



201 California Street, Suite 630, San Francisco, CA 94111
www.srectrade.com | 415.763.7732

October 19, 2018

SENT VIA ELECTRONIC MAIL

RE: Comments on Adjustable Block Program Approved Vendor registration requirements

Dear Program Administrator,

SRECTrade appreciates the opportunity to comment on the ABP Approved Vendor registration requirements. Below are our comments on both the existing requirements set forth in the draft document as well as general commentary on additional requirements that we believe will strengthen the Adjustable Block Program and protect consumers.

Comments proposed questions and requirements:

Attestation g. – SRECTrade requests that additional language be added to account for marketing material that has already been distributed by an installer prior to engaging with the approved vendor. It is common that an installer will have started the sales process or even completed projects prior to engaging with an approved vendor. In this situation it would be impossible to comply with the statement in attestation g, at no fault of the Approved Vendor. We believe that some flexibility should be allowed to submit marketing material to the program administrator retroactively when circumstances do not allow pre-approval. This will prevent customers from being excluded from the ABP program due to a failure on the installers part to engage an Approved Vendor and submit marketing material prior to starting the sales process.

Attestation h. – This blanket statement will be difficult for third party Approved Vendors as they will not have full control over all installer/partner actions. We believe a broader statement such as the following is more appropriate: “I agree to comply with all consumer protection guidelines and will require third party partners to demonstrate compliance with these requirements”.

The goal here would be not to require an Approved Vendor to attest to a statement which is inherently out of their control while requiring them to do everything possible to keep partners and vendors in compliance.

Comments on additional requirements for Approved Vendors:

SRECTrade agrees with the ABP goal to allow different types of entities to become Approved Vendors. However, we do believe that a distinction should be made between Third Party Approved Vendors and Approved Vendors who are direct stakeholders or owners in their solar projects. For clarity, a Third Party Approved Vendor would be a company that is a service provider utilized specifically for managing the ABP funds and REC requirements. A Third Party Approved Vendor would not have an underlying ownership interest in the solar project receiving ABP funds.

The inherent challenge of this program is in the timing of the block payments versus the delivery of the RECs to the utilities. Whether the system is receiving the payment on interconnection, or over the first 5 years there will be at least 10 years where the solar system has already received the benefit of the



201 California Street, Suite 630, San Francisco, CA 94111
www.srectrade.com | 415.763.7732

RECs but still has an obligation to deliver. This structure is especially challenging when the solar project owner is not the same entity as the Approved Vendor (i.e. a Third Party Approved Vendor). If not managed properly the result will be many Third Party Approved Vendors defaulting on contracts and utilities not receiving the corresponding RECs. We believe that this scenario will play out regardless of the Approved Vendors creditworthiness, or good intentions.

For these reasons we would encourage the IPA and Program Administrator to evaluate additional requirements to become an Third Party Approved Vendor. Not doing so would likely result in entities (most likely installers) becoming Approved Vendors only to find down the road that they have not allocated the necessary resources to manage the process or the risks that come with the collateral requirements. This will ultimately end up harming well intentioned installers (if they default), customers who will lose their collateral, and the utilities and ratepayers which will not receive the RECs.

Additionally, there will be little to no incentive for other Approved Vendors to take assignment of contracts should the original Approved Vendor default or seek to outsource the management of the contracts. This is due to the fact that payment will be made on day one, or over the first 5 years, leaving no funds available for a second Approved Vendor to charge fees for managing the contract. It is unlikely the solar owner would be willing to pay for this service if they are not the same entity as the Approved Vendor.

To ensure Third Party Approved Vendors are well equipped to manage these contracts we recommend the following be evaluated in the Approved Vendor app (if for a third party):

1. Does the applicant have experience managing RECs or REC contracts?
2. Does the applicant have experience in monitoring and reporting solar production to tracking registries?
3. Does the applicant have experience working with tracking registries?
4. Does the applicant have a resource allocation plan to service these contracts over the 15 years?
5. Does the applicant have sufficient incentive to continue servicing the contract over the term?
6. Does the applicant have experience in providing a similar service offering to other renewable energy asset owners?

SRECTrade urges the IPA and Program Administrator to consider these additional requirements for Third Party Approved Vendors to participate in the program. We believe that these requirements will ensure that only third party entities equipped to handle the Approved Vendor responsibilities will be approved, which will protect customers, utilities, and the integrity of the program.

We appreciate the opportunity to provide any additional feedback or comments as needed throughout the process.

Best Regards,

SRECTrade