

Community Solar

May 18, 2017

Agenda

9:00 a.m. – 9:30 a.m.	Welcome and introductions
9:30 a.m. – 10:00 a.m.	Overview of community solar
10:00 a.m. – 11:30 a.m.	Project development and application requirements
11:30 a.m. – 12:30 p.m.	Consumer protections

- This Afternoon
 - Illinois Solar for All, 1:30 p.m.
- Next week in Springfield (Wednesday, May 24)
 - Programs for Rural Communities
 - Note new location: Abraham Lincoln Hotel, Ottawa Room

Workshop Goals

- This workshop is intended to introduce to stakeholders the Adjustable Block Program for Community Solar, and to describe certain initial proposed approaches under consideration by the Illinois Power Agency.
- Discussion of the Illinois Solar for All Program will be held at this afternoon's workshops
- The workshop is also intended to be a forum for stakeholders to provide feedback to the Agency. Additional opportunities will also be available at later dates, including the opportunity to respond to a Request for Comments following this workshop
- Discussion of potential approaches to the development and implementation of the Community Solar should be considered preliminary in nature.
- The Agency will release a draft Plan for comments, and file a Plan for approval by the Illinois Commerce Commission

Presenting Today

- Anthony Star, Director
- Brian Granahan, Chief Legal Counsel

- Levitan and Associates, Planning Consultant
 - John Bitler
 - Edward Tsikirayi

Overview of community solar

Community Solar is a subset of the Adjustable Block Programs

- Blocks have a set size and prices that adjust between blocks
- Transparent schedule of prices (set as a value or a formula)
- 15 Year REC contracts
 - 20% paid at time of interconnection and energized, balance paid out over 4 years
 - Clawback provision to ensure delivery of RECs during the contract
 - Provisions to ensure that payments by utilities do not exceed funds collected from rate payers
- Goal to ensure that projects are in diverse locations and not overly concentrated

What is Community Solar in Illinois?

Defined in the Illinois Power Agency Act

"Community renewable generation project" means an electric generating facility that:

- (1) is powered by wind, solar thermal energy, photovoltaic cells or panels, biodiesel, crops and untreated and unadulterated organic waste biomass, tree waste, and hydropower that does not involve new construction or significant expansion of hydropower dams;
- (2) is interconnected at the distribution system level of an electric utility as defined in this Section, a municipal utility as defined in this Section that owns or operates electric distribution facilities, a public utility as defined in Section 3-105 of the Public Utilities Act, or an electric cooperative, as defined in Section 3-119 of the Public Utilities Act;
- (3) credits the value of electricity generated by the facility to the subscribers of the facility; and
- (4) is limited in nameplate capacity to less than or equal to 2,000 kilowatts.

Defining Subscriber and Subscription

"Subscriber" means a person who:

- (i) takes delivery service from an electric utility, and
- (ii) has a subscription of no less than 200 watts to a community renewable generation project that is located in the electric utility's service area.

No subscriber's subscriptions may total more than 40% of the nameplate capacity of an individual community renewable generation project. Entities that are affiliated by virtue of a common parent shall not represent multiple subscriptions that total more than 40% of the nameplate capacity of an individual community renewable generation project.

"Subscription" means an interest in a community renewable generation project expressed in kilowatts, which is sized primarily to offset part or all of the subscriber's electricity usage.

Portability and Transferability

- “Portable” means that subscriptions may be retained by the subscriber even if the subscriber relocates or changes its address within the same utility service territory
- “Transferable” means that a subscriber may assign or sell subscriptions to another person within the same utility service territory.

Bill Credits

- Electric utilities shall provide a monetary credit to a subscriber's subsequent bill for service for the proportional output of a community renewable generation project attributable to that subscriber

Unsubscribed Energy

- The electric utility shall purchase any unsubscribed energy from community renewable generation projects that are Qualifying Facilities ("QF") under the electric utility's tariff for purchasing the output from QFs under Public Utilities Regulatory Policies Act of 1978.

Regulatory Status

- The owners of and any subscribers to a community renewable generation project shall not be considered public utilities or alternative retail electricity suppliers under the Public Utilities Act solely as a result of their interest in or subscription to a community renewable generation project and shall not be required to become an alternative retail electric supplier by participating in a community renewable generation project with a public utility.

Virtual Net Metering

- Virtual net metering allows subscribers to community solar projects to receive comparable benefits to if they had solar panels onsite
- Utilities now required to offer virtual net metering
- Utilities will file tariffs by 8/30/17
- ICC will approve tariffs by 9/29/17

Project development and application requirements

Community Solar compared to Distributed Generation

- At a high level the provisions for Community Solar projects should mirror those for larger Distributed Generation Systems in terms of basic mechanics of process and procedures
- What provisions need to be different?

Policy Considerations

- Many policy considerations debated in other states are set by law in Illinois
 - Ownership model
 - Maximum size of systems
 - Distance from system to subscribers
 - Minimum number of participants
 - Virtual net metering, bill crediting
 - Specific opportunities for low-income subscribers through the Illinois Solar for All Program
- Need to recognize retail competition in Illinois
 - How does community solar intersect with customer choice for electric supply?
 - How will consumers understand community solar compared to offers from alternative suppliers for renewable supply service?

Geographic Considerations

- Community solar projects are located in the same service territory as subscribers
 - Should there be considerations to encourage projects to be located close to subscribers?
 - How to ensure geographic diversity?

Project Application Requirements

- Should community solar projects have different application requirements than a comparably sized distributed generation project?
 - What level of demonstration of subscriber interest prior to construction?
 - How should it be documented?
 - What commitments to consumer protections/standards?

Community Solar Blocks

- How should blocks for Community Solar vary from those for Distributed Generation?
 - What assumptions about pricing?
 - Should REC prices be higher or lower?
 - How will REC pricing impact interest in Distributed Generation versus Community Solar?
 - Strong interest in developing Community Solar projects
 - Will the need to secure subscribers push developers to move quickly?
 - Will managing blocks be more difficult than for distributed generation?
 - Should blocks have similar schedule to Distributed Generation?

Development Milestones

- Should the time allowed for project development be different than for comparably sized distributed generation?
- What project development milestones should be required that demonstrate subscriber interest?

Payments for RECs/Clawback Provisions

- How will the value of RECs flow through to subscribers?
- What will be the impact on subscribers who subscribe after REC payments have all been made?
- How would clawback provisions relate to individual subscribers?

Defining the Community Solar Market

- Interest in community solar for commercial subscribers appears to be increasing. Less clear is what is the level of the interest from residential customers
- Should REC pricing (or adders) vary based on portion of the project that is residential?
 - How to verify this, and what would be required over time?
- Should project application/viability requirements be different based on mix of residential and commercial customers?
- Are there additional considerations for projects that are entirely commercial subscribers, or entirely residential subscribers?

Rural Cooperatives and Municipal Utilities

- Can community solar in Rural Cooperatives and Municipal Utilities participate?
 - Definition of Community Renewable Generation Project mentions them, but
 - Requirements that related to bill credits and purchase of unsubscribed energy would appear to exclude them

Other Community Renewables Project

- Definition of Community Renewable Generation Project includes wide range of renewable energy sources, but Adjustable Block Program language is narrowly for solar only
- Is there consumer interest in other types of community renewables projects?
 - If so, could they participate in other IPA procurements? Is this sufficient?

Consumer protections

Key Consumer Protection Issues

- Representations around energy savings:
 - What electricity rate is used?
 - What other assumptions are made (such as how that rate changes over time)?
 - Could the use of disclosure forms standardize these representations?
- What is a “subscription”?
 - It’s an “interest,” but what is an “interest?”
 - Ownership clearly is an interest; are there clear boundaries around what other contractual relationships would fit under that term?
- Should up-front fees for subscriptions be capped/prohibited?
- Should up-front deposits for subscriptions be capped/prohibited?

Marketing Materials

- Should IPA have the opportunity to review marketing materials?
- Should IPA have guidelines (or rules) around appropriate marketing materials?

Additional Considerations

- In the case of up-front payments by customers, should there be a uniform approach to projecting project payback period and should that be required as part of the disclosure to customers?
- Should warranties around system performance (and thus system benefits) be required between the community solar project developer and the subscriber?
- Are there consumer privacy implications to a community solar project subscription, and if so, how should those best be managed or regulated?

Disclosures

- What sort of disclosures around project insurance and project maintenance, if any, should be required between the project developer and the subscriber? Should there be requirements around maintaining insurance?
- Are disclosures sufficient, or are certain parameters around contract terms between community solar project developers and subscribers required?
 - Price escalation caps?
 - Transfer fees? Project can be “transferable,” but does that prohibit fees for transfers?
 - Fees around downsizing allocations? Should those be capped?
 - Uniform cost savings projections?
 - Uniform system output projections?

Ideas from the ARES Part 412 Rules for Community Solar Subscriptions

- Provisions around minimum terms for supply contracts, among those that might be applicable to the solar context
 - Legal name of the business
 - Business address
 - Contact information (phone number; email also appropriate? Website?)
 - Contract length
 - Termination fees and amounts
 - Any deposits required
 - Any switching fees
 - “cooling” period under which the contract can be rescinded without penalty
 - Statement of what the entity is and that it’s not a representative of the utility company
 - If savings are guaranteed, a clear description of the provisions that must be present for savings to occur
- Door-to-door sales conditions
 - Identification requirements
 - A statement of what type of entity the salesperson represents
 - Verbal disclosure of a uniform disclosure statement
 - That statement then must be initialed by the customer
 - Third-party verification
 - Translation services if necessary
- Telemarketing
 - Disclosure of the purpose of the call
 - Translation services if necessary
 - Verbal disclosure of a uniform disclosure statement
 - Third-party verification
- Direct mail
 - Including aspects of uniform disclosure statement
 - Copy of the contract communicated after utility acceptance of customer switch
- Online marketing
 - Similar materials
 - Verification data by encrypted customer input on RES website
- Sales agent training
 - Familiarity with power and energy services
 - Toll-free number for questions
 - Prohibition against misleading marketing statements
- Record retention
 - Records kept for two years
 - Contract available upon written request
- Renewal Terms
 - Disclosure of automatic renewal terms
- Notification within certain period

Changes to Subscriptions

- How are these consumer protection issues different for community solar projects?
- Subscriptions must be portable
 - Can be taken from address to address (only within a utility service territory? Presumably)
- Subscriptions must be transferrable
 - Can be assigned to a different ratepayer (only within a utility service territory? Presumably)
- What about exiting an agreement? Not an issue with a rooftop installation, outside of the sale of the house and new net metering application to be filed