



Borrego Solar Comments on the IPA's May 10 Workshop on Initial Forward Procurements

May 17, 2017

Anthony Star
Director, Illinois Power Agency
Michael A. Bilandic Building, Suite C-504
160 North LaSalle Street
Chicago, Illinois 60601

Dear Director Star,

Borrego Solar Systems worked with the Joint Utility-Scale Solar Parties to develop joint comments on the May 10 Initial Forward Procurement workshop, and we fully support those comments. In addition, Borrego Solar offers the following additional comments on two other issues discussed at the May 10 workshop.

First, in addition to the project maturity considerations the Joint Utility-Scale Solar Parties address, we wish to raise another important concern related **to the eligibility of certain projects to bid in future auctions. We believe it is critical to prevent project sponsors that win an award and subsequently fail to bring the project to completion or otherwise fail to meet their delivery requirements from bidding the same project into subsequent auctions.** The ability to win an award, abandon the contract, and then re-bid the same project into a subsequent auction has been a key contributor to the high (30-40%) attrition rates and speculative bidding in the early LREC/ZREC auctions run by the state of Connecticut (weak site control and a lack of other project maturity requirements are also a key driver of attrition in that program). See <http://www.mass.gov/eea/docs/doer/renewables/final-net-metering-and-solar-task-force-report.pdf> at 88-91 for a discussion of attrition and other problems with the ZREC/LREC program structure.

In fact, the latest round of Connecticut LREC and ZREC auction rules includes terms that are designed to address this concern by prohibiting new bids from projects that previously received and accepted an award. See <https://www.eversource.com/Content/docs/default-source/ct---pdfs/lrec-zrec->

[rfp.pdf?sfvrsn=0](#) at 11. Prohibiting projects that win an award and then default on that award from bidding into subsequent procurements will encourage discipline among bidders and further discourage speculative bidding behavior.

Second, we have some concerns with slide 12 of NERA's May 10th workshop presentation (p. 34 of the PDF document). This slide lays out the proposed development security and performance assurance provisions. **Our concern relates to the bullet that indicates that certain "investment-grade" entities would be eligible to provide an unsecured line of credit in place of one of the other forms of financial assurance.** While we do not necessarily oppose such a provision, we are very concerned that restricting access to this option only to "investment-grade" entities will create an uneven playing field between a small number of publicly traded entities and the many other developers—including Borrego Solar—that are not publicly traded and/or do not have a public credit rating. The simplest way to avoid creating an unfair and uneven playing field would be to simply apply the same rules to all procurement participants, regardless of whether they are publicly traded or rated as "investment grade."

Thank you for your consideration and your attention to these issues. We look forward to participating in the next phases of the program development process.

Sincerely,

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