

[Submitter 1] appreciates the opportunity to comment on the second draft of the REC Contract.

[Redacted], [Submitter 1] wanted to bring a few key items to the attention of the IPA.

#### REC Collateral

[Submitter 1] strongly supports the current REC collateral requirements as drafted. To promote good development practices, prevent gaming, queue congestion, and a delayed program it is fair and reasonable to ask for Approved Vendors to post a financial commitment to move forward with the program. The risk of not having these requirements is good projects being passed over then forced out of queue in favor of speculative projects that will eventually be uneconomic and drop out. This is unfair to quality projects and is a risk to the state's compliance targets. [Submitter 1] recommends keeping the REC Collateral requirements as currently drafted.

#### Assignability Provisions

[Submitter 1] would like clarity on the current assignment provisions, specifically regarding REC Collateral and surplus REC account treatment. It appears that both the REC collateral and surplus REC account 'lives' at the Master REC contract (portfolio) level. And that even after assignment, both items stay at the Master REC contract level. We would prefer the option of keeping the REC collateral and surplus REC account at each product order/batch level, as opposed to the portfolio level. The reason for this stems from standard financing practices in the solar industry. Each project has its own design, equipment, customer mix, environmental dynamics and much more. As such, each financier such as Tax Equity or Debt providers, analyze and underwrite each project level LLC as an individual investment, even if they are investing in multiple projects. Having obligations that are shared between two different projects could create legal challenges such as assigning appropriate risk and valuation criteria. By having these provisions shared on a portfolio level, it could limit financing party participation to only the largest financial parties. It would be much more difficult for smaller or new market entrants to work within the program.

Simply, [Submitter 1] respectfully asks that each Approved Vendor have the option to select that product order/batch hold its obligations within itself without crossing in to other projects. We think this would benefit all market participants without overburdening any parties.

#### Unsubscribed RECs

The Master REC contract is written such that all RECs are transferred and retired by Buyer. However, only subscribed capacity is required to be paid for. This means that Buyer essentially gets free RECs for unsubscribed capacity. This isn't standard industry practice in other markets and seems to go against the intent of the program. [Submitter 1] requests that either a) Unsubscribed RECs are assigned a value to be bought by Buyer or b) Unsubscribed RECs are retained by Seller.