enter the lottery are qualified projects and projects that the developer is willing to build. In general, Geronimo believes that the IPA’s proposed process for determining the need for the lottery as well as lottery process itself are reasonable and will result in fair and impartial selection of those projects that will receive Block 1 pricing. However, Geronimo has concerns that other parts of the Strawman Proposal could result in the entire ABP process being confusing, unworkable and causing potential damage to communities and developers.

In addition to submitting comments on the Lottery Strawman Proposal Geronimo Energy would like to address a significant issue not covered in the Strawman document, specifically the interaction between the Interconnection Agreement (“IA”) process with ComEd and Ameren and the contract award process for the ABP. Due to the large number of IA applications, the rules of the ABP, and the regulatory requirements the utilities must follow to process interconnection applications, nearly every IA will need to be restudied upon award of an ABP contract. Furthermore, the utilities are allowing developers to sign interconnection agreements without requiring financial commitments in the form of IA deposits.

The result is a hugely oversubscribed program, which includes many projects that cannot be economically developed. In nearly every case, developers will have little insight into the cost of the interconnection and little opportunity to manage this risk even after an award of a contract. In fact, the utilities indicate that they may require an extended period of time after the ABP contract awards to fairly process the interconnection queues for each feeder with winning contracts. This has severe ramifications in successfully scheduling project CODs according to the deadlines specified in the IPA contract and the overall success of the program.

With that important issue in mind, please find Geronimo Energy’s comments on the strawman proposal below.

Topic 1: Determination of if a lottery will be held

No specific comments on the proposal as we believe it is detailed, logical, and consistent with the ICC approved plan language, however we believe that a broader issue exists regarding the lottery process and the management of the IA queues as noted above.

Topic 2: Lottery Process

Geronimo agrees and is supportive of the proposed language. Geronimo feels it is important to keep the lottery process as simple and straightforward as possible. Geronimo would like to offer support for a non-weighted lottery as is detailed out in the strawman proposal.

One step of the lottery process that Geronimo believes should be reconsidered is the requirement that developers publish physical project addresses as part of the project identifier. If the Contract Reallocation proposal is adopted (see below for further comments on this), publishing addresses of “selected” projects that are later switched with another project could cause hard feelings in local communities and potentially harm relationships between communities and developers, who may want to continue to develop those projects or others in the local area. If the IPA believes that showing a physical address is important, then no lottery results should be published until any Contract Reallocation is accomplished.

Topic 3: Reallocating Contracts

Geronimo strongly believes the IPA should not permit developers to reallocate contracts in this process. Adopting this provision strongly incentivizes developers to game the system by submitting projects that are not feasible to build, but simply to increase the chances of winning a contract. This is further aggravated by utilities not requiring deposits in order to grant IA’s. Thus, an IA offers no resistance to developers submitting economically infeasible projects into the ABP. In addition, the reallocation of one developer’s contract could put other developer’s projects that were awarded contracts in a worse position, increasing their costs and rendering their projects uneconomic. Allowing contract reallocation could lead to an endless cycle of restudies and reallocations, and projects would not be able to meet the deadlines set out in the program. The simple solution to these problems is to force developers to deliver what they submit into the program and keep the lottery as simple as possible. The ABP must focus on moving truly viable projects through the program quickly and release the pent-up demand.

Should the IPA decide to allow contract reallocation, it would need to work in concert with the interconnection process to ensure that developers are, in fact, reallocating their REC contract the correct project. Because the utilities study and order distributed generation projects by feeder, it is highly possible that a developer could reallocate a contract that has a good position on one feeder to a project that is technically “higher in the interconnection queue” but is actually in a worse position on a more popular feeder. Without that information, developers may not be able to efficiently reallocate contracts. Commonwealth Edison has petitioned the Illinois Commerce Commission (ICC) for a waiver in order to permit it to share more feeder information with customers. Reallocation should not take place until that information is available.

Finally, the lottery is by the IPA's definition a random process, and there should be no effect to the order in which projects are selected except when the capacity of the block is reached, as described by the IPA in the strawman lottery. A project that is selected first in the lottery should not have any different rights than one that is selected in the middle. This is important because granting different benefits to a proposal based on when it is selected in the process can be unfair to other projects which are in better position in the interconnection queue. For example, should the solution to the interconnection conundrum be to move all the selected projects to the front of the queue, they should continue to be processed in their relative queue order, that is, the first project selected should not be awarded the first spot in the modified queue; rather, the highest queued selected project should be placed in that position, regardless of the lottery position in which that project is selected.

Topic 4: Program Capacity at the Agency's Discretion

Geronimo agrees with the rationale behind holding back 25% of the capacity of the program to allocate as the IPA sees fit.

Topic 5: Additional Provisions

Geronimo suggests changing the following language in the first provision "*...Block 1 will be held open until 45 total days after opening, or until Block 1 is filled, whichever comes ~~last~~ first.*" Hypothetically the program could see an influx of applications during this additional period causing a lottery to be triggered. This would not reward those applications who applied within the first 14 days of the window opening.

Finally, Geronimo is aware that other stakeholders may be requesting a cutoff date by which a developer must submit an Interconnection Application to a utility in order to qualify for the lottery. Geronimo is not supportive of a cutoff date for interconnect applications. The utilities should be clear when the last date they can still accept a Level 4 or Level 2 study and still meet the January 15th deadline, but this is not a portion of the process that the IPA should be managing. An arbitrary cutoff date harms developers that have been working closely with the utility prior to submitting an application and who understood they had more time. Also, an artificially early cut-off date is harmful to behind-the-meter DG projects that can take advantage of a faster Level 2 interconnection process.