

Comments on the 2012 Draft Power Procurement Plan

Submitted to the Illinois Power Agency by Daniel Simon, President, 3D Solar Inc.

Thank you for providing the opportunity to submit comments on the 2012 Draft Procurement Plan (the “Draft Plan”). The Solar Carve Out in the Illinois Renewable Energy Standard (RES) is one of the most aggressive solar mandates in the nation. If fully and strategically implemented, this policy could be an engine for job growth and economic development in Illinois.

Unfortunately, the Solar Carve Out implementation process outlined in the Draft Plan will not yield these benefits. In the Draft Plan, the IPA proposes to procure RECs, including SRECs, through an auction that has been designed with large, utility-scale projects in mind. To date, the IPA’s auctions have successfully driven investment in utility-scale renewable energy generation, and the auction process outlined in the plan will continue to support growth in this sector. Developers and owners of small and mid-size distributed solar systems, however, will not be able to participate. Bidding requirements are too complex and transaction costs are too high to justify participation for small projects. This is a lost opportunity for the state, because distributed solar has been shown to deliver more value to both grid operators (reducing transmission and distribution costs as well as stabilizing the grid) and society at large (stable more robust grid reduces the potential, and extent--should one occur--of power outages) than large centralized solar. (<http://www.asrc.cestm.albany.edu/perez/2011/solval.pdf> Study authors: R.Perez, K.Zweibel, T.Hoff)

Solar module prices have plummeted in the last two years and rooftop solar has never been more cost-effective. “Fuel” costs are zero, transmission costs are zero, and distributed solar delivers benefits to the electric distribution system by providing power at peak hours when other generation resources are at their most expensive. Initiating an SREC procurement program for distributed solar systems in 2012 would allow the state to take advantage of these values to mitigate the long-term price risks associated with other resources in the IPA portfolio while supporting badly needed job growth and economic development.

I formed a company two years ago to commercialize a solar module design that I invented which uses reflectors inside the solar module to generate more power per solar cell than conventional designs, reducing the cost of solar modules by up to 10%. I am spending money in Illinois on legal services, financial services, and with other small local businesses designing, building and testing prototype modules. I want Illinois to be well positioned to take advantage of the social and economic benefits that solar power (and renewable in general) will provide going forward. Including a distributed solar SREC or equivalent program would provide a significant boost to 3D Solar and many other small businesses throughout Illinois.

We respectfully recommend that the IPA modify the Draft Plan to include language stating affirmatively that the Agency will (1) create a procurement program for solar renewable energy credits (SRECs) from distributed solar energy systems; (2) implement the program over multiple years to encourage sustainable, long-term growth of Illinois' solar industry; and (3) hold a series of workshops prior to the Spring 2012 procurement events to seek stakeholder input on program features and implementation procedures. Thank you for your consideration.

Sincerely,

Daniel Simon
3D Solar Inc.