

## Comments from SolAmerica Energy

### Approved Vendor Requirements

10/19/18

SolAmerica Energy appreciates the opportunity to comment on the IPA's/InClimate's proposed vendor requirements. Our comments are posted below.

#### **Marketing protocols should be significantly less burdensome and prescriptive for efforts related to C&I customers compared to residential customers.**

This sentiment will be a theme in our upcoming comments for the Draft Marketing Guidance and Brochure. However, the Approved Vendor requirements suggest a marketing material review for all approved vendors. For C&I efforts, we feel this is unnecessary and would likely be overwhelming for the program administrator for the following reasons:

1. Marketing materials can be highly tailored, making them uniquely different to each potential customer. And, nearly any developer of C&I projects will engage far more customers than they make progress with. Given the historical and much written about difficulty of closing C&I deals, it is not unusual for an engagement-to-close ratio of 10 to 1 or far greater.
2. Materials evolve numerous times even for a single customer to reflect the viewpoints, concerns and interests of any widening circle of decision-makers/input providers where project interest gathers momentum. It is not unusual for 5+ or even 10+ presentations and savings models be created for a single target customer during a sales cycle. Combined with the previous item, the program administrator could quickly be swamped with hundreds of documents.
3. While they may not be sophisticated about solar during initial conversations, C&I customers tend to be extremely cautious in their decision-making, engaging numerous organizational functions, which can include finance, legal, engineering, sustainability/EHS, and more. C&I customers invariably demand a real education. While they may not "even know what an SREC is" at the beginning of the process, as suggested on the webinar, they certainly do by the time they'd be expected to sign a contract.
4. Success with C&I requires a very high degree of industry and programmatic competence. Sales efforts are almost invariably internal and relatively concentrated to a small number of employees compared to residential sales. Risks presented by ill-informed or bad actors are, therefore, very low.

Nevertheless, we appreciate the need to ensure customer trust in the adjustable block program. For C&I customers, we believe this can be effectively accomplished with clear expectations (laid out in the guidelines) and, as opposed to mandatory review or brochure requirements, backward-looking compliance reviews based on complaints or any other form of reasonable suspicion of improper marketing practices. If there is any cross-industry requirement for review of materials, it should be limited to one or a very small number of representative samples.

**Assignees of REC contracts should not have to be Approved Vendors, which could slow transaction speed and limit transaction options.**

For the most part, the approved vendor process seeks to address concerns that arise during project development. By the time a REC contract is granted under the program, most associated issues have been surpassed. Further, the requirements of the REC contract pass intact to the assignee. Thus, there is an opportunity to make sure any remaining concerns that could negatively impact the adjustable block program are addressed with the REC contract itself, such as requirements related to credit-worthiness or posting of collateral as a condition to assignment. Given these points, developers should be free to pursue finance partners whether or not they are or plan to become an approved vendor.

**Provision should be made for the use of special purpose entities.**

It is common practice for solar projects to be owned by special purpose entities (SPE), generally limited liability companies, that are set up specifically to own and operate the solar project. This facilitates financing of the project, utilization of tax credits, accounting, and transfers of ownership. We believe that each individual SPE should not have to be an approved vendor so long as its parent company is one. To the extent that each SPE has to be an approved vendor, certain criteria and requirements for an approved vendor, such as providing references, experience qualifications, a website, and financial statements should be satisfied by providing information related to the parent company.

**The attestations should be made on behalf of the approved vendor as a company, not on behalf of an individual.**

As drafted, the attestations require a single individual to attest to various statements on behalf of that individual. The attestations should be on behalf of the corporation. For example, the corporate representative making the attestations may not be the individual who will personally participate in registration or training but can attest that these requirements will be met. Having the attestations made by the corporation also ensures that the corporation is bound if the individual ever departs.

**Certain attestations are unduly vague and overbroad.**

Several of the attestations require the approved vendor to agree to unlimited and undefined authority to the Administrator. For example, Attestation “j” requires agreement to provide “any other annual report requirements as determined by the Administrator.” Reporting requirements should be clearly established in advance. Similarly, Attestation “m” requires agreement to comply with “all ... Administrator requests.” It is unreasonable to require an approved vendor to agree in advance to comply with any Administrator request, no matter what that request may be.

**Provision of subscriber data to the program and the utilities should be able to be provided directly from a contractor/partner.**

It is our expectation that most solar developers will not be developing their own, in-house capability to attract, retain and manage subscriptions, especially small/residential subscriptions. Instead, they will partner with solution providers that specialize in such services. In many cases, these will be ARES who are already active in Illinois. These companies are far better positioned to interface with the program and any utility. In fact, this will likely be an integral piece of the service they offer the market. Allowing for this direct interaction will remove unnecessary links in the chain and, therefore, opportunities for any compromise of data. This would in no way remove Approved Vendor responsibilities related to subscribers.