

January 18, 2019

Director Star,

As we approach the opening of the Adjustable Block Program the undersigned companies remain deeply concerned about a significant flaw in a critical part of the Community Solar program; specifically the requirement that non-refundable REC collateral for a Community Solar project be paid prior to any visibility into the utility company's final cost requirement for interconnecting such project. We believe the current structure of this component of the program is unfair to participants in the program. We respectfully request that you reevaluate this provision and amend it to address our concerns.

As you know, the Program Guidebook and Lottery Procedure document establish a requirement that a project that wins a REC award must sign the REC contract and make a non-refundable collateral deposit within 30 business days of ICC approval of such REC contract. We support a non-refundable collateral obligation for projects that win REC awards; however, the timing that's been proposed is highly problematic. We draw your attention to the fact that the REC collateral deposit for a typical Community Solar project will be between \$180,000 - \$200,000 per project. This amount, in and of itself would not be problematic if a developer had clarity on all of the significant costs associated with a project. Unfortunately, in the case of the Community Solar projects it is highly unlikely any developer will know a project's revised interconnection cost after restudy until well after the 30-business day period after REC contract approval by the ICC.

Illinois utilities have informed the industry in numerous meetings that the interconnection cost estimates developers have received during the initial interconnection agreement process are not to be relied upon as the final cost, that the costs could change significantly in either direction, and that only after full restudy would the utility and the developer know the actual interconnection cost for any project. Illinois utilities have also informed the industry that they will not start the revised interconnection cost restudy process on any project until after the initial REC award process is complete. They also have estimated that the time they will need to provide a restudy for any project will be about 60-90 days; however, the utilities have yet to formally document the timing and process for such restudies. Under this paradigm it will not be possible for a developer to know the revised post-restudy interconnection costs of a REC- awarded project before being obligated to sign the REC contract. This situation exists for virtually all prospective Community Solar projects, regardless of where they sit in the interconnection queue.

Interconnection costs represent a very significant portion of the cost to a project. If the revised restudied interconnection cost causes a project to become unprofitable, the developer will be forced to terminate the project and surrender the REC collateral. If implemented, this system's timing would be unique in the United States for very good reason: it is not commercially reasonable to require any party to bind themselves to a contract where they don't know all the economic terms and conditions or have recourse if those terms and conditions materially change due to the behavior of the counter-party to the contract after the contract is signed.

We respectfully request that non-refundable REC collateral continue to be required for the REC contract but that it remain refundable until 30 days after the initial revised interconnection costs for a project are presented to the developer by the utility following restudy. We support the establishment of a simple system of notification by the utility to the IPA of the issuance of the initial revised interconnection cost amount to the developer at the conclusion of the restudy process for the applicable project. At that

time the 30-day period would start during which the developer would have the option to terminate the REC contract or Project Order in respect of such project, after which the collateral would become non-refundable in the event of non-termination. Such an approach will ensure all parties have transparency on the project costs. We do not believe this will lower the bar for project submission, as developers will still need to have a significant amount of capital lined up to continue advancing their projects immediately after the lottery.

Very truly yours,

[Submitter 11]

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