



May 17, 2017

Via Electronic Mail

TO:

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

FROM:

Richard Umoff
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600 14th St. NW Suite 201
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RE: Request for Comment for Initial Forward Procurements

Dear Director Star,

The Solar Energy Industries Association (SEIA) files this letter in response to the Illinois Power Agency's (IPA) request for comment on the initial forward procurements for utility scale solar under the newly minted renewable portfolio standard (RPS) in Illinois. SEIA files this letter in support of the comments filed by the Joint Solar Parties.

Established in 1974, SEIA is the national trade association of the United States solar energy industry and is a broad-based voice of the solar industry in Illinois.¹ Through advocacy and education, SEIA and its 1,000 member companies are building a strong solar industry to power America. There are 36 SEIA member companies in operation in Illinois working in all market segments – residential, commercial, and utility-scale – representing millions of dollars of in state

¹ The comments herein represent the views of SEIA and not any individual member company.

investment and a significant portion of Illinois' 4000 solar jobs.² SEIA member companies provide solar panels and equipment, financing, project development and other services to a large portion of Illinois solar projects.

SEIA applauds the State of Illinois for its leadership in passing the Future Energy Jobs Bill, which will grow Illinois' clean energy sector by attracting significant in-state investment and creating thousands of jobs over the next several years. Further, SEIA applauds the IPA for its leadership in helping to develop and implement policies that will drive clean energy development in Illinois.

Topic 1: Site Control

- Site Control Standard: The IPA should require full site control, i.e. the established legal right to construct a utility-scale solar project on a specific site if awarded, as a condition of the project pre-qualification process. The IPA should offer flexibility to adjust up the final site footprint onto contiguous property that is leased or purchased before the bid date. Further, bidders should be required to submit an Interconnection Agreement (IA) application with the relevant, local utility or regional transmission organization (RTO). If a bidder has not submitted an IA application, it must commit to submit an application within 90 days of a bid award, or in the utility or RTO's next opportunity to submit an IA request.
- Option to Provide Performance Guarantee In lieu of Site Control: The IPA should maintain some performance guarantee or development security requirements even if it adopts project viability metrics. A development security should be high enough to limit speculative bidding but not so high as to discourage market participation. Further, performance security requirements are the industry standard for utility scale solar RFPs and do not impact bidder decisions as directly as security requirements. Both the development and performance securities proposed by NERA are reasonable.

² <http://www.seia.org/state-solar-policy/illinois>

Topic 2: REC Delivery Flexibility

- Fixed-Quantity Bids: SEIA is concerned that IPA's proposal to use 15 year fixed-quantity bids will complicate financing and increase ratepayer costs. To address this concern, the IPA should consider the following changes:
 - Provide that the sellers guarantee a percentage of the expected annual quantities (e.g., 80% of expected) and performance liquidated damages for shortfalls.
 - Ensure that annual REC delivery quantities are excused for unforeseen circumstances such as force majeure events and reliability curtailments.
 - Allow bidders to bid different quantities of RECs for different contract years.
 - Include contract terms that allow bidders to average production across several years.
 - Alternatively, the IPA could allow bidders to bank RECs, up to an annual percentage cap of 10-15%, produced by a single project to make up for potential shortfalls by the same project years.

In addition, the IPA should allow projects to cure a shortfall by purchasing and retiring RECs from other Illinois-RPS-eligible (as defined by the statute) solar projects, up to an annual cap for limited amounts of time. This should be allowed, at the very least, when project energization is delayed beyond June 1, 2021 and in the case of mechanical failures.

- Additional Questions:
 - *Q1: What circumstances (e.g., operational or performance risks) could lead to a project failing to deliver its annual delivery quantity and could be mitigated through allowing banking and/or replacement RECs?*
 - Unexpected weather patterns (e.g., higher-than-usual expected cloud cover; high temperatures; etc.);
 - Widespread equipment malfunctions that cannot be quickly remedied due to supply constraints or tariffs (e.g., a defective transformer could take 6-18 months to remedy);
 - Curtailment by the RTO or utility to address reliability events;

- Siting issues with a portion of the site that result in downsizing or other design modifications that could affect production.
- *Q2: Should the ability to bank REC be unlimited or should there be parameters (e.g., quantity, vintage)?*
 - If IPA requires 15-year fixed REC bids, then banking should be unlimited within individual projects to ease risk of default.
 - If IPA allows bidders to propose different REC quantities for each year, banking within the same project should be limited to 10-15% of the annual quantity and RECs should be bankable for 5 years.
- *Q3: Should banking of RECs be allowed between multiple projects owned by an entity/affiliate with contracts under the Initial Forward Procurements?*
 - The flexibilities proposed herein should render the need for this moot.
- *Q4: Taking into account statutory project qualification requirements, should the ability to provide eligible replacement RECs be otherwise unlimited or should there be additional parameters (e.g., quantity, vintage, narrower eligibility of RECs)?*
 - Suppliers should be permitted to provide replacement RECs from projects owned by other corporate entities for up to 25% of their total contracted quantity as a cure for unexpected shortfalls.
 - Replacement RECs should have the same characteristics as the RECs they are replacing.
- *Q5: Under what circumstances should underperformance that cannot be remedied through banking and/or replacement lead to the termination of a contract? What alternative penalty provisions should be considered to address underperformance?*
 - Failing to meet annual quantity requirements through system production across a three-year rolling average and/or banked and replacement RECs for more than three years should result in contract termination.
 - Remedies for under-performance proposed in these comments will provide developers sufficient flexibility to avoid defaults.

SEIA appreciates the opportunity to comment on the initial forward procurements, and looks forward to working with the IPA on RPS implementation going forward.

Sincerely,

/s/ Richard Umoff

Richard Umoff

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