



Development security proposed:

50% of annual value of RECs, subject to a floor

Performance assurance security proposed: 1 year value of annual quantity

Example:

Say, 20 MW project, generating 26,300 RECs per year. At \$40.00 per REC, this is = \$1,052,000 per year for 15 years. 50% security amount is = \$526,000. Amount is returned with first REC delivery.

Performance assurance security = \$1,052,000 (amount on a declining balance over the 15 year life)

Suggested:

Development security be reduced to 10% of the annual value of REC; in our example, this will amount to \$105,200.

Performance assurance security: reduced to 2 months' value of annual quantity of RECs; in our example, this will amount to \$175,333.

Reason: the equity investors consider these 2 items as 'dead investments', since these monies do not yield any returns. Reduction in these 2 securities will attract more investors to the projects.

Also, this will level the playing field for smaller developers.

Site control:

This is a burdensome requirement, especially for smaller developers. As long as a site is identified, and the monetary security amounts have been posted, there is enough assurance that the project will move forward. Until there is evidence to IPA that the accepted projects are not happening, there is no need to enforce this requirement.

REC delivery flexibility:

A project may fail to deliver the contracted quantity of RECs per year due to panel degradation, curtailment by the utility, transmission line problems, or such other issues.

Banking to be limited to account for the degradation shortfall % X 2; thus, if the panel degradation is 1% per year, then, allow 2 times that amount in each year to be banked.

Yes, banking of RECs among multiple projects launched by the same entity can be allowed

Ability to provide replacement RECs should be restricted, not carte blanche. Must be of the same vintage as the project seeking replacement RECs

Underperformance penalties can be monetary; the project entity has to pay twice the REC value that was bid by that entity for the shortfall. Payment to be made to IPA or the respective utility.



Suggestion re. interconnection:

Additionally, wrt interconnection agreement as a requirement, my suggestion is that the developer must have submitted his application for interconnection within 90 days of the award of the RECs. If this requirement is that the interconnection application must have been submitted at the time of the bid, it will be too onerous a condition, since we may have to put up monies with the utility at the time of submitting the application, without even knowing whether or not we have won the bid.

Thanks for your consideration. regards