

September 27, 2018

Comments on Illinois Adjustable Block Program (ABP)

Innovative Power Systems (IPS), a Minnesota solar developer, intends to be an active participant in the Adjustable Block Program scheduled for January 2019 and will submit multiple proposals seeking allocations of qualifying RECs. Our comments are based on our ongoing solar project development in Illinois and continuing participation in regulatory issues, IPA webinars, and as a member of the Illinois Solar Energy Industries Association (ISEIA). Our comments on the IPA Adjustable Block Program are also based on what we believe will best facilitate the financing of solar projects, will benefit the Illinois energy consumers, and will result in a fair allocation of RECs among competing developers.

1. Transparency of ABP process and utility interconnection queues.

We agree with many of our colleagues in the solar energy industry that the most difficult issues to address in this process are related to the interplay between the queue established by the ABP lottery process and the queues that have formed for the interconnection of solar facilities with different utilities at multiple locations. These issues will make it very difficult for developers to evaluate their risks and make decisions about deploying further capital investment. Consequently, we encourage the IPA to take steps to mitigate the effect of these issues before the January target date for the lottery.

Much of the potential for disruption in the ABP process could be reduced with greater transparency into the utility interconnection queues, and a coordinated timeline between utilities and IPA that allows for:

- Realistic parameters for System Impact Studies based not necessarily on all applicants in the queue, but on some reasonable number of projects, up to 120% to 150% of projected substation and/or feeder line capacity;
- Transparency into the utility study process and greater detail on the costs assigned to each project for its interconnection;
- More timely completion of the SIS by utilities and coordination of those study timelines with the timeline in the ABP for reallocation and acceptance of a project's lottery position;
- Requirements that Project Identifier information be the same for the lottery process and the utility transmission queue;
- Requirements that projects in the queue be required to withdraw from the queue or commit funds within an established number of days, based on their estimated interconnection costs and/or lottery position.

IPS-Solar shares the goal of IPA to deliver as much solar energy development as possible across all Illinois energy markets at the lowest possible price. To do that as part of the ABP lottery, developers need better information on the factors that will allow them to make informed decisions about their development costs and associated risks. We also believe there is enough time for IPA to consider the comments from the industry, work with utilities, and make appropriate adjustments by the existing January target for the start of the ABP. We do not believe there is any need to delay the start of the program.

While there are legitimate concerns about privacy and proprietary information among solar project developers, IPS feels those concerns can be overblown. The required disclosure of project name, project location and queue position, and the lottery number of the project will not disclose anything related to a developer's means, methods, costs or processes related to the development of their solar projects. Requiring such information will help to rationalize the process and allow for reasonable risk assessments without betraying any developer's "secret sauce" for its solar projects.

2. Restrictions on Reallocation of Lottery Positions

We support the IPA proposal to allow for reallocation of lottery positions to other projects controlled by the same developer that may have more favorable economics or positions in the interconnection queue. This reallocation as part of the first Adjustable Block Program lottery may surface some responses and actions by developers and others that IPA will judge to be inconsistent with the legislative mandates of the program.

However at this time, IPS does not support any further restrictions on the ability of developers to reallocate their lottery positions within their total portfolio of projects. We believe IPA should look at the actual results of the first ABP lottery before taken any corrective actions that may be warranted and would place restrictions on the ability to reallocate.

3. Status of Permitting

We believe it would be unfair to hold a developer to permitting requirements that were changed after the developer has invested time and effort into a project based on an existing set of permitting requirements.

IPS recognizes that the rapid pace of development of solar energy facilities in Illinois may prompt some local jurisdictions to make changes to their permitting requirements for solar facilities. However, IPA should nevertheless accept projects, and their permits, based on the requirements in place at the time that a project was initiated, and not based on any new requirements that may be in place as of the time of the lottery.

We believe 120 days prior to the lottery date is an appropriate cut-off for projects to proceed. In other words, IPA should allow the project to enter the lottery without the permit if the permitting requirements change in the 120 days preceding the lottery. The

project would then have 120 days from the time the permitting change goes into effect to submit the permit to IPA. This may mean that a project will get its permit after the lottery.

4. Timeliness of Ongoing Decision-Making

IPS recognizes that IPA, utilities, developers and consumers are all still learning from the implementation of the solar program. The uncertainties about how the market will respond to the solar program justifies the Agency's decision to withhold 25% of the program capacity until a later date. Doing so will give IPA some flexibility to address imbalances in the types and locations of projects.

While we recognize the need to withhold some of the RECs in this round, it also seems likely that there will be far more solar energy proposed for the ABP lottery than available credits. This over-supply and the step-down of federal tax incentives at the end of 2019 should prompt IPA to be timely in making decisions about how to proceed with the withheld capacity after the presumed allocation in Block 3. In fact, we suggest that IPA set a deadline for itself to make decisions related to future ABP auctions or other actions.

Thank you for the opportunity to comment on the draft ABP proposal for the allocation of RECs. We look forward to further participation in the development of renewable energy markets and programs in Illinois.

Sincerely,

A handwritten signature in blue ink that reads "J. Levi".

Jack Levi

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