

[Submitter 10 letterhead]

January 18, 2019

Via Electronic Mail

Anthony Star
Director, Illinois Power Agency
160 North LaSalle Street, Suite C-504
Chicago, Illinois 60601
comments@illinoisabp.com

Re: Comments on IPA's January 11 revised draft Renewable Energy Credit Agreement for Community Renewable Energy Generation Projects

Dear Director Star,

[Submitter 10] files this letter in response to the Illinois Power Agency's ("IPA") January 11, 2019 revised draft Renewable Energy Credit Agreement for Community Renewable Energy Generation Projects ("Community REC Agreement"). We respectfully request the following modifications to the revised draft Community REC Agreement.

- 1) The IPA and ABP should not require a Community Solar REC award winner to abandon its lottery award merely because a project has been downsized by more than 25 percent.**

As we flagged in our initial comments, the draft Community REC Agreement places a harsh penalty on any a community-solar application that decreases its project-capacity size prior to energization - even if the size reduction is compelled or made reasonable by a revised utility interconnection study.¹

There are multiple legitimate reasons why a project may need to be downsized after it submits its Proposed Nameplate Capacity. For example, the project may be downsized by the utility during the interconnection process, especially if the utility undertakes a new interconnection study for the project due to other projects ahead in the substation queue exiting due to lack of an ABP REC award following the Block 1 lottery. Or the applicant may voluntarily decrease the project size to avoid having to pay for an expensive upgrade to the distribution

¹ January 11, 2018 draft revised Community REC Agreement, at 6 ("For all Designated Systems where the difference between the Actual Nameplate Capacity and the Proposed Nameplate Capacity is not within the greater of: +/-5kW or +/-25% of the Proposed Nameplate Capacity, a . . . then such Designated System shall be removed from this REC Contract").

system, or avoid impacting any environmentally-sensitive portion of the project site that is detected during on-site wetland delineation (which must take place in warmer months).

It is thus unreasonable to require an applicant that downsizes the project Nameplate Capacity by more than 25 percent to essentially abandon its REC award and have to start the ABP application all over again.

We thus respectfully request that the IPA revise this portion of the Community REC Agreement to read:

(f) . . . For all Designated Systems where the difference between the Actual Nameplate Capacity and the Proposed Nameplate Capacity is not within the greater of: ~~+/- 5kW or +/- 25%~~ a 5 KW or 25% increase of the Proposed Nameplate Capacity, as communicated by the IPA or its designee in writing to Buyer and Seller, then such Designated System shall be removed from this REC Contract, and Seller shall have the option for such Designated System to be submitted under a new ABP application.²

At the very minimum, the IPA should revise the Community REC Agreement to allow for a Nameplate Capacity decrease of more than 25% if the project receives an interconnection-cost restudy after the REC award, as contemplated in ComEd territory. For example, the IPA could accomplish this by adding the following sentence to the end of Section 5, subparagraph (f):

Notwithstanding the above paragraph, a Design System where the Actual Nameplate Capacity is smaller than the Proposed Nameplate Capacity by more than the larger of 5 KW or 25% shall not be removed from this REC Contract if the size reduction is required by a revised interconnection agreement.

- 2) A Community solar project should be allowed to cancel for good cause without penalty if the interconnection utility provides the project with a revised interconnection-cost estimate that makes the project non-economic.**

During the ABP program's first year, ComEd is expected to issue revised interconnection-cost estimates for hundreds of community solar applications across its territory. Because these projects won't know ComEd's revised cost estimate until after the project must sign this REC Contract (which has a 30-day acceptance window), there is a very likely scenario where some projects will have to voluntarily cancel their REC contract if ComEd's revised interconnection-cost estimate comes back too high.

Unfortunately, the draft REC Contract does not include any allowance for this likely situation. Instead the draft REC Contract appears to contemplate that any Seller who doesn't

² *Id.*

build the project after it receives a non-economic revised interconnection-cost estimate will fall into default – and thus forfeit their paid Collateral Requirement. Even though the project would have become non-economic due to no fault or negligence of the project developer.

To address this concern, we respectfully request that the IPA adopt the following redline addition to the draft REC Contract:

Seller may cancel the REC Contract and receive a full refund of the Collateral Requirement under the following conditions:

- (1) the Seller has received a revised Interconnection Agreement from the utility with a revised interconnection-cost estimate, where said cost estimate is more than 30 cents per watt AC; and**
- (2) the Seller gives notice of canceling the REC Contract within 30 days of receiving said revised Interconnection Agreement with a revised interconnection-cost estimate.**

This limited right to cancel for good cause would reduce the risk of collateral forfeiture that would otherwise be created by the draft REC Contract combined with ComEd's plan to restudy the estimated interconnection cost of the majority of lottery-eligible community solar project application *after* the date by which Block 1 lottery winning projects must accept the awarded REC Contract.³

At the same time, given the thousand-plus community solar applications currently in the interconnection queue (and presumably soon to be in the ABP Block 1 lottery queue), the ABP (and Buyer) will be able to mitigate the loss of any REC Contract cancelled for good cause by simply offering the REC Contract to the next eligible project in queue.

³ The proposed 30-day window in subpart (2) is intended to align with the 30-day acceptance period under the state's standard Interconnection Agreement.

Conclusion

Although these comments are not comprehensive, we respectfully ask the IPA to consider these points along with any other concerns raised by other stakeholder comments.

Sincerely,

[Submitter 10 representative]