



comparison should have no bearing on the purchase of RECs. As the IPA has stated, its plan does not exceed the statutory rate cap of 2.015% and, thus under Section 1-75(c)(1), the IPA is required to procure additional solar or distributed generation RECs until the rate cap is exceeded or the utilities meet the mandated subtargets.

#### **Precedent of Docket No. 12-0544**

ComEd and AIC argue that the ICC concluded in ICC docket 12-0544 that “there is no compelling reason to purchase additional renewable resources during the planning horizon, even though there may be dollars ‘left over’ to spend” and thus, the ICC should follow its prior order here (ComEd Response Comments at 9, citing ICC Docket No. 12-0544, Final Order at 51).

ISEA disagrees with ComEd’s reading of the ICC’s order in Docket 12-0544. ComEd states that the ICC “ultimately concluded” to not purchase additional renewable resources at that time (ComEd Response Comments at 9). However, it was the “IPA’s view”, which was motivated by the IPA’s observation that the “costs of conducting a procurement event for a relatively small number of RECs” may not be justified in light of the “exceptionally low” volume of SRECs needed at that time. (12-0544 Final Order at 52). The IPA’s 2013 plan was developed under different circumstances that do not apply today. The IPA clarifies in its Response Comments that there was a “cloud of uncertainty” regarding projected future budgets in 2013. However, the IPA now is “confident in October 2014 that the renewable resources budget will be sufficient to support a 2015-2016 one-year SREC procurement.” (IPA Response Comments at 36) In this case, as in Docket 12-0544, the Commission should defer to the IPA’s judgment regarding the prudence of procuring solar and distributed generation resources as part of its overall Plan.

#### **5-Year REC Contracts Using RRB Fund**

AIC, ComEd, ICC and IPA state that ISEA’s proposal to use RRB fund to procure 5-year contracts for new solar assets is not consistent with the IPA Act and exposes the long-term contracts to risk associated with customer migration.

While ISEA understands that the IPA cannot procure long-term contracts with the RRB absent legislative action, ISEA reiterates that long-term contracts of at least 5 years are necessary in order to spur *new* solar development in the state.

#### **ICC Staff’s Proposal to Limit the Budget for New 5-Year Contracts**

The ICC Staff recommends in its response to objections that if the ICC decides to accept a 5-year SREC procurement, the budget for the new 5-year contracts be limited to one-half the total projected remaining budget available. The Staff also recommends that the new 5-year contracts

include provisions for curtailment and that the new 5-year contracts would be curtailed prior to curtailing the existing long-term contracts.

ISEA supports the Staff's proposal if the ICC decides to accept a 5-year SREC procurement from new projects.

### **Use of a 3rd Party Administrator for Systems < 25 kW and Standard Offer**

The ICC and IPA object to ISEA's recommendation to use a 3rd Party Administrator and make a standard offer for systems <25 kW. Both the IPA and ICC state that the IPA is not permitted to make a standard offer by law; however, an aggregator could make a standard offer on its own. The IPA agrees that one single aggregator would help reduce consumer confusion; however, IPA claims "a single aggregator could yield market power and require unreasonable administrative costs."

ISEA acknowledges that IPA cannot create a standard offer on its own and recommends a *competitive* bid process for selection of a 3rd Party Administrator based on an established confidential benchmark. ISEA supports the establishment of two separate budgets - one for system sizes below 25 kW, which would be administered by a 3rd Party Administrator, and a separate budget for system sizes between 25 to 2,000 kW, which would be administered according to the competitive bid process already recommended by IPA. The competitive process for both segments would ensure that a single aggregator would not yield market power.

As to the concern over administrative costs associated with a competitive bid process for choosing a 3rd Party Administrator, IPA could require full disclosure of costs and pricing during the bid process to prevent unreasonable administrative costs. ISEA does not believe the process will be burdensome and considers it an appropriate strategy to ensure a more consumer-friendly process that is transparent and simple for solar homeowners and small businesses, which in turn encourages development of assets.

### **ComEd's Interpretation that the Plan is Proposing Two Separate Procurements**

ComEd interpreted the IPA's procurement Plan as proposing two separate procurements: one for systems under 25 kW and another for systems between 25 kW to 2 MW. The ICC Staff notes in its Response that if the ICC ultimately approves separate procurements for each of the two system categories, then the ICC must approve separate budgets or authorize the IPA to adopt separate budgets.

If the ICC approves separate procurements for each of the two system categories, ISEA seeks clarification on how the separate budgets would be established absent pricing at this stage.

### **Sub-Categories for 25 kW - 2 MW Projects**

The ICC Staff and IPA reject ISEA's proposal to develop system size sub-categories within the 25 kW to 2 MW category. Both the Staff and IPA agree with ISEA that smaller commercial systems within that range will likely be priced out of the market. However, the Staff claims that there is no coherent rationale for spending more to purchase from smaller systems within the 25 kW to 2 MW range and that the law explicitly expresses no preference to split systems between 25 kW to 2 MW into two subcategories. The IPA believes that "given the small budget associated with this procurement and the need to cost-effectively meet statutory DG procurement goals", the development of sub-categories is not suitable for this procurement.

While ISEA understands that the law explicitly expresses no preference to ensure that small commercial systems participate, encouraging various market segments is important for market diversity and growth, ratepayer considerations, and grid benefits. Without sub-categories within the 25 kW to 2 MW segment, small businesses in Illinois will effectively be unable to participate in the procurement. This presents a true barrier to entry that singles out a customer class.

Small commercial projects are vastly under-represented nationwide despite the enormous potential (SEIA's Q2 2014 U.S Solar Market Insight Report, pg. 4). There are difficulties in financing and developing small commercial solar, as transaction costs are nearly the same as 2 MW projects. Many states, including Massachusetts and New York, have acknowledged the need to independently incentivize small commercial projects. The incentive programs for those states incorporate specific carve-outs for small commercial projects.

Additionally, there are precedents in other states that hold competitive solicitations to subcategorize the commercial segment to incentivize small commercial projects. For example, the Connecticut ZREC program is designed so that medium (100-250 kW) and large projects (>250 kW - 1 MW) compete only within their segment for program funds. The Delaware REC competitive solicitation also has two tiers within its "large" category of 30 kW - 2 MW. Smaller systems (between 30 to 200 kW) and larger systems (between 200 kW to 2 MW) do not compete against each other for REC contracts. The two programs are successful at ensuring diversity of customer participation at cost-effective prices.

### **Credit Deposit**

In its Response, the IPA requested an alternative proposal to the proposed credit deposit of \$10 per REC.

ISEA recommends that the IPA require a credit deposit of \$5 per REC for participation. ISEA surveyed current members and the consensus was that \$5 per REC will not be cost prohibitive for participants.

Respectfully submitted,

Illinois Solar Energy Association

By: /s/ **Paul G. Neilan**

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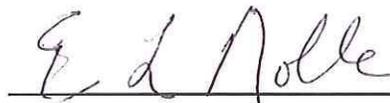
STATE OF ILLINOIS     )  
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COUNTY OF COOK     )     SS

**VERIFICATION**

Shannon Fulton, on oath, states that she is President of the Illinois Solar Energy Association (“ISEA”); that she is authorized to make this verification on behalf of ISEA; that she has read the foregoing Reply to Responses of Commonwealth Edison Company, Ameren Illinois Company, the Illinois Commerce Commission and the Illinois Power Agency regarding the Illinois Power Agency’s 2015 Procurement Plan, and is familiar with the matters set forth therein; and that the matters set forth therein are true and correct to the best of her knowledge, information and belief.

  
\_\_\_\_\_  
Shannon Fulton

Subscribed and sworn to before me  
this \_\_31st\_\_ day of October, 2014

  
\_\_\_\_\_  
Notary Public



ERIN L. NOBLE  
My Commission Expires  
February 16, 2016  
St. Louis City  
Commission #12304330

## NOTICE OF FILING

On October 31, 2014, Law Offices of Paul G. Neilan on behalf of its client Illinois Solar Energy Association filed via e-Docket the attached Reply of the Illinois Solar Energy Association to Responses of Commonwealth Edison Company, Ameren Illinois Company, the Illinois Commerce Commission and the Illinois Power Agency in the above-referenced proceeding, a copy of which is hereby served upon you.

/s/ **Paul G. Neilan**  
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## CERTIFICATE OF SERVICE

The undersigned attorney hereby certifies that he caused the Reply to Responses of Commonwealth Edison Company, Ameren Illinois Company, the Illinois Commerce Commission and the Illinois Power Agency regarding the Illinois Power Agency's 2015 Procurement Plan in ICC Docket 14-0588 to be served on each of the persons on the Service List by e-mail on October 31, 2014.

/s/ **Paul G. Neilan**  
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Attorney for Illinois Solar Energy Association