

Supplemental Photovoltaic Procurement Plan Workshop



Features of Distributed Generation Programs in Other States



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Agenda

- Types of Programs
- Experience with Product Categories
- Experience with Contract Features
- Features that Promote Opportunities for Participation
- Features that Promote Probability of Success in Converting Bids to Projects

Various types of programs used to support PV development

- Tax incentives
- Rebates
- Loans
- Purchase power agreements
- Purchase of renewable energy credits

Purchase of Renewable Energy Credits Provides Some Revenue Certainty



- Purchase of renewable energy credits provides certainty on the price that can be obtained for the project's generation of RECs for a period of time
- The assurance of potential revenue can enable financing for solar projects
- This is the approach mandated by HB 2427 and is also the approach used in some other states for DG
- In these other states the utilities are the purchasers of RECs

Experience with Product Categories (1)

- Generally referred to as “segments” and identified with the capacity of the project
- New Jersey Program (10-15 year contracts)
 - < 50kW, 50kW-2MW
 - All projects compete in competitive bidding process for available program capacity
 - However, an “aspirational goal” for projects < 50kW opens the possibility that smaller projects could be selected even if higher priced
 - Residential and public projects in small segment also eligible for rebate through a separate program
- New Jersey has added grid-supply solar for the renewal of this program but now projects compete only within segments; new contract term uniform at 10 years

Experience with Product Categories (2)

- Connecticut: small/medium/large categories (15 years)
 - < 100 kW, 100-250kW, 250-1000kW
 - Solar projects compete with other technologies
 - Projects compete only within a segment for program funds
 - Smaller projects (< 100 kW) have standard offer based on the medium sized project clearing price
 - Medium and large projects subject to competitive bidding process with a cap based on the alternate compliance payment
- Delaware: different categories for new and existing (20 years)
 - new: <30kW, 30-200kW, 200kW-2MW ; existing: <30kW, 30kW-2MW
 - New projects in the medium segment compete in competitive bidding process for a fixed quantity; same for new projects in large segment
 - Existing projects compete with small new projects
 - Competitive bidding process determines price for first seven years; fixed price for last thirteen years of contract (\$35/SREC)

Experience with Contract Features

Some features of contracts across these programs are standard

- Applicants must agree to terms of standard contract to participate
- Contract between utility and system owner
- Contract specific to a system identified by location, size, and customer
- Contract can be assigned
- Deposit required for new projects to be refunded upon beginning of operation (forfeited if project not successful)
- Applicants set up within renewable energy credit registries (e.g., PJM-EIS GATS, NEPOOL-GIS)
- RECs from project are transferred to utility account during contract term
- Payments over life of contract tied to transfer of RECs (with some program have clawbacks for RECs above expected production)

Other Contract Features

- Customer must agree to net metering arrangement of utility
- If customer or host is not also the owner, customer and/or host must agree to the installation and operation of the project
- REC Registry agreement with utility can give control of REC account to the utility
- Applicants may be required to install a specific meter to measure project output
- Contract will also specify
 - whether system owner is responsible for cost of inspection, interconnection, meter installation costs
 - any allowable variations in system specifications from materials submitted at the application

Features that Broaden Opportunities to Participate

- Many commercial arrangements are allowed
 - Contract contemplates the possibility that owner of project may be customer, host, or developer/aggregator
- Projects of different sizes compete within specific segments
- Developer caps with the objective to promote diversity
- Information on contract requirements provided up front
- No specific deposit or other security during term of contract
- Allowances made for possible changes in specification of project
- Multi-year programs have multiple solicitations that allow gradual familiarity with program requirements
- Provisions for roll-over of quantities if solicitation is unfilled or projects are not built

Experience with Measures to Convert Bids Into Successful Projects

- Deposit required up front and then refunded upon successful operation
- Owner accepts terms of contract in advance
- Assurance of converting bids into successful projects can be tied to a showing that key requirements of the contract can be met up front
 - Customer acknowledgment and host acknowledgment if the owner is not the customer or the host
 - Identify installer
 - Identify the site and type of installation (and other details of the project)

Questions?

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