



September 28, 2018

## **Summit Ridge Energy Comments on the Illinois Power Agency's Block 1 Lottery Strawman Proposal**

### **General Comments**

In previous rounds of comments during the approval process of the IPA's LTRRPP, Summit Ridge Energy (SRE) argued against the use of a lottery construct to mitigate Block 1 oversubscription concerns under the Adjustable Block Program. While we still believe that a lottery construct is an imperfect method of dealing with this concern, we do feel that it should remain the one that is utilized, as companies have been operating accordingly since ICC approval of the plan on April 3, 2018.

While we do support the IPA's consideration of some changes and additions to the lottery mechanics, as outlined under the corresponding strawman proposal headings below, we believe that any major overhauls to it are best left to the program design update process, set to take place in 2019, in order to avoid any delays to the program opening.

### **Lottery Process**

1. **Transparency.** Summit Ridge supports the IPA's proposal to have a fully transparent lottery process, which will be held at a public location and conducted using an algorithm to be made open to review by interested parties. With regard to the publication of information on the winning projects, however, we do understand the privacy concerns that have been voiced by some industry colleagues. As a solution, SRE supports the Joint Solar Parties' (JSP) proposal of publishing the queue number of winning projects, along with the name of the Approved Vendor, any small subscriber commitment status, and the random ordinal number assigned through the lottery. We support publishing project size for Community Solar projects only. In lieu of project addresses for Community Solar projects specifically, we support a less specific geographic identifier.
4. **"All projects selected in the Block 1 lottery will receive the applicable Block 1 pricing."** SRE would be in support of projects selected after the current (or subsequently revised) Block 1 allocation is met receiving Block 2 pricing. While it is likely that the impact of this would be marginal, it would result in more megawatts of solar being built at a slightly lower REC price.

5. **“Following the Block 1 lottery for a Group/category, Block 2 will be deemed to have been skipped.”** SRE supports the evaluation of utility funding levels being taken into consideration when finalizing Block 1 sizes, as mentioned (and footnoted) by the IPA in its final version of the LTRRP dated August 6, 2018. In addition to considering the difference in payment schedules between Small Systems (upfront) and Large Systems (spread over 4 years), SRE feels that both the lower SREC contract prices for utility scale-systems and the time value of money considerations for those 15-year payment schedules should be considered in evaluating additional funding that would potentially allow Block 2s remaining the same size if Block 1s are doubled via the lottery.
  
6. **“Projects that remain not selected following the Block 3 allocation will be placed in a rank-ordered waiting list (based upon their numbers from the Block 1 lottery). If and when additional capacity for that Group/category is made available by the Agency, those projects will be given 10 business days to accept or decline their selection...If a project declines its selection, the next project(s) in line in the wait list would be selected along the same terms.”** Interconnection cost estimates and additional transparency of costs of projects ahead in a given queue (or additional clarity on whether a project would jump to the head of its respective queue) will be needed under this “take it or leave it” scenario using lottery assignments post Block 3.

### **Reallocating Contracts**

Summit Ridge is in favor of this proposal as a way to help ensure that the most economically viable projects affiliated with a given Approved Vendor are built.

With regard to the 7-day window proposed for reallocation decisions, we agree with the JSP that instead on an arbitrary timeline (which is understandably intended to minimize delays), the window should be aligned with however long it will take the utilities at that point to provide more accurate and updated cost information and transparency.

### **25% Program Capacity at the Agency’s Discretion**

Summit Ridge strongly supports the argument put forth by the JSP in their comments on this issue. Namely, we agree that the intent on the ICC’s order on the matter was to have these funds deployed no later than a specific ABP block category filling up all three blocks ahead of schedule.

### **Additional Comments**

While Summit Ridge agrees with the majority of points put forth by the Joint Solar Parties and Coalition for Community Solar Access (CCSA) in the draft versions of their comments, our positions on certain proposed solutions do deviate from each, as addressed below.

- **Interconnection Queue Figures**
  - While the number of Community Solar applications in the interconnection queues of both ComEd and Ameren are significantly above the current program capacity

minimums as outlined in the LTRRP, we point out that interconnection application figures are best looked at as leading indicators of the actual number of projects that will be submitted into the program. The initial amounts that developers have to pay to submit interconnection applications (typically \$5k for ComEd and \$2,100 for Ameren) are far lower than the cost of performing financial due diligence and obtaining the non-ministerial permitting required to submit an application for a given project into the ABP. We note that this non-ministerial permitting requirement should entail submitting proof of obtainment instead of some sort of pledge.

- **Bidding Collateral & Project Application Cut-Off Date**

- While SRE agrees with high barriers to entry to the ABP program in general, we feel that the additional bidding collateral should only be necessary for the specific scenario cited by CCSA in its rationale for proposing a project application cut-off date. That is to say, bid assurance collateral should be required for projects located in counties or jurisdictions that do not have formal zoning processes and therefore do not have to incur the expense of meeting this prerequisite that other projects are required to do. Maintaining a level playing field for this barrier to entry is critical.
- We do not agree that imposing a universal cut-off date would directly address the issue cited above (for which we instead favor bid collateral).
- Bid collateral in general does not necessarily weed out inefficient projects and could inadvertently penalize smaller regional developers that are not gaming anything, while unfairly tilt balance towards larger developers. In addition, attempting to assess a given project's financial viability is extremely challenging when the interconnection cost information upon which this needs to be based is flawed in many ways at this point in time. Among these relevant flaws is the assumption that every project will be built, including larger utility-scale systems subject to a different process and timeline under the LTRRPP.

- **Responses to This Round of Comments due September 28, 2018**

- While SRE wants to minimize the chances of further program opening delays, in anticipation of there being many different viewpoints expressed in this round of comments (in which there was a noted lack of consensus), we believe a second round of expedited responses is warranted to facilitate a fully informed decision on the matter.