

Comments of [Commenter 15] to Illinois Power Agency's draft REC Contract

Introduction & Overview

[Commenter 15] is a developer of utility-scale and community solar (CS) generation. [Commenter 15] is actively developing a portfolio of CS assets across Illinois, and have been working closely with landowners, local and state officials, trade groups and allies to ensure that our project pipeline is as advanced and "shovel-ready" as possible.

[Commenter 15] appreciates the diligent work the Illinois Commerce Commission (ICC), Illinois Power Agency (IPA) and its procurement administrator InClima have put into the development of this contract, and we offer these brief comments in an effort to ensure program success. Overall, [Commenter 15] supports the comments of [redacted], and we offer these additional comments to underscore the [redacted] input.

We further understand that IPA is likely receive a wide variety of comments to this request for comment, so in an effort to expedite the process, we offer these key points:

- 1. The collateral requirements in IPA's proposed lottery process document are essential for program success and should not be diminished or altered**
- 2. IPA should make revisions to the draft REC Contract (as outlined in [redacted] comments) and move to launch the program as quickly as possible**

Further detail about the above points is outlined in the following pages.

- 1. The collateral requirements in IPA's proposed lottery process document are essential for program success and should not be diminished or altered**

In the IPA's first round of comment on the draft REC Contract, at least one party recommended that the IPA should reduce the collateral amounts or alter the deadlines for making collateral payments. The collateral amount and deadline described in the draft REC Contract (as well as in the IPA lottery and guidebook documents) are an important element that will ensure program success. The requirements should deter vendors from submitting projects into the program without consideration of development risks. If a developer doesn't have confidence in the costs that could come due upon the project, then it

should not enter that project into the program. If a project is awarded a REC contract, that project should be held accountable for delivery of the RECs regardless of remaining development risks. As such, IPA's proposal is sound.

The IPA's proposed collateral due date will create a strong mechanism that will ensure IPA hits program goals. If a developer bids a project without confidence about costs and development risks, that project may fail to deliver, which poses a risk that the program does not achieve statutory goals. While a failed project may eventually "refund" its REC award and see those RECs re-assigned to the next project on the waiting list, it is unclear when those refunded RECs would be awarded, or if the next project on the list will even be eligible and/or hold a valid IA, thus has the potential to displace what would have been construction-ready projects.

2. IPA should make revisions to the draft REC Contract (as outlined in [redacted] comments) and move to launch the program as quickly as possible

As stated in [redacted] comments, [Commenter 15] also believes the Adjustable Block program should open as soon as possible. While we understand that making the changes outlined in [redacted] comments may take time, [Commenter 15] believes any delay should be minimal. Significant delay will cause additional challenges for community solar—both from the lottery and in the interconnection process—as well as any other category where a lottery is expected.

Significant delay sends troubling signals to the private sector and penalizes entities that responded to the IPA's final Long-Term Plan and subsequent Agency statements. When the IPA announced on August 6, 2018 that the ABP would open on January 15, entities interested in the program began building business plans around this deadline. Because the program is a lottery, developers were required to calculate the value of their projects based on their chances of random selection against the number of competitors that could reach the qualification requirements by January 15.

Moving this date back significantly reduces value for companies that invested in Illinois projects and played by the rules outlined by the IPA. If the program is significantly delayed, it means more projects will get permits and IAs, diluting the chances and reducing the value of every project that is currently qualified. The Agency must consider the signals it sends to the market before making any changes to program launch timelines that can significantly reduce project value.