SUNVEST
SOLAR INC

May 17, 2017

Illinois Power Agency:

Here is our feedback on the Initial Forward Procurement:

1. Site Control: we feel the site control issue is fine the way you laid it out, with submittal of just a project address or addresses for a site that overlaps multiple parcels. We feel the surety (cash or letter of credit) requirements will "weed out" the fake deals from even coming into the process. We do think that the 15 year guaranty should have some step down provisions along the way, maybe at the 5 year and 10 year marks. For example, if the system has produced the minimum required SREC's per the contract, then after 5 years the surety would be reduced by 25%, and after 10 years reduced by another 25%. After the contracted number of SREC's are delivered in total, the surety should be released in full within 30 days of the final SREC delivery.
2. SREC Banking: We have a few comments here.
    a. We think that all SREC's produced shall be transmitted to the utility until the entire 15 year commitment is fulfilled. The oldest SREC's shall be retired first, and the utility shall only be required to purchase SREC's in the annual allotments per the contract. So, no forward payments for extra SREC's generated, but any extra SREC's will be "banked" to fulfill future years' requirements.
    b. Our banking strategy should greatly reduce the underperformance risk for various reasons because in the early years of the system it will be producing substantially more SREC's than in the later years of the contract. If anything were to go wrong, there should be plenty of time for the developer to sell banked SREC's while figuring out how to get the system operational again.
    c. If for any reason there were to be a shortfall in any given year, we think the utility should be able to "fine" the developer a commensurate amount for the shortfall. Example: if a project is short by 100 SREC's, and the price in the contract is $20/SREC, then the fine would be $20,000 for the utility to go procure other SREC's. There may need to be a multiplier of 125% or something so the utility is compensated for the hassle of procuring additional SREC's.
    d. As for a termination clause, we feel the surety should be utilized in full to procure additional SREC's in the event of a shortfall. And, only if the Developer doesn't replace that surety in full should the contract be terminated. So, if a system goes dark for a full year, and the utility draws on the surety to procure the replacement SREC's, then the Developer must replace the surety in full to avoid contract termination. Other than that extreme circumstance, I would not want to see other termination rights for the utilities. Any termination rights make financing of large projects very hard to achieve, and costly.

Those are the summary of our comments. We look forward to the procurements in the upcoming months.

Thanks,

Matt Neumann, CEO

SunVest Solar, Inc.