



September 14th, 2016

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Dear Illinois Power Agency,

Carbon Solutions Group (CSG) would like to thank the Illinois Power Agency (IPA) for the opportunity to comment on the 2017 Procurement Plan.

Forecasted Bidding

CSG fully supports the IPA's recommendation to allow for forecasted bidding in the 2017 DG procurement. As the only company successful in securing winning bids in both the SPV procurement and the previous two DG procurements, we view forecasted bidding through a unique lens. We have seen the benefits that forecasted bidding has had on the entire Illinois solar market first hand. Because of this, we would argue that the biggest reason that the SPV procurement was so much more successful than the DG procurements is the allowance of forecasted bids. Homeowners and businesses that install solar panels want to feel secure about their return on investment. If the REC availability or price is uncertain, potential system owners, especially in the small size category, will be less interested in moving forward with a solar investment. This uncertainty creates a large additional burden for solar developers and installers to overcome. They not only have to put in a large amount of work in preparing plans, contracts, proposals, etc. for projects that have uncertain economics, but they also have to explain the nature of the bid process and get the potential customer comfortable with putting in the effort to place a bid as an identified system.

Because of forecasted bidding in SPV procurement, aggregators, installers, and project developers have been able to approach potential solar system owners with a high level of certainty on the system's ROI. No waiting period enables system owners to move forward quickly and lock up the REC revenues right away. Blocks of forecasted RECS have been much more effective than either the DCEO Rebate or the previous DG Procurement's identified bidding at incentivizing new solar installation as evidenced by the increased solar capacity in the state. Over the past year and a half, installers and project developers in the state of Illinois have built a track record of being able to find and install sub 25kW systems using forecasted bids.



Forecasted bids allows installers to partner with cities and counties to enter into large bulk bid programs such as the one in Champaign-Urbana. The certainty of having forecasted RECS contributed to the program's recognition as one of the most successful of its kind in the country. We believe that it is also the reason why there are many other such programs being administered across the state. In order for new municipalities to create programs with similar success, installers and developers need to be certain of the REC revenues through forecasted bids forecasted RECs before they build renewable facilities. CSG commends the IPA's recommendation to allow for forecasted bidding in the 2017 DG procurement and highly recommends that it be adopted in the final plan.

As a point of clarification; we believe that the 1 MW threshold and the addition of forecasted bids can in fact coexist, thereby minimizing contracting burdens on utilities while engendering increased overall supply participation. In fact, it may be a fair tradeoff to continue to maintain the 1 MW threshold for identified systems in exchange for the ability to add forecasted bidding to the process.

Lowered Bonding Cost

Up-front costs in the form of bonding and fees have been the second most significant barrier to entry, behind the absence of forecasted bidding, preventing renewable energy systems from participating in the DG procurements. The three separate payments previously due by successful bidders (IPA Bond, Utility Bond, and Supplier Fee) were both complicated and an expensive outlay of capital for individuals and businesses developing renewable energy projects. Lowering the bond owed to the IPA from \$8 to \$4 and removing the Utility Bond will help increase participation and the return on investment for system owners. Lowering this fee will not impact the effectiveness of the bond as an incentive for winning bidders to complete their systems. The Supplier Fee and the IPA bond create sufficient incentive for the projects to be built and deliver RECS. These also provide a sufficient deterrent to prevent systems from bidding into the procurement that do not intend to deliver RECS.

CSG supports the IPA's recommendation to lower the bond from \$8 to \$4 and remove the Utility Bond. It will still be as effective in ensuring winning systems comply with their contracts, and it will free up cash for installers and system owners to spend toward marketing and installing renewable energy systems.

Tracking Systems Capacity Factor

CSG recommends that the capacity factor of 14.68% for all solar systems be reconsidered. There have been very few tracking solar systems installed in the state under the previous DG and SPV procurements. These systems generate more power per watt of panel installed, but are unable to sell the additional RECS they generate because they are limited by the state's capacity factor. We would



recommend that an additional capacity factor tier be added for tracking solar systems to enable them to also be incentivized by the DG procurement.

We would recommend that data from the National Renewable Energy Lab be utilized to add a new tier for solar arrays with tracking.

CSG greatly appreciates the IPA's efforts in improving the DG procurement over the past two years. The changes to the DG Procurement proposed in the 2017 Procurement Plan are huge steps forward and will be extremely beneficial to the solar and renewable industries in Illinois. Thank you for your consideration of our comments.

Regards,

Carbon Solutions Group

A handwritten signature in black ink, appearing to read "Dylan DeBiasi", written in a cursive style.

Dylan DeBiasi