

**RESPONSE TO WORKSHOP #2 REQUEST FOR COMMENTS ON BEHALF OF THE
SOLAR ENERGY INDUSTRIES ASSOCIATION, THE COALITION
FOR COMMUNITY SOLAR ACCESS, AND THE
ILLINOIS SOLAR ENERGY ASSOCIATION**

The Solar Energy Industries Association, the Coalition for Community Solar Access, and the Illinois Solar Energy Association (collectively the Joint Solar Parties) appreciate the opportunity to respond to the Illinois Power Agency’s most recent solicitation for comments for the next LTRRPP revision.

As an initial matter, the Joint Solar Parties appreciate that the IPA is soliciting comments by necessity during a period of uncertainty as to when (or if) omnibus or narrower energy legislation will pass. Many of the issues raised—particularly improvements of equity/diversity, labor standards, and utility-scale project selection—are addressed in great detail in potential legislation. These and other aspects of potential legislation either directly or indirectly impact the issues discussed below. The Joint Solar Parties, like the IPA, are addressing these comments to the state of the law as it exists today. The positions taken by the Joint Solar Parties may change with legislation, depending on its content, and Joint Solar Parties would request the opportunity to comment on these issues again if/when legislation passes.

In addition, the Joint Solar Parties appreciate that the IPA (and, at the IPA’s suggestion, the Commission) made clear that the current RPS funding issues are a crisis for industry. The Joint Solar Parties wish to reiterate that the funding crisis not only prevents new project selection but also imperils both Energized projects and projects that are working toward Energization. While some of the questions below impact operating projects, many relate to new project application and selection. Unless or until funding is addressed legislatively, new project application and selection will remain largely a theoretical exercise.

Slide 10: Block Structure

1. What changes should be considered to block structures?
 - a. If legislation does not establish an annual block structure, what are appropriate future block sizes and REC price changes between blocks?
 - b. Should additional Groups to increase geographic granularity be considered?
 - c. For Large DG, should there be additional division of blocks by project size?

JSP RESPONSE: Respectfully, the Joint Solar Parties believe it is difficult to discuss these items in the absence of legislation given that additional funding for new blocks is not anticipated without legislation for the short- and medium-term. That said, the Joint Solar Parties support the approach of annual blocks from legislative discussions. The Joint Solar Parties do not support further division of blocks—especially if blocks are anticipated to be smaller and thus only allowing for a small number of systems in a particular geography or size category.

2. What ongoing verification should be required for projects to maintain waitlist positions?

JSP RESPONSE: The Joint Solar Parties recommend that the IPA on regular (annual) intervals and 60 days before a new block opens to request confirmation from Approved Vendors that they wish to continue their projects on the waitlist. Additional verification should not be required, particularly for residential and other smaller projects. To the extent the IPA requires verification, it should be limited to confirmation of site control.

Slide 12: Industry Structure and Business Models

3. Does the current Approved Vendor/Designee model appropriately address the roles and responsibilities of types of firms involved in solar projects? What alternative approaches could the IPA consider?

JSP RESPONSE: The Joint Solar Parties do not have any responses at this time to these specific questions, although the Joint Solar Parties address one issue regarding roles of Approved Vendors below in response to Question 4.

Slide 13: Project Financing Models and Program Requirements

4. Should the Program provide increased differentiation of application requirements for projects based on that project's financing model (Purchase, Lease, PPA)? If so, why and how?

a. Should program requirements vary between Residential/Non-residential projects? If so, why and how?

b. Should disclosure forms better reflect information most applicable to each system's financing model? If so, what information on disclosure forms should be modified?

c. Should REC pricing vary by financing model (including if/how REC payments are passed through to end-use customer)? If so, why and how?

JSP RESPONSE: Regarding (a) and (c), the ABP should not differentiate on any of these bases. While there are certainly distinctions between residential and non-residential customers using systems of comparable sizes, it is not necessarily a straight line between those differences and cost variants. REC pricing should remain based on Group and system size. Unless or until there are specific statutory requirements that require further segmenting or changing REC pricing, the Joint Solar Parties do not support further segmenting.

Regarding (b), the IPA recently overhauled the disclosure form, with most of the changes for the better. The Joint Solar Parties do not recommend additional changes at this time with a single exception.

To the knowledge of the Joint Solar Parties, there are two primary scenarios where the Approved Vendor is providing Approved Vendor-as-a-Service to the customer rather than serving as a long-term owner/operator of the system. The first scenario is where a developer provides

Approved Vendor services to the customer after the customer purchases the system from the developer. Typically in this scenario the developer's core business is development (as opposed to long-term system ownership) and the Approved Vendor services are closer to a courtesy than a core product. The second scenario is where the core business of the Approved Vendor is to provide Approved Vendor-as-a-Service support to aid an end-use customer who has bought a system from an unaffiliated third party. Typically the Approved Vendor in the second scenario will both administer the REC Contract and collect and remit to the customer payment under the REC Contract.

To the knowledge of the Joint Solar Parties, many of the Approved Vendor-as-a-Service contracts pass through costs and revenue to customers on a pay-when-paid and invoice-when-invoiced basis. For a customer that actively seeks a third-party Approved Vendor-as-a-Service, these terms are a core part of the contract between the Approved Vendor and the customer. A developer that is also an Approved Vendor may elect to use anticipated REC Contract revenue to reduce system purchase price *or* remit REC Contract payments when paid.

To avoid confusion and more accurately reflect the Approved Vendor-as-a-Service model, the Joint Solar Parties respectfully suggest that the Disclosure Form for system sales:

- Disclose whether the Approved Vendor will keep or remit REC Contract payments;
- If the Approved Vendor will remit REC Contract payments or pass through costs, the timeframe for remitting payments or due date for invoiced costs; and
- Approved Vendor-as-a-Service fees, if any.

The purpose of these new disclosures is to separate the two separate aspects of the customer's transaction (which, in the second scenario above, may be with the same entity): purchasing a system and providing Approved Vendor services.

Slide 14: Project Application Requirements

5. What project application requirements should the Agency consider streamlining, and how?
6. What additional information for project applications should be required?
7. Should improvements be made to handle changes in system design between initial application (Part I) and energization (Part II)? How can system design changes be most effectively communicated to customers?

JSP RESPONSE: The Joint Solar Parties do not recommend additional information on the project application at this time, although to the extent that legislation passes that change the requirements for eligibility to the ABP the Joint Solar Parties anticipate changes to Part I and Part II applications.

Slide 16: System Design Standards and Consumer Disclosure

8. If the Agency adds additional disclosure requirements for non-optimally designed systems, what are appropriate triggers by category (e.g., capacity factor, panel azimuth, shading) and appropriate thresholds for requiring disclosure?
9. Non-optimally designed systems generally feature lower capacity factors and thus lower REC payments compared to a more-optimally designed system.
 - a. How should this be disclosed/conveyed to customers?
 - b. What else should be conveyed to the customer? For instance, should disclosure be required that a customer may receive decreased net metering benefits associated with reduced system production?

JSP RESPONSE: As an initial matter, the Joint Solar Parties are unsure how the “non-optimal” design impacts a PPA or lease customer in a way that is not apparent in the disclosure form. Because the anticipated production—from which an effective per kWh payment is calculable—is already included, the customer has a clear idea of the economics of their system. The Joint Solar Parties believe that Approved Vendors would not provide an intentionally “non-optimal” design for a customer when options providing the customer with more value are available.

The Joint Solar Parties continue to have the same recommendations related to the form and substance of disclosures to the customer as reflected in comments submitted on May 21, 2021.

Slide 17: Consumer Protections

10. Should customer satisfaction surveys or other proactive means of gauging customer understanding/satisfaction be considered? If so, what questions would be most helpful to ask customers?
11. What other tools should be considered to help ensure that Illinois residents and businesses are properly served by the solar marketplace?

JSP RESPONSE: With regard to ensuring residents and businesses are properly served, the Joint Solar Parties that the IPA or its designee host an annual workshop where the IPA or its designee explains positive and negative trends it sees in the market and areas of emphasis for disciplinary actions. The IPA should require attendance by at least one representative of each set of affiliated Approved Vendors. This allows for a common baseline of knowledge by the marketplace and a chance for Approved Vendors to proactively review their own (and their Designees’) practices in light of IPA feedback.

Slide 20: Consumer Education/Program Information

12. Has the Illinois Shines branding (and dedicated website) for the Adjustable Block Program been helpful for consumers? If so, how and why?
13. What additional educational resources could the program develop to aid consumers?

14. What additional reporting/analysis of program data would benefit consumers and other program participants?

JSP RESPONSE: Additional information and data to customers describing the utility interconnection process would be helpful, including information about typical timeframes and costs.

Slide 24: Low-Income Distributed Generation Sub-Program

1. What barriers are impeding participation?
 - a. Would adjusting REC prices be sufficient, or do other barriers still need to be addressed?
 - b. Given the program's complexity, how can we streamline application requirements while maintaining consumer protections and other baseline heightened participation standards given the more lucrative ILSFA REC prices?
 - c. What soft costs for Approved Vendor/Designees can be reduced, and how?
 - d. What are the challenges related to marketing to and identifying customers?
 - e. How does not allowing for upfront payments from customers impact the customer acquisition process, either positively or negatively?
 - f. How can we increase Approved Vendor participation outside of the Chicago area?

JSP RESPONSE: Shorter turnaround times for processes including income verification and on-site inspection would greatly improve the customer experience. Also, integrating grassroots educators better with SfA Approved Vendors would help avoid mixed messages between grassroots educators and the Approved Vendors.

Slide 25: Non-Profit/Public Facilities Sub-Program

2. Several projects have been structured as PPAs with an ownership buyout option after six years. How should Approved Vendor obligations for projects (e.g., ongoing O&M) carryover when system ownership changes?
3. Current REC prices are based on adjustment from Adjustable Block Program REC prices to assume projects do not receive the Federal Investment Tax Credit. Is there a better approach to calibrating REC prices for Non-profit/Public Facility projects?

JSP RESPONSE: The Joint Solar Parties recommend a lower REC price for projects with third-party ownership that allows the system owner to monetize the ITC. Currently, projects are prohibited from monetizing the ITC, which is a suboptimal outcome for the Solar for All program, owner/operators, and customers. However, the REC price should not be reduced dollar-for-dollar with anticipated ITC, allowing Approved Vendors some of the upside for engaging in the costly transactions typically required to monetize tax credits but still reducing the burden on the subprogram budget.

4. Projects are required to be a) in a low-income or environmental justice community and b) associated with a critical service provider. Can these requirements be refined to better ensure that projects serve and benefit low-income Illinois residents?

Slides 26/27: Low-Income Community Solar Sub-Program

5. What challenges have initially been observed related to recruitment of low-income subscribers?

JSP RESPONSE: One of the largest challenges has been the amount of paperwork and income verification requirements. The amount of paperwork and the degree of supporting evidence required put a substantial burden on the customer. If this paperwork were reduced it could make the sign up process much smoother and a better, less frustrating experience for the customer.

6. Have you observed market confusion with community-solar projects participating in the Adjustable Block Program? If so, how?

JSP RESPONSE: Communication issues between grassroots educators and Elevate appear to not result in fully informed grassroots educators. For instance, grassroots educators are sometimes unaware of the current state of the ILSFA project in question or the particular product offerings. Approved Vendors should be given freer rein to work directly with grassroots educators to answer their questions. Approved Vendors should also be given the opportunity to meet with and engage grassroots educators to share information and update one another on the subscriber acquisition efforts.

7. What changes in approach, if any, should the program consider making to encourage smaller community solar projects (e.g., under 1 MW)?

JSP RESPONSE: It is not clear to the Joint Solar Parties the advantages to low-income subscribers of having smaller projects.

8. Is the model of 100% low-income subscriber owned community solar projects viable? If so, what adjustments could be made to increase applications from such projects?

JSP RESPONSE: It is not clear where the financing for developing such a system would come from (in particular a construction loan), nor whether it makes sense to subject low-income subscribers to the relatively harsh REC payment reduction and drawdown provisions (among others) in the standard, non-negotiable Solar for All REC Contract. It is far from clear that it is a fair assumption that low-income customers will remain in the same location using the same meter for 15 years, meaning the risk of churn (and its potential impact on remaining owners) is potentially devastating.

Slide 28: Additional Sub-Programs

9. The IPA Act allows stakeholders to propose additional sub-programs. Should this be an opportunity to test/pilot additional program approaches to support solar for low-income customers? If so, and keeping in mind that REC delivery contracts offering payment for renewable energy credit production are the only available tool for meeting

those ends, what pilot or additional programs should be introduced, and to serve what specific policy objectives?

Slide 29: Project Selection Process

10. What additional measures could potentially be included in project selection to encourage participation by MWBE (minority/woman-owned business enterprises) Approved Vendors, non-Approved Vendor contractors and subcontractors, and other MWBE entities?

11. The Project Selection Protocol this year includes points for geographic regions. Are there further refinements that could be made to encourage statewide geographic diversity of projects?

12. What other criteria should be considered in the Project Selection Protocol Process, and what other policy objectives merit consideration?

Slide 30: Job Training Requirements

13. What challenges have Approved Vendors found in meeting the Job Training requirements?

14. What clarifications or refinements to the requirements should be considered?

15. How can the Illinois Solar for All Program better coordinate with job training programs?

Slide 31: Grassroots Education

16. How can we increase Illinois Solar for All customer participation stemming from grassroots education efforts?

JSP RESPONSE: It would be helpful if there was a way that the developers could work more closely with grassroots educators to provide more information about the project and the different product options. This will allow for concrete discussions rather than theoretical discussions that may not assist the customer in making a decision (or choosing solar at all).

17. What adjustments could be considered to allow for smoother coordination efforts between grassroots education and Approved Vendors that don't compromise the educational goals of the program (e.g., ensuring competitive neutrality by grassroots educators not marketing offers from specific Approved Vendors)

JSP RESPONSE: The Joint Solar Parties recommend that grassroots educators be given information about the different offers available in addition to information about the projects. If the educators had a list of all possible projects and current offers with the differences between them they could educate the public on all options. The Joint Solar Parties also recommend training and equipping grassroots educators to assisting qualified Solar for All customers in signing for the program themselves. The Joint Solar Parties understand that leaving the public to

it themselves with no support from the educators has been an issue. It has also been a source of frustration for the educators because they don't know if they have been successful.