

September 14, 2012

Vote Solar Reply Comments

RE: Illinois Power Agency 2013 Electricity Procurement Plan



The Vote Solar Initiative (Vote Solar) appreciates the opportunity to comment on the distributed generation (DG) procurement program, outlined in section 8.2 of the Illinois Power Agency's (IPA) 2013 Electricity Procurement Plan.

Vote Solar is a non-profit grassroots organization working to fight climate change and foster economic opportunity by bringing solar energy into the mainstream. Since 2002 Vote Solar has engaged in state, local and federal advocacy campaigns to remove regulatory barriers and implement key policies needed to bring solar to scale.

Vote Solar participated in the development of the IPA's outline for a DG procurement program by submitting joint comments with the Solar Energy Industries Association (SEIA) and attending a workshop on the topic.¹

We commend the IPA for recognizing the value of creating a thoughtful DG solar procurement program, crafted based on substantial stakeholder input. Over 100,000 Americans are currently employed in solar industry and the majority of those jobs are "non-outsourcable" deployment and installation jobs. By proposing a well thought through DG solar procurement program to the Commission, the IPA is working to help Illinois foster an in-state solar industry, which can get to work meeting the pent up demand for on-site solar from Illinois residents, business owners, schools and public agencies.

Vote Solar is pleased to see that many of the program design features proposed by our organization, and several others important stakeholders including SEIA and the Environmental Law and Policy Center (ELPC), are included in the DG program design.

Overall, we encourage the Commission to approve the general parameters of a Distributed Generation program as described and discussed in Section 8.2 of the IPA's 2013 Electricity Procurement Plan

However, we do offer several important changes to the IPA's suggested plan, which will further ensure that the DG procurement program is successful.

Overarching principles:

1. **Ensure that long-term program transparency is a key guiding principle.**
Currently the IPA lays out four key points for the program: (1) keep it simple, (2) keep transactions costs low, (3) ensure performance of the aggregate bid and not necessarily individual underlying small generators, but (4) ensure that individual

¹ See https://www2.illinois.gov/ipa/Documents/SEIA_VS_Illinois2012-0330-2-2.pdf

generator performance is reasonably verifiable. We suggest adding a 5th important key guiding principle: transparency into the program as it is developed and rolled out.

A **transparent market roadmap** still needs to be created. The program guidelines laid out by the IPA are helpful, but for solar companies to invest in Illinois, they need to see a detailed plan for how the multi-year procurement process will work. Importantly, the industry must have transparency into the amount of funding available for the standard offer and auction mechanism, and the amount of solar capacity available each year in each of the programs, to be able to decide whether to invest in the Illinois market. Also, as the program moves forward we encourage the Commission and the IPA to update stakeholders regularly on remaining availability of capacity as projects move forward or drop out. Without this, industry will not know if they can still sell systems with the premise that the RECs for that system will receive the standard offer.

We encourage the Commission to consider this as they move forward with developing the actual DG procurement plan.

2. **The IPA Should Use ACP Funds to Conduct a DG Procurement in 2013.** In this plan, the IPA acknowledges budget challenges, and recommends that utilities not be required to buy any more renewables on behalf of utility customers, including DG procurement, until more funds become available. We encourage the Commission to instead consider the suggestion presented by ELPC to allow the IPA to use the ARES' ACP funds to conduct DG procurement in 2013.

When making this decision, we encourage the Commission and the IPA to consider the jobs and economic development benefits building a DG solar industry would bring to the state. There are unique benefits that net metered DG solar offers to the utility and its rate payers that should be valued when deciding whether to defer investment in this type of generation. These benefits include reduced load as customers use onsite solar, and the value of the solar energy that is occasionally exported back to the grid based upon the marginal costs of the displaced energy, the avoided capital cost of installing new power generation due to the added capacity of the solar PV systems, transmission and distribution expense and line loss savings associated with the DG systems, and environmental benefits.

Specific program structure suggestions:

1. **Retain an independent third-party organization to administer the standard offer program.** As recommended by ELPC, we also support use of a third party administrator for the DG procurement program. We believe this will satisfy the aggregator requirement laid out in statute. Under this proposal, the third-party

administrator would act as the aggregator, and developers would not be required to aggregate projects into 1 megawatt blocks in order to participate in the standard offer program. Further, we suggest that administration costs of this administrator should be capped at a reasonable percentage of the overall program budget. Capping administration costs between 5-10% of the overall budget would be appropriate.

- 2. Include construction milestones.** We support establishing interim benchmarks that project developers must meet to ensure that projects are being built. If the project developer is unable to meet the deadlines, the award should be forfeit.

For standard offer contract awards (<25 kW) we recommend:

- Line diagram, site plan and Small Generator Interconnection Application must be submitted within 3 months of being awarded a Medium Tier reservation.
- Proof of EPC/installer contract with developer must be submitted within 7 months.
- Documentation of all necessary town / municipal / county permits must be presented within 9 months.
- Project completion within 12 months.

For competitive procurement standard awards (25.1 kW to 2000 kW) we recommend:

- Permits submitted within 12 months of contract award.
- Construction starts within 15 months.
- Commercial operation date within 18 months.

- 3. Encourage performance default consequences.** The IPA has suggested a \$5/kW application fee. We defer to solar developers as to whether this price is appropriate. Regardless of the exact price, to encourage the removal of stalled projects from the reservation pool, if such a problem develops as it has in other states, we suggest the following refund schedule for whatever the initial application fee/security deposits is set at:

- 100% refund of application deposit within 3 months of reservation.
- 75% refund within 6 months for standard offer and 9 months for competitive procurement.
- 25% refund within 9 months.
- No refund after 9 months for standard offer and 12 months for competitive procurement.

Vote Solar thanks the IPA and the Commission for considering our suggestions. We are available for further questions, and will continue to track the progress of this important market segment in Illinois.

Sincerely,

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