

## **CONTRACT REQUIREMENTS**

Section 6.13 of the Long-Term Renewable Resources Procurement Plan (“the Plan”) states that the IPA and its Program Administrator will develop “a list of contract requirements”<sup>1</sup> to be provided to Approved Vendors. That section also notes that “[a]t a minimum, Approved Vendors may also use model leases and model financing instruments provided by the Solar Energy Industries Association (“SEIA”), or other contracts that meet requirements provided by the Agency.”

Similarly, as described in Section 6.13.1 of the Plan, the Illinois Commerce Commission’s Order approving the Plan requires that, for systems already energized at the time of finalizing consumer protection requirements, the following is required:<sup>2</sup>

1. **A signed contract amendment, that brings the contract or subscription agreement into full compliance with the minimum contract requirements from the Plan;**
2. The disclosure form, signed by the customer post-contract execution; and
3. Proof that the brochure was provided to the customer.

With the distributed generation disclosure form and brochure now finalized, the IPA is seeking feedback on a baseline set of contract requirements for terms to be addressed in the underlying installation contract applicable to the distributed generation photovoltaic system submitted for participation into the Adjustable Block Program.

All requirements included in this contract requirements document reflect items found in either the SEIA model contract or the disclosure form; consequently, the IPA hopes that this draft reflects minimum industry standards. Nevertheless, the Agency seeks stakeholder feedback to determine whether any of these items would pose unexpected burdens or may otherwise be disruptive to the marketplace.

**Feedback on these draft contract requirements must be received by the close of business on Monday, January 7, 2019 and should be sent to [comments@illinoisabp.com](mailto:comments@illinoisabp.com),** and the IPA and its Program Administrator will endeavor to publish a final list shortly thereafter.

Minimum contract requirements applicable to community solar subscriptions can be found in Section 7.6.2 of the Plan.

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<sup>1</sup> This relates to the contract between the Approved Vendor (or its agent) and the customer.

<sup>2</sup> Page 11 of the Distributed Generation Marketing Guidelines (<http://illinoisabp.com/wp-content/uploads/2018/11/Final-Distributed-Generation-Marketing-Guidelines-11.26.18.pdf>) contains an attestation for Approved Vendors to submit to the Program Administrator related to these requirements for such projects.

## **1. Common Contract Requirements for all business models**

- Right of rescission within three or more calendar days
- Construction schedule
- System design specification
  - Type of panels
  - Engineering schematic or line drawing of system
  - Size of system
  - Estimated first year production and annual degradation
- If performance guarantee is provided:
  - Host or owner's remedy in case of underperformance
  - Host or owner's procedure to lodge a claim under the performance guarantee
- Any change in pricing or other terms in the event of non-selection for Adjustable Block Program REC contract
- When mechanic's lien waiver(s) will be provided
- Responsibility for interconnection application
- If warranty is provided:
  - Term of warranty
  - Defects covered (e.g. faulty installation, malfunctioning components beyond manufacturer's warranty, roof damage)
  - Financial limits on warranty
  - Warranty provider
  - Host or owner's procedure to lodge a claim under warranty
- Allocation of maintenance obligations between host or owner & installer
- Allocation of responsibility for entering meter data
- Name of ICC-certified DG installer entity that will perform work
- All possible fees (other than those mentioned in #2, #3, and #4 below)
- Events of default
  - Remedies of both host or owner & installer in case of default
- Dispute resolution procedures
- Governing law

## **2. Contract Requirements specific to Purchase Transactions**

- Total price
  - Down payment
  - Schedule of subsequent payments
- When title transfers to host or owner
- Provisions for host or owner's transfer of RECs to Approved Vendor
- Owner's rights and obligations upon selling the property

## **3. Contract Requirements specific to PPA Transactions**

- Initial payment
- Frequency of periodic (e.g. monthly) payments
- Method of invoicing and payment

- Pricing terms per kWh (including escalation)
- Date of first payment
- Term of PPA arrangement
- Early termination fee
- Whether system removal is (i) mandatory or (ii) at the host's election or (iii) not possible upon contract termination
  - System removal fee
- Whether PPA offtaker has right to purchase the system
  - before end of lease term; or
  - upon end of lease term
  - In either case, economic terms for purchase
- PPA term renewal: automatic? At host's option? Not at all? What are the economic terms?
- System owner's right to file UCC-1 statement
- Allocation of responsibility to maintain insurance on system, and the required insurance terms
- Allocation of risk of loss in case of damage to system
- Host's rights and obligations upon selling the property
  - Requirements for transferring the PPA agreement to the new property owner

#### **4. Contract Requirements specific to Lease Transactions**

- Initial payment
- Frequency of periodic (e.g. monthly) payments
- Method of invoicing and payment
- Pricing over time (including escalations)
- Date of first payment
- Term of lease
- Early termination fee
- Whether system removal is (i) mandatory or (ii) at the host's election or (iii) not possible upon contract termination
  - System removal fee
- Whether lessee has right to purchase the system
  - before end of lease term; or
  - upon end of lease term
  - In either case, economic terms for purchase
- Lease term renewal: automatic? At lessee's option? Not at all? What are the economic terms?
- Lessor's right to file UCC-1 statement
- Allocation of responsibility to maintain insurance on system, and the required insurance terms
- Allocation of risk of loss in case of damage to system
- Lessee's rights and obligations upon selling the property
  - Requirements for transferring the lease to the new property owner