



**Distributed Generation
Request for Comments**

Issued: July 3, 2014
Due: July 21, 2014

On June 12, 2014 the Illinois Power Agency held a workshop on Distributed Generation (“DG”).¹ In response to the workshop discussion, the IPA now requests interested parties to provide written responses to the questions below. Please email responses to Anthony Star (Anthony.Star@illinois.gov) by July 21, 2014. All responses will be posted on the IPA’s website.²

The solicitation of comments is intended for the IPA to receive ideas, information, and feedback from stakeholders. Decisions regarding inclusion in the IPA’s proposed 2015 Procurement Plans³ are at the sole discretion of the IPA, and final Plans are subject to the approval of the Illinois Commerce Commission.

Questions

1. For DG between 25 kW and 2 MW in nameplate capacity, should the IPA consider holding procurements for more than one size range category? Are there other attributes that should be considered (e.g., net metering eligibility, community solar projects, residential/non-residential) in determining procurement categories?
2. How should the IPA define a distributed generation system? Is size of a system defined at the inverter, at the meter, or in some other way?
3. If the IPA holds separate procurements for new and existing systems, how should those terms be defined? For example, is a system under development but not in operation at the time of the procurement new or existing? If RECs procured from new systems are anticipated to be of higher value than those from existing systems, what can the IPA

¹ See: http://www2.illinois.gov/ipa/Pages/Plans_Under_Development.aspx for more information on the Workshop.

² Any stakeholder wishing to provide the IPA with information it deems confidential and/or proprietary may submit both “public” and “confidential” versions of its written responses, with only the “public” version posted on the IPA website. Consistent with its duties under 20 ILCS 3855/1-120, the IPA will institute controls to protect against the disclosure of any confidential and/or proprietary information furnished by any stakeholder in this process.

³ Public Act 98-0672, signed into law by Governor Quinn on June 28, 2014, creates a new Section 1-56(i) of the IPA Act requiring the IPA to develop a supplemental procurement plan for photovoltaic resources – including from distributed generation. The Agency will have 90 days to develop the supplemental procurement plan, 14 days to receive comments, and 14 days to revise and file the supplemental plan. The Illinois Commerce Commission will then have 90 days to approve the supplemental procurement plan. In addition, pursuant to Section 16-111.5(d), the IPA will issue its regular draft procurement plan on August 15, 2014 and receive comments on it for 30 days. An updated draft plan will be filed with the Illinois Commerce Commission at the end of September for approval by the end of 2014.

consider that will prevent the procurement process from having a short-term impact on project development?

4. How long and what flexibility should the IPA allow for new systems to commence operation after the procurement event?
5. What are the advantages and disadvantages of REC contracts of five year terms and those of a longer duration? Please be specific by market segment/size, and between new and existing systems.
6. What are the trade-offs between contract terms for new systems that pay for RECs as they are delivered versus contract terms that would allow for some upfront payment upon the system going into operation, but with commensurate enhanced credit requirements and clawback provisions?
7. What elements may be necessary to include in clawback provisions to ensure that Agency, ratepayer, and stakeholder interests are properly protected?
8. What are the perceived risks that developers, property owners, lending institutions, utilities, utility ratepayers, and other stakeholders may be exposed to as a consequence of the IPA entering into REC procurement contracts with terms of more than 5 years?
9. What credit requirements may be appropriate for aggregators and other counterparties (i.e., self-aggregating system owners)? Should these requirements vary based on REC portfolio size and system size? If so, how?
10. Are there timing considerations other than those related to DCEO rebates, state and federal tax incentives that the IPA should consider?
11. If aggregators are allowed to bid speculatively (e.g., not all projects in their aggregation identified at the time of bidding), what would be a reasonable length of time for aggregators to be given to provide evidence of viable projects, and what provisions should be considered to reallocate quantities of RECs to other aggregators if an aggregator is not able to verify progress on project development?
12. What additional provisions, if any, should be included to allow entities to be their own aggregator?
13. Given the framework of the Illinois RPS and provisions of the new Section 1-56(i), what models from other states should the IPA consider? Are there aspects of other state's models that the IPA should be aware of to avoid, and why?
14. Should the IPA consider tracking RECs using systems other than PJM-GATS and M-RETS?
15. Are there policies and procedures for tracking DG RECs (e.g., system certification) that need updating under current M-RETS and PJM-GATS frameworks?
16. Participants in our June 12th workshop included project developers, solar installers, both local and national businesses, utilities, trade associations, environmental organizations, consumer advocacy groups, and state agencies. Are there additional entities (or categories of entities) that should be engaged in this process?