



September 28, 2018

*Via Electronic Mail*

Anthony Star  
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**Re: Comments on IPA’s September 10, 2018 Strawman Proposal for Block 1 Lottery**

Dear Director Star,

United States Solar Corporation (“US Solar”) files this letter in response to the Illinois Power Agency’s (“IPA”) September 10, 2018 request for comments regarding its Block 1 Lottery Strawman Proposal (“Lottery Proposal”). US Solar is a community solar farm developer/owner/operator that is currently developing projects in four states, with over 50 MWs of community solar installed and subscribed to date. We are excited to participate in the Illinois community solar market, and respectfully request the following three modifications to the Lottery Proposal:

- 1) During the 7-day reallocation window following the lottery, an Approved Vendor should be allowed to reallocate their lottery-eligible community solar projects across *all* issued Ordinal Ranks in the same Group – not just those Ordinal Ranks that fall within Block 1.**

This increased flexibility is key to allowing community solar developers to rearrange their build order to prioritize projects that are (1) higher in the substation queue, and (2) lower in expected interconnection costs. The first would allow for an orderly build sequence at the substation-queue level, while the later would improve economic efficiency by reducing aggregate interconnection costs.

Unfortunately, the current Lottery Proposal may only allow limited flexibility – depending on the definition of “selected” and “non-selected” in this key passage on page 4:

An Approved Vendor with both selected and non-selected projects after the Block 1 lottery (if held) will be given a one-time option within a window of 7 days to choose to replace some or all of its selected systems by choosing from its (or its Affiliates’) non-selected systems in the same Group/category, up to but not exceeding the selected project’s capacity.

To give a hypothetical example, a vendor could submit five eligible project applications (labeled A-E, from lowest-to-highest interconnection cost) for Ameren (Group A) and receive the following Ordinal Ranks:

**Table 1**

Project Name	Group A Ordinal Rank
A (lowest cost)	217
B	340
C	10
D	145
E (highest cost)	91

With only 49.5 MWs available in Group A Blocks 1-3, only one of these projects (Project C) would have a status of “selected” after the lottery is run. Thus the vendor in this example could only swap Ordinal Ranks for two of its projects, *e.g.*, its lowest-cost “non-selected” project (A) for its “selected” project (C), as shown:

**Table 2**

Project Name	Group A Ordinal Rank
A (lowest cost)	10
B	340
C	217
D	145
E (highest cost)	91

While this replacement may be sufficient for Block 1-3, the Ordinal Ranks coming out of this lottery process will actually control the build schedule for *all* wait-listed projects going forward. *Id.* at 3 (“Projects that remain not selected following the Block 3 allocation will be placed in a rank-ordered waiting list . . . [until] additional capacity for that Group/category is made available by the Agency[.]”). Given that, and given the limited 7-day window for reallocating Ordinal Ranks (*Id.* at 4), a cost-optimizing vendor would prefer to reallocate their community solar projects across *all* issued Ordinal Ranks in the same Group, as shown:

**Table 3**

Project Name	Group A Ordinal Rank
A (lowest cost)	10
B	91
C	145
D	217
E (highest cost)	340

We thus propose modifying the Lottery Plan to allow for this increased flexibility, as shown in redline below:

“An Approved Vendor with both selected and non-selected projects after the Block 1 lottery (if held) will be given a one-time option within a window of 7 days to choose to ~~replace-reallocate~~ some or all of its ~~selected systems by choosing from its~~ (or its Affiliates’) ~~non-selected systems issued Ordinal Ranks across all its lottery-eligible projects~~ in the same Group/category, up to but not exceeding the selected project’s capacity.” *Id.*, at 4.

Alternatively, the revised Lottery Plan could allow for an additional window for vendor reallocation of issued Ordinal Ranks across all “non-selected” eligible projects in the same Group at a later date, *e.g.*, prior to the opening of each successive REC Block.

- 2) **Project-specific lottery information should be published only *after* the 7-day reallocation period, to avoid unnecessarily upsetting the jurisdictions, landowners, etc. associated with projects that may initially be allocated a Block 1 Ordinal Rank that is then swapped for another project with lower interconnection costs.**

We propose modifying the Lottery Plan to reduce the risk of creating unintentional “endowment” effects, as shown in redline below:

“Each project participating in the Block 1 lottery will be identified by a name provided by the Approved Vendor; for all Block 1 lottery participants, that project name, the project size, the physical address, the Approved Vendor name, any small subscriber commitment status, and the random ordinal number assigned to the project through the lottery will be made public after the 7-day reallocation period has expired.” *Id.*, at 2.

Alternatively, the revised Lottery Plan could specify the publication of non-project specific information (*e.g.*, the project size, the Approved Vendor name, and any small-subscriber-commitment status) immediately following the lottery, with the later publication of project-specific information (including the project name and physical address) after the 7-day reallocation period.

- 3) **The Lottery Plan should specify that only a portion of the \$5,000 maximum community solar application fee (*e.g.*, up to \$500) is required prior to the lottery, with the remainder of the application fee due at the time the project is allocated to a REC Block.**

The final Long Term Renewable Resources Procurement Plan dated August 6, 2018 (“LTRRP Plan”), states:

For each project, there will be a non-refundable application fee paid to the Program Administrator or the Agency of \$10 per kW, not to exceed \$5,000 per project. This fee will be used to offset the administrative costs of running the



program and will decrease the administrative fees that would otherwise be taken from the utility RPS budgets.

*Id.*, at 129. The Plan does not, however, specify when the application fee must be submitted, or whether the payment can be made in multiple installments – so it would be appropriate for the IPA to clarify those timing elements in its revised Lottery Plan.

Of key relevance, we now know there could be as many as 1,000 MWs of community solar applications submitted for ComEd during the initial 14-day application window – with potentially another 1,000 MWs of community solar applications submitted for Ameren. Given that the total available Block 1-3 allocation is capped at 165.5 MWs (LTRRP Plan, at 102), the vast majority of the lottery-eligible applications will thus be placed on a wait list, and likely won't be allocated to a REC Block for one or more years.

To avoid the situation where the Program Administrator is holding millions of dollars in application fees for multiple years,<sup>1</sup> we propose that the revised Lottery Plan clarify that **the bulk of each community solar application fee shall be collected after the lottery, at the time each project is allocated to a REC Block**. While the IPA may see fit to require a portion of the application fee as a down payment to cover the cost of verifying project eligibility and running the lottery, it places an unnecessary burden on developers to collect the entire application fee upfront. Even if the IPA collected an initial \$500 (max) fee for each 2-MW application, 1,000 applications would still generate \$500,000 in collected fees, which should be more than enough to cover the Program Administrator's costs to verify project eligibility and run the lottery process.

Thank you for the opportunity to provide these comments to the IPA's September 10, 2018 Strawman Proposal for Block 1 Lottery. We look forward to participating in the lottery process and are excited to participate in the Illinois community solar market.

Sincerely,

s/ Ross Abbey

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<sup>1</sup> 1,000 2-MW applications combined across ComEd and Ameren times \$5,000 each would equal \$5,000,000 in total application fees.