

**Adjustable Block Program
Block 1 Lottery
Request for Follow-Up Comments
October 5, 2018**

The IPA and its Adjustable Block Program Administrator have opened a reply to comments period following up on comments previously received on the Draft Lottery Guidelines. **All comments should be sent to comments@illinoisabp.com by 5:00 PM CDT on Wednesday, Oct 17th.**

While we welcome comments on any suggestions related to the lottery—including those that are not specifically referenced in the topics posed for feedback below—we are specifically interested in receiving comments and feedback on the following concepts/ideas:

PROJECT SUBSTITUTION/REALLOCATION

Because final interconnection costs may not be known at the time of project selection by the Agency, and because public policy objectives are advanced by executing REC delivery contracts with projects featuring lower cost structures and more development certainty, the Agency’s draft guidelines proposed a one-time project substitution option for projects selected through the lottery process.

Unfortunately, even at the time of substitution, actual project interconnection costs are unlikely to be known, in part because actual costs depend on queue exits by other projects in the queue and those exits may not yet have been made (or costs not yet restudied based upon new assumptions) by the time of substitution.

To clarify the Agency’s substitution proposal, and to help address this concern, the Agency is considering the following clarifications and proposals:

- Allowing switching of non-winning projects in the lottery waitlist as well as switching of winning projects.
- Clarifying that reallocated projects swap lottery selection positions.
- Clarifying that reallocation can occur between projects owned by the same developer or their affiliate (rather than only by the same “Approved Vendor”)
- A new proposal to consider allowing project substitutions beyond the one-time substitution date (including for previously-substituted projects) should projects either:
 - Receive significantly higher updated interconnection costs than included on their initial interconnection agreement (if so, what percentage higher?); or
 - Receive an updated interconnection cost estimate above a certain threshold (if so, what is the correct interconnection cost threshold?)
 - Please comment on the extent to which this proposal helps mitigate the uncertainties around the interconnection process, or if this new proposal creates unintended consequences and inappropriate gaming opportunities. Please also comment on if there should be maximum time limits for any or all aspects of this new proposal.

SYNCHRONIZATION OF THE IPA LOTTERY WITH THE UTILITY INTERCONNECTION QUEUE PROCESSES

Similarly, multiple commenters mentioned that the Lottery Guidelines should be better synced with the utilities' interconnection queue management processes, some portions of which are still under development.¹ The Agency is aware that upon the assignment of lottery order positions, utilities will begin seeking nonrefundable deposits to clear the interconnection queue of nonviable projects. However, some of those projects originally considered nonviable may eventually become viable, whether due to a project substitution within the lottery framework, a change in estimated interconnection costs, or eventual selection by the Agency in a later project selection process.

In addition to the above-listed proposal for additional project substitution, the Agency is considering the following approach to better synchronize its lottery selection process with the utilities' interconnection queue management policies:

- 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 (i.e., it may exit the interconnection queue and not pay a non-refundable deposit, thereby forfeiting its interconnection agreement, but still be considered viable by the Agency for a substitution or later program selection—acknowledging that it may have to reapply for interconnection with the applicable utility).
- The Agency is considering keeping projects from seeking to participate in both the Adjustable Block Program and Illinois Solar for All program—thus hopefully creating a distinction between whether projects remaining in the interconnection queue without an Adjustable Block Program contract are simply non-selected Adjustable Block Program projects or projects awaiting the opening of a separate distinct state-administered incentive program that features additional program requirements (something the utilities could potentially use to distinguish between how such projects are treated)²

The Agency is also interested in additional suggestions for how to synchronize lottery guidelines with utility interconnection queue management, but requests that any suggestions be mindful of the following constraints:

1. The need for ensuring that a final list of selected projects be available within a reasonable time after the Program's opening;
2. Understanding that each change in an interconnection queue may require a multi-week/month restudy of the costs of every other project on that circuit (which could result in a cascade of such processes);
3. Understanding that changes in projects in the interconnection queue can both raise and lower the costs for systems further down the queue;

¹ See, e.g., ICC Docket Nos. 18-1503, 18-1510, 18-1583 (Commonwealth Edison Company).

² There could, of course, be a third possibility: projects that wish to keep their renewable energy credits for other purposes and thus do not seek to participate in *either* of the two new state incentive programs.

4. Ensuring that projects that may opt not to participate in the Adjustable Block Program are not prejudiced in the interconnection process.

REDUCING APPLICATIONS FROM SPECULATIVE PROJECTS

As all parties are aware, the number of community solar projects in the utilities' interconnection queues greatly outpaces the Blocks 1 to 3 capacity available through the lottery process. This raises a variety of concerns, ranging from the seriousness and quality of projects within the queue; equitable considerations around ensuring a balanced distribution of benefits from a state-administered, ratepayer-funded incentive program; and the presence of a multitude of very recently filed interconnection applications intended to ensuring developers achieve an additional "lottery tickets."

To address these issues, the Agency is considering the following process adjustments, and would appreciate informed feedback about the viability of these options:

- 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.
 - In the above example, for the developer/affiliates' additional projects beyond the 49.5 MW that applied, additional projects could still apply (designated separately by the applicant as beyond the 49.5 MW limit) and could participate in a final lottery to determine their ordinal spot in the Agency's waitlist *behind* all projects that participated in the primary lottery.
- Limiting entries into the lottery for community solar to only projects with interconnection application dates prior to the September 10th release date of the Agency's draft lottery proposal.
- 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. If in support of this concept, please provide details of the information that would be required and the method the Program Administrator would use to ensure that this plan was accurate, correct, and sufficiently robust.
- Requiring that projects upload a copy of any zoning permit(s) required (or attest that no zoning permit is required), as well as attesting that all other non-ministerial permits have been obtained. If in favor of requiring an upload of all ministerial permits, please detail how the Program Administrator would determine which ministerial permits are required for a given project.
- Requiring a signed lease or option to demonstrate host acknowledgement (and not merely a letter of intent).

"GROUPING" OF PROJECTS INTO A SINGLE LOTTERY ENTRY

Recognizing that for some distributed generation projects being viable may be contingent on other projects also moving forward, the Agency is considering allowing "all or nothing" project applications for lottery purposes for a group of projects up to 2 MW cumulative capacity. All projects in this group would be considered a single lottery entry; while this would reduce the chance of any one project within the group obtaining a winning spot, it would ensure that if a winning spot were obtained, it would

include all projects in that single grouping. Under this proposal, co-located 2 MW systems could not be “grouped” as they would still be subject to a 2 MW threshold.

TRANSPARENCY OF INFORMATION

Several commenters expressed concern about the disclosure of project information about projects selected in or ordered through a lottery process. While the IPA appreciates these concerns in the context of distributed generation (where system host information/privacy could be put at issue), the primary concern mentioned for community solar was just that host communities may find out that a chosen project was substituted out for a different project through the business decision of a developer—something that, as a matter of public policy, a landowner or zoning board that had permitted the project may have a right to know.

- If there are additional privacy of information concerns, please provide concrete examples of trade secrets or proprietary, privileged, or confidential information that would cause competitive harm should it be divulged through publishing information about the size and location of community solar projects entered into the lottery.
- The IPA is also considering requiring that all projects submitted include an attestation by the Approved Vendor that the Approved Vendor will inform project hosts that there will be a reallocation process that, even if the project is selected for a REC contract by the Illinois Power Agency, may result in their project not moving forward. (Potentially the Approved Vendor could waive this attestation requirement in exchange for also waiving the right to reallocate the project.)

LOTTERY WITHIN 45 DAYS

To avoid block management oversubscription issues and maintain consistency with the rationale for a lottery upon Block 1 being quickly oversubscribed, the IPA would also like to expressly provide for a lottery to also be held if Block 1 for a Group/category is not filled in the first 14 days, but is subsequently filled to greater than 200% in the first 45 days.

DISCRETIONARY CAPACITY

Several commenters noted that the Commission’s Order approving the Long-Term Renewable Resources Procurement Plan anticipated a more rapid allocation of discretionary capacity than was proposed in the Draft Lottery Guidelines. While the Agency appreciates those comments, the intent of the proposal was in part to anticipate the scenario in which more than one Group/category was filled to more than 200% of capacity during the initial 14 day period, therefore requiring the Agency to assess how to allocate some or all of the discretionary capacity. (In addition, even if only some Group/categories triggered a lottery by reaching 200%, initial applications in other Group/categories could suggest that those group/categories would soon be filled as well.) The Agency would welcome comments on how to allocate discretionary capacity after the lottery is conducted in a manner that would recognize the intent of the Commission Order to open new blocks promptly, but also maintains the spirit of the concept of “discretionary” to allow the Agency flexibility in managing ongoing program demand across sectors.