



Reply Comments of IGS Solar on Request for Follow Up Comments to the Block 1 Lottery Strawman Proposal

October 17, 2018

Dear Mr. Star,

IGS Solar appreciates the opportunity to provide follow-up comments on the draft lottery proposal. In these comments IGS replies to the items put forward as being under consideration by the IPA (bulleted items). IGS generally supports the comments of SEIA and ISEA and submits the following additional comments either to emphasize or add to the trade association comments.

Project Substitution/Reallocation

- A new proposal to consider allowing project substitutions beyond the one-time substitution date

IGS does not support additional opportunities for substitution. While there are many difficulties presented by the interaction between the lottery and interconnection queue management, an additional switching period will only serve to exacerbate these and create more 'hope' for speculative projects. In our initial comments, we suggested that the IPA consider whether switching at all leads to, on balance, a better or worse market. An additional switching period would only exacerbate these challenges.

Synchronization of the IPA lottery with the Interconnection Queue

- To the extent that the utilities will require non-refundable deposits for projects to remain in the queue upon publishing of lottery results, the Agency is considering allowing for a project to still be considered qualified for the Adjustable Block Program by virtue of its prior-executed interconnection agreement submitted at the time of the initial application to the Program, even if the project officially exits the utility interconnection queue

IGS emphatically does not support this proposal. Although IGS acknowledges that there have been unanticipated challenges brought on by the fact that there are an order of magnitude more projects that will likely have the three project maturity requirements (site control, non-ministerial permits, and a signed interconnection agreement), the proposal to effectively remove one of these requirements only exacerbates and extends the craziness. If a project drops out of the interconnection queue for whatever reason and at whatever point in time, its application for the Adjustable Block Program should be deemed incomplete and it should be rejected. To allow projects to 'squat' in the ABP line without an interconnection agreement just exacerbates issues with future interaction between the ABP and the interconnection queue.

- The Agency is considering keeping projects from seeking to participate in both the Adjustable Block Program and Illinois Solar for All program



IGS is concerned that this proposal might have the unintended consequence of hampering the success of the Solar for All program by limiting the number of projects that seek to participate. While IGS does not have a strong opinion on the extent that this might happen, we do not want to see arbitrary limitations if they hamper the success of this program.

Reducing Applications from Speculative Projects

- Limiting a developer and its affiliates' applications to the maximum capacity in Blocks 1-3 of each Group. For example, available Group A Community Solar capacity totals 49.5 MW across Blocks 1-3, so a developer or group of affiliated developers could enter a maximum of 49.5 MW of capacity into the lottery for Group A Community Solar.

IGS strongly supports efforts to reduce applications from speculative projects. However, the above proposal does not accomplish this goal. While it may accomplish limiting the *overall number* of projects participating in the lottery, it does nothing to ensure the *quality* of these projects. A single Approved Vendor may have 100MW of quality projects – defined as having site control, permits, and a reasonable interconnection cost. Another Approved Vendor may have 50MW of speculative projects – defined as having some combination of loose site control and very high interconnection estimates. In this case, the IPA's proposal would actually limit the number of quality projects being submitted and increase the proportion of speculative projects in the lottery pool.

IGS also opposes this proposal because it morphs a very important concept for protecting the long-term viability and competition within the market – namely the developer cap – into a proposal that accomplishes neither the initial intent of a developer cap nor the proposed intent vis-à-vis speculative projects.

As in our initial comments, IGS strongly urges the IPA to impose a cap such that no Approved Vendor (and its affiliates) can win more than 20% of the capacity in the community solar program during the initial Long-Term Plan Period. This type of cap is critical in the early years of the market development to foster a healthy ecosystem of developers – if one or two project developers were to dominate the market based on luck or aggressive development tactics, this will serve to hollow out the ecosystem of interested developers in the future, thereby reducing competition. Some amount of reduction in interested developers from the current level is likely healthy, but a developer cap of 20% will ensure that, at minimum, a healthy amount of development competition will continue.

- Consistent with a number of comments received, requiring those community solar projects that make the small subscriber commitment to provide information at the time of application showing that those developers have a plan to actually solicit and enroll small subscribers.

A major (but not only) driver of the significant mismatch between supply and demand in the community solar segment is the fact the work needed to secure a REC contract is devoid of customer interaction – something that by definition is not true in the behind the meter segments. Although IGS would love to have some requirement that a reasonable plan is in place to solicit and enroll small subscribers, it is hard to conceive of a way that the IPA could reasonable check the efficacy of and likelihood of success of any plans submitted.



- Requiring a signed lease or option to demonstrate host acknowledgement (and not merely a letter of intent).

IGS supports requiring a signed lease or option for demonstrating site control.

'Grouping' of Projects into a Single Lottery Entry

IGS does not oppose the proposal to have any grouping limited to 2MWac of capacity. Per our previous comments, we would oppose any ability to group beyond the 2MW limit.

Lottery within 45 Days

IGS does not support this concept. The purpose of the lottery was to deal with the electronic issues created by a 'rush' to the door on the day of opening. During the comment period on the long-term plan, the initial open period was cut down to two weeks. IGS opposes the IPA extending this to 45 days both on the grounds that it would create uncertainty for projects in blocks that do not meet the lottery threshold within 14 days and – most importantly – that lengthening the period is not needed to meet the policy goal of handling the initial 'rush' and any electronic gaming or website overload issues.

Discretionary Capacity

Particularly given the overwhelming interest in the program – and the interaction issues between the lottery and the interconnection process – it is critical that the IPA allocate its discretionary capacity before developers in a lottery situation must make tough decisions about interconnection deposits. In order to retain some of its flexibility, IGS suggests that the IPA allocates the majority of its discretionary capacity (75%) to the segments having the most demand after the first fourteen days. The remaining 25% could be allocated by the IPA after seeing the results of the next month or two. The IPA must understand that given the interaction with the interconnection queue process and the lottery in the community solar segment, any capacity not allocated at the time of the lottery likely will not go to community solar projects.

Thank you again for the opportunity to provide reply comments.

Sincerely,

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