



201 California Street, Suite 630  
San Francisco, California 94111

October 14, 2014

**Via Electronic Mail**

Mario Bohorquez  
Illinois Power Agency  
Michael A. Bilandic Building, Suite C-504  
160 North LaSalle Street  
Chicago, Illinois 60601

Re: 2015 Draft Supplemental Photovoltaic Procurement Plan

Dear Mr. Bohorquez:

Enclosed for your review, please find the Comments of SRECTrade, Inc. ("SRECTrade") to the 2015 Draft Supplemental Photovoltaic Procurement Plan released on September 29, 2014.

Sincerely,

A handwritten signature in black ink that reads "Steven Eisenberg".

Steven Eisenberg  
CEO, SRECTrade, Inc.

Enclosure

cc: Anthony M. Star, Director, Illinois Power Agency w/enc. (via email only)

BEFORE THE  
ILLINOS POWER AGENCY

2015 Draft Supplemental Photovoltaic Procurement Plan :  
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COMMENTS OF SRECTRADE, INC. TO 2015 DRAFT  
SUPPLEMENTAL PHOTOVOLTAIC PROCUREMENT PLAN

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I. INTRODUCTION

On September 29, 2014, the Illinois Power Agency (“IPA”) released its Draft Supplemental Photovoltaic Procurement Plan (“Draft Supplemental Plan”). Per the IPA, the Draft Supplemental Plan outlines a “one-time supplemental procurement plan limited to the procurement of renewable energy credits, if available, from new or existing photovoltaics, including, but not limited to, distributed photovoltaic generation,” in accordance with Section 1-56(i) of the Illinois Power Agency Act (the “Act”).<sup>1</sup> Pursuant to Section 1-56(i)(1), interested parties are given fourteen days following the date of the posting (September 29) to provide comment to the IPA on the Draft Supplemental Plan. Accordingly, the comment period will close on Tuesday, October 14, 2014.<sup>2</sup>

SRECTrade, Inc. (“SRECTrade”) respectfully submits its comments to the IPA on the 2015 Draft Supplemental Plan. SRECTrade is one of the largest SREC transaction and management firms in the industry, with over 135 MW of solar assets under its management. Our firm facilitates the brokerage of spot and forward contract SREC transactions in the over-the-counter markets. Additionally, SRECTrade hosts monthly spot auctions for SRECs, allowing buyers and sellers to seamlessly execute transactions across multiple SREC markets in an efficient online format. Since 2008, SRECTrade has been one of the leading sources for information regarding SREC price trends and legislative updates, bringing a wealth of knowledge and transparency to some of the fastest growing state markets in the solar industry. Our comments reflect our experience participating in these markets, in the hopes that we can contribute to the ongoing development of the Illinois solar market.

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<sup>1</sup> 20 ILCS 3855/1-56(i)(1); *see also*, *Cover Letter re: 2015 Draft Supplemental Photovoltaic Procurement Plan* (September 29, 2014).

<sup>2</sup> *Id.*

## II. COMMENTS AND PROPOSED REVISIONS

### A. Section 3.1 Resource Selection – “New”

Under Section 3.1, the Draft Supplemental Plan proposes that:

*For the first procurement event, a system will be considered “new” if it has been energized on or after the date at which bids are due in the first procurement event. For subsequent events, a system will be considered “new” if it was energized on or after the bid date of the preceding procurement event.*

Accordingly, the date for the first and second procurement will be sometime in June 2015, and the date for the third procurement will be November 2015.<sup>3</sup> Delaying the date for the first procurement event to coincide with the first procurement will undoubtedly create a chilling effect in market installations, as system owners will hold off on entering into installation agreements until they will be able to qualify for the first procurement event. The IPA could prevent this chilling effect by changing the date for the first procurement to coincide with the date that the final Supplemental Procurement Plan is signed into law (proposed language in bold):

For the first procurement event, a system will be considered “new” if it has been energized on or after the date ~~at which bids are due in the first procurement event~~ **that the final Supplemental Procurement Plan is signed into law**. For subsequent events, a system will be considered “new” if it was energized on or after the bid date of the preceding procurement event.

This revision would still have the effect of staging and spacing out installations over the course of the three procurement events, while simultaneously encouraging installations to continue for the duration of 2014 and the first six months of 2015.

### B. Section 4.3 – Contracting counterparties

Under Section 4.3, the IPA states that:

*[t]he counterparty under the contract will either be the owner of the system or an intermediary that will contract with the owner of the system. In either case, the party named during the procurement process will be the party that signs the contract.*<sup>4</sup>

We support this term so long as the IPA will not require such third parties to own or possess title to the renewable energy credits, so long as the third party has obtained the consent and authorization to legally transfer renewable energy credits from distributed renewable energy devices through individual contracts with system owners. Since this

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<sup>3</sup> See 2015 Draft Supplemental Plan, Sections 1 and 3.1.

<sup>4</sup> See 2015 Draft Supplemental Plan, Section 4.3.

interpretation appears to be in line with third parties under the definition of Aggregators under Section 4.6, it seems appropriate to require third parties to be the counterparty here.

C. Section 4.6 Aggregators

Section 1-56(i)(1) discusses the use of aggregators as follows:

*In order to minimize the administrative burden on contracting entities, the Agency shall solicit the use of third parties to aggregate distributed renewable energy. These third parties shall enter into and administer contracts with individual distributed renewable energy generation device owners.*

SRECTrade agrees with the IPA that the IPA “has some statutory obligation not merely to permit third party participation, but to actively solicit it.”<sup>5</sup> However, we contend that the IPA should more actively solicit third party participating by imposing more stringent requirements for a third party to qualify as an aggregator. In its interpretation of this language, the IPA proposed to define an Aggregator as:

*... a third-party (i.e., non-system owner) that (i) owns or plans to acquire either unconditioned title to or rights to legally transfer renewable energy credits from distributed renewable energy devices through contracts with system owners, and (ii) is willing to contract with IPA and accepts standard Illinois terms as well as procedures for contract administration. The IPA is not proposing the use of a single Aggregator for this procurement; rather it proposes that an aggregator who pre-qualifies and registers with the IPA and its procurement administrator will be eligible to participate in the procurement events. .... The procurement administrator will maintain a website where, among other things, a list of pre-qualified aggregators will be available to interested parties (i.e., homeowners who wish to use a pre-qualified aggregator).”<sup>6</sup>*

Comparably, in its most recent rulemaking, the Pennsylvania Public Utilities Commission proposed several amendments to its AEPS Act.<sup>7</sup> Among the proposed revisions was the addition of a definition for aggregator:

*Aggregator – a person or entity that maintains a contract with individual alternative energy system owners to facilitate the sale of alternative energy credits on behalf of multiple alternative energy system owners.*<sup>8</sup>

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<sup>5</sup> See 2015 Draft Supplemental Plan, Section 4.6.

<sup>6</sup> 2015 Draft Supplemental Plan, Section 4.6.1.

<sup>7</sup> See *Proposed Rulemaking: Implementation of the Alternative Energy Portfolio Standards Act of 2004*, Docket No. L-2014-2404361, Order entered February 20, 2014 (“Proposed Rulemaking Order”); Notice; Proposed Rulemaking; Implementation of the Alternative Energy Portfolio Standards Act of 2004, 44 Pa.B. 4157, 4179 (Saturday, July 5, 2014)

<sup>8</sup> *Id.*; See *Proposed Language for 52. Pa. Code § 75.1.*

The key distinction between the IPA's definition and that of the Pennsylvania Public Utilities Commission is that Pennsylvania's definition implies that an aggregator's role is to *facilitate* the sale of [AECs] *on behalf of multiple* alternative energy system owners. That is, an aggregator is an entity that acts in a third-party capacity to aggregate owners and their credits in an effort to alleviate administrative burden and enable multiple system owners to monetize their credits in a safe and efficient manner.

In the Draft Supplemental Plan, the IPA requires that installation companies meet very stringent requirements imposed by the definition of a "qualified person,"<sup>9</sup> but it does not impose similarly stringent requirements on participating aggregators. In the interest of introducing interested parties to qualified aggregators, we recommend that the IPA create qualifications for aggregators within the definition of Aggregator under 4.6.1. Accordingly we propose the following revisions to the definition (proposed additions and revisions in bold):

... a third-party (i.e., non-system owner) that (i) owns or plans to acquire either unconditioned title to or rights to legally transfer renewable energy credits from distributed renewable energy devices through contracts with **multiple** system owners, and (ii) is willing to contract with IPA and accepts standard Illinois terms as well as procedures for contract administration **in the interest of facilitating transactions between the system owners and the IPA**. The IPA is not proposing the use of a single Aggregator for this procurement; rather it proposes that an aggregator who ~~pre-qualifies and registers~~ **meets this definition will be required to register and pre-qualify** with the IPA and its procurement administrator ~~will~~ **in order** to be eligible to participate in the procurement events. .... The procurement administrator will maintain a website where, among other things, a list of pre-qualified aggregators will be available to interested parties (i.e., homeowners who wish to use a pre-qualified aggregator).

In pre-qualifying and registering aggregators under more stringent qualifications, the IPA can ensure that it is presenting *qualified* aggregators for interested parties to enlist for bidding their RECs into the procurement. More importantly, this definition will draw a clear distinction between third parties acting in an aggregator capacity, and other third parties facilitating the bidding process for a single system owner. By establishing this qualifying process early on, the IPA can set a clear precedent for future procurements and the participation of aggregators in the Illinois market.

### III. CONCLUSION

SRECTrade appreciates this opportunity to provide its comments regarding the Draft Supplemental Plan. We look forward to continuing to assist the IPA with this process.

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<sup>9</sup> 2015 Draft Supplemental Plan, Section 4.4.

Questions about these comments may be directed at Allyson Umberger, Director of Regulatory Affairs and General Counsel, at [Allyson.Umberger@srectrade.com](mailto:Allyson.Umberger@srectrade.com).

Respectfully submitted,

A handwritten signature in black ink that reads "Steven Eisenberg". The signature is written in a cursive style with a large initial 'S'.

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Steven Eisenberg  
Chief Executive Officer  
SRECTrade, Inc.  
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San Francisco, CA 94111  
[Steven.Eisenberg@srectrade.com](mailto:Steven.Eisenberg@srectrade.com)

Date: October 14, 2014