

**Environmental Defense Fund Response to
Adjustable Block Program Block 1 Lottery Request for Follow-Up Comments**

In response to the Illinois Power Agency's ("IPA's") Block 1 Lottery Request for Follow-Up Comments, Environmental Defense Fund ("EDF") hereby submit this response. EDF submitted comments to the Block 1 Lottery Strawman proposal, and appreciates the opportunity to follow-up with these response comments. The IPA's request for follow-up comments shows thoughtful consideration of the comments received on the Strawman.

EDF supports continued refinement of the lottery process, but emphasizes the importance of opening the program as soon as practicable. To the extent that changes to the IPA's currently-planned process would cause delays to the Agency's currently-planned schedule, the benefits of those changes should be weighed against the impacts of delay. Illinois stands to receive substantial benefits from projects, many of which will not be realized until the programs open and projects begin construction.

Synchronization of the IPA Lottery with the Utility Interconnection Queue Process

Several commenters who responded to the Strawman proposal expressed concern that, although the IPA is requiring signed interconnection agreements in order to be eligible for the lottery process, there is no interconnection deposit required prior to the lottery. Because of that, there seems to be widespread concern that there are a substantial number of speculative projects in the current interconnection queues that developers have no intent to build, but were submitted

simply to hold “lottery tickets” that will then be swapped for other, real projects if selected in the lottery. The Agency noted that, upon assignment of lottery order positions, utilities may begin seeking nonrefundable deposits in order to clear the interconnection queue of “nonviable projects.”

The IPA acknowledged those concerns raised in two ways: by requesting feedback on ways to reduce applications from speculative projects, and by requesting feedback on potential Agency actions should utilities begin collecting such deposits. To the extent any additional financial deposits or burdens are placed on projects in order to reduce the number of nonviable projects in the lottery, we suggest that mechanisms to collect non-refundable deposits or institute application fees should focus on options that allow for the money collected to be deposited into RPS budget accounts under the control of the Illinois Power Agency, rather than defaulting to higher interconnection fees that become property of the utilities. This would allow for the money from developers, however marginal, to be used to grow the size of the RPS budget and further program and policy interests.

Reducing Applications from Speculative Projects

Requiring Community Solar Projects with a Small Subscriber Commitment to Show Robust Solicitation and Enrollment Plan

EDF supports additional requirements to ensure that community solar projects that submit to the portion of the lottery that is reserved for such projects have a high likelihood of actually soliciting and enrolling the required level of small subscribers, so long as those requirements are not overly rigid. Projects with a greater percentage of small subscribers meet the spirit and the letter of the statute, and will provide tremendous benefits to the state. Small customer acquisition has been identified throughout the Plan development process as a hurdle for developers. In response to those concerns, the IPA provided additional financial incentives for projects with a

greater percentage of small subscribers, and reserved 50% of funding for the first community solar block for projects with at least 50% small subscribers.

Given these incentives, there is some concern that projects may submit to the small subscriber reserved portion of the first community solar block that are not adequately equipped or prepared to successfully undertake small subscriber acquisition. The Program Administrator can serve as a reasonable arbiter as to whether a developer is in fact prepared to acquire those customers. Confirmation that a developer is likely to be successful in small subscriber acquisition could include (and is not limited to): evidence that the developer has already attracted interest from a substantial number of small subscribers; evidence of partnership with a community-based organization that has committed to assist with soliciting subscribers; previous experience in small customer acquisition; evidence of partnership with another experienced provider of community solar subscriptions; financial models applicable to small subscribers to provide prospective customers with realistic expected costs; and developed marketing materials applicable specifically to small subscribers. It is likely not necessary or beneficial to develop a checklist of precisely what documentation is required or will be accepted to show proof of small subscriber acquisition ability. Rather, the Program Administrator can, on a case-by-case basis, use reasonable discretion as to whether a developer is adequately prepared. Further, small subscriber acquisition plans that rely on traditional, RES-like marketing strategies should be given extra scrutiny, given the well-documented history of consumer harm in the RES sector.

While EDF agrees that some evidence of success is beneficial, we do not want to see that prevent less sophisticated community-based developers from participating. Therefore, some evidence of a plan for small subscriber acquisition is desirable, but the requirements on the form of that evidence need not be too rigid.