Pivot Energy

September 18, 2018

Illinois Power Agency
160 North LaSalle Street
Chicago, IL 60601

InClime, Inc.
326 First Street, Suite 27
Annapolis, MD 21403
c/o Kevin Quilliam

RE: Adjustable Block Program – Block 1 Lottery IPA Strawman Proposal

To Whom It May Concern,

On behalf of Pivot Energy, f.k.a Microgrid Energy, a national leader in the development of onsite and small utility scale projects, we would like to draw from our experience in existing community solar markets, and submit feedback for the Block 1 Lottery IPA Strawman Proposal & ABP Program in general. The following feedback will include options for queue management, reallocating contracts, and an alternative to the lottery.

Throughout the program thus far, long interconnection study times and exceptionally high interconnection cost estimates have created uncertainty in the Illinois market, making it difficult to make sound financial decisions. It is imperative to all stakeholders to find a solution to the interconnection studies process, prior to the implementation of the Block 1 Lottery.

We request the Illinois Power Agency, and its Adjustable Block Program (ABP) Administrator InClime, Inc.,hire a third-party engineering firm to review Commonwealth Edison (ComEd) and Ameren's capacity at all substations. To date, costs provided by ComEd to both Pivot Energy and many other developers within the industry have surpassed national market averages by significant levels, and the use of a third-party review will serve as a baseline and provide all Applicants equal and fair information. The third-party firm would be required to provide the following information as part of the ABP's queue management strategy:

1) Substation Capacity across utility territory,

2) Number of projects in queue at each substation and minimum required upgrades; Provide a baseline of costs associated with an increase in system size,

3) Isolate substation upgrades from site specific costs on a per component basis. By providing generic (not site specific) substation info a developer can interpolate what their site cost might be with a queue shuffle since they know the substation cost component. For example, up to 2 MW requires substation upgrades of "X". Up to 5.5 MW requires additional substation upgrades of "Y". These would be known as tipping points when certain substation costs would be incurred.

4) Provide assistance to ComEd and Ameren to publish a detailed breakdown of all substation upgrade costs at different MW tipping points (i.e. 2 MWac, 4 MWac, 6 MWac, etc.) and for different component costs,

5) Publish an anonymous substation queue and notify each Applicant of their anonymous identifier.

Publishing an anonymous substation queue allows developers to make an informed decision on whether or not to advance (or swap), or share upgrade costs amongst other projects. Due to the impending lottery, it has been implied all applications will need to be restudied. A third-party can provide baseline costs to projects, in lieu of an overall restudy.

Additionally, we request clarification on the following items:

1) *In the event a selected project is substituted with a non-selected project after the Block 1 lottery, will the originally selected project lose its position in the lottery?*

2) How will the Program Administrator ensure Applicants are substituting applications originated by themselves?

Pivot Energy would like to suggest an alternative to the lottery process. This "non-lottery" process will prioritize applications entered into the Adjustable Block Program. This option removes the uncertainty brought upon market participants by a lottery, and provides a straightforward process to applications by focusing on the requirements set forth by the Long-Term Renewable Resources Procurement Plan.

The following outlines Pivot Energy's Approved Vendor Project Application Process and Ranking System:

1) Review of Approved Vendor Non-ministerial permit and interconnection; Has the Approved Vendor completed applicable non-ministerial permit and executed an interconnection agreement?
   a) After review, if both requirements are met, the project moves forward,
   b) If an error is found, the Applicant has 5 days to remedy the application and resubmit
   c) Applicant must provide proof if non-ministerial permit is applicable or not
2) Compliant applications are then ranked by the dates a project received the executed interconnection agreement and non-ministerial permit
   a) Applications are then ranked by quarter and month of which the latest requisite was achieved
   b) For example, if a project's interconnection agreement was executed on July 15th, and non-ministerial permit completed by October 1st, the project would be placed in the quarter 4 (Q4) and ranked on October 1st
   c) Within each quarter, projects would be ranked by month and then day on which they had both requirements completed
3) Further refine rankings of projects within each quarter grouping based on other value-added factors such as 50% small subscriber declaration
4) Determine which projects are getting Blocks 1, 2, or 3; Rest of projects remain in queue for 25% discretionary capacity
5) Cross reference projects in Blocks 1, 2, and 3 with interconnection cost and substation queue information supplied by aforementioned third-party and Utility
6) Give preliminary awards to those awarded Blocks 1, 2 and 3. Notify all project owners of the REC award, cost of substation upgrades (as supplied by Third Party/Utility) and the number of projects on the same substation that also received a REC award
7) Require the applicant respond within five (5) business days of their intent to move forward with their projects by utilizing the following options:
   a) Yes,
   b) No, or
   c) Yes, but only if cost of substation upgrades are shared with the other projects on same substation that received RECs
      i) All "yes" projects, must put down REC deposit and 10% of interconnection agreement cost.
      ii) All "yes, but" projects are compiled by Program Administrator and notified of their equal share of the substation upgrade costs.
   d) All are required to post a REC deposit and 10% deposit for substation upgrades within 10 business days.
   e) Any project that does not post the 10% for substation upgrade cost forgoes their application queue position, and back filled by another project on that substation that receives RECs (drawn from the remaining projects in the REC queue).
8) Within 20 days of receiving the first 10% deposit, Utility supplies project with the revised quote of the project specific interconnection costs.
9) Applicant has ten (10) days to supply another 10% payment.
10) The balance of the interconnection cost will be due at an agreed upon start of construction.

In summary, Pivot Energy requests the following to considered:

1) Employment of third-party engineering firm to study substation queue and associated costs,

2) Rank applications based on time stamped program compliance instead of a random lottery. This will reward applicants that have submitted thorough program compliant applications as opposed to those developers that have decided to flood the market with applications at the last minute.

3) Require Applicants to provide evidence of when a non-ministerial permit does not apply to proposed project. It is important to audit applications to ensure all applications are compliant and to reward those developers that have committed to acquiring permits and following program rules.

Thank you for your time and consideration of our requests and feedback. We look forward to creating a successful program, which will establish Illinois as a leader in renewable energy development.

Sincerely,

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