

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Illinois Power Agency)
)
Petition for Approval of the IPA’s) ICC Docket No. 14-0651
Supplemental Procurement Plan Pursuant to)
Section 1-56(i) of the IPA Act)

**VERIFIED BRIEF ON EXCEPTIONS
ON BEHALF OF THE ILLINOIS POWER AGENCY**

The Illinois Power Agency (“IPA” or “Agency”), by and through its attorney, respectfully submits its Verified Brief on Exceptions to the Administrative Law Judge’s December 9, 2014 Proposed Order in Docket No. 14-0561, the IPA’s petition for approval of its supplemental photovoltaic procurement plan (“Supplemental Plan”) filed pursuant to Section 1-56(i) of the Illinois Power Agency Act. The IPA agrees with the vast majority of the Proposed Order’s conclusions, and finds the reasoning behind those conclusions to be thoughtful, well-articulated, and justified—especially given the compressed timeline for the consideration of the Supplemental Plan. On exceptions, the IPA merely seeks clarification on two issues addressed below.

ACCEPTABLE METERING

Disputes in this docket surrounding metering turn on the perceived difference in meaning between a “utility-grade electric meter,” as used in the Supplemental Plan, and “revenue quality metering” as used by Ameren Illinois in its Objections. (Ameren Objections at 1-2). In Response to Ameren’s Objections, ISEA stated that it understood “revenue quality metering” as requiring additional, potentially expensive metering equipment (ISEA Response at 6), while the IPA suggested the terms may in effect be interchangeable (IPA Response at 18).

Section 1-56(i) of the IPA Act offers very limited guidance on the topic of metering, stating only the following:

An individual distributed renewable energy generation device owner shall have the ability to measure the output of his or her distributed renewable energy generation device.

(20 ILCS 3855/1-56(i)(1)). Metering requirements are specified in the Supplemental Plan with the intent of, first, ensuring that this statutory standard is met, and, second, ensuring accuracy in the measurement of the output of PV systems used to create RECs delivered via the supplemental procurement (thus ensuring the IPA's ability to verify what it purchases). With Section 1-56(i) also designed to promote participation from smaller PV systems, defining applicable metering standards thus requires determining which term best captures technologies offering sufficient accuracy while minimizing burdens for participating system owners.

As noted in the Proposed Order, this determination may be guided by the standards developed by GATS and M-RETS. In reviewing the relevant GATS and M-RETS standards, both use the term "revenue-quality metering" rather than "utility-grade meter." GATS defines revenue quality metering as follows: "a revenue-quality meter and its installation must at a minimum meet the applicable ANSI C-12 standard or its equivalent." (GATS Operating Rules, Section 6.3.3k)¹ Similarly, M-RETS states that "a revenue-quality meter is one that meets the applicable ANSI C-12 standard or applicable state standards." (M-RETS Operating Procedures, Section 7.2)² However, because the ANSI C-12 standard features a wide range of requirements for meters that go well beyond accuracy, it appears that the goal of both the GATS and M-RETS requirements is not to embrace the full range of ANSI C-12 standards for meters, but rather a desire to reference the applicable portion of those standards requiring measurements with an accuracy of +/- 2% for metering of smaller systems (and different accuracy ranges specified for systems of other sizes).

¹ <http://www.pjm-eis.com/~media/pjm-eis/documents/gats-operating-rules.ashx>

² <http://www.mrets.org/wp-content/uploads/sites/8/2014/03/Operating-Procedures-09-09-14.pdf>

The IPA notes that both New Jersey and Massachusetts require separate revenue quality meters. As explained for the New Jersey SREC program, the requirement for a separate meter flows from concerns regarding the accuracy of inverter output:

A revenue-grade system output meter that must meet or exceed the ANSI C12.1-2008 accuracy standards is required. The meter must be capable of recording the cumulative kilowatt-hours that the solar installation produces. This meter is commonly called a “production meter”. The monthly kilowatt-hour generation recorded on this meter is used to determine how many SREC’s the solar installation has generated. The monthly kWh production must be reported to the PJM GATS SREC Tracking system to update your account. This meter does not need to be capable of transferring data electronically. While it is possible that your inverter is capable of displaying accumulated kilowatt-hours, the accuracy of the inverter meter does not meet the ANSI C12.1-2008 accuracy standards required by the NJCEP and therefore can not be used for the purpose of generating SRECs. The Market Manager has conducted an informal survey of several major inverter manufacturers and has confirmed that these inverter readings are not intended to meet revenue-grade meter accuracy requirements and are not ANSI C12 Certified.³

Crucial to the IPA’s desire to minimize unnecessary burdens, the Massachusetts program notes that inexpensive options exist for revenue-quality metering—stating that “[m]any installers use refurbished revenue grade meters on PV systems smaller than 10 kW. These meters typically cost less than \$50.”⁴

With these observations in mind, the IPA believes that the term “revenue quality metering” may be preferred for the Supplemental Plan. The IPA understands “revenue quality metering” to refer to measurement capable of meeting the accuracy ranges reflected in the ANSI C-12 standards, but because those standards reflect additional requirements for meters, using a term which captures this accuracy requirement may be preferable to referencing the need to specifically meet the ANSI C-12 standard or determining what specific metering technology is required.

³ <http://www.njcleanenergy.com/renewable-energy/programs/metering-requirements/production-meter-requirements-solar-projects-sreCs>

⁴

<http://images.masscec.com/uploads/programdocs/Production%20Tracking%20System/MA%20Revenue%20Quality%20Metering%20Info%20FINAL.pdf>

To this end, the IPA offers the following revisions to the Commission Conclusion on

p. 25 of the Proposed Order:

With regard to PV systems <25 kW in size, only AIC is troubled by the reference to "utility grade" metering in the October 28, 2014 PV Plan. The Commission understands AIC to be recommending that the PV Plan not address appropriate metering in order to avoid adopting any standards or requirements that may be inconsistent with GATS or M-RETS provisions. ~~Unfortunately, exactly where GATS and M-RETS fall on the question of appropriate metering for small PV systems is not clear in the record. While AIC cites portions of GATS and M-RETS operating rules purporting to require revenue quality metering for all systems producing RECs, while ISEA and SunEdison argue that requiring such metering on smaller systems is not customary and not worth the expense in light of the number of RECs produced. Notably, ComEd has not expressed any concerns about the measurement/calculation of RECs from <25 kW PV systems. Given the state of the record and the entirely plausible argument that standard inverter readings, PVWatts forecasts, or simple calculations using the standard capacity factor in the PV Plan can be used to determine REC output on small systems, the Commission finds references to "utility grade" metering in the PV Plan reasonable.~~

The Commission declines to adopt a specific metering standard and instead directs the IPA to replace references to "utility-grade meters" with references to "revenue-quality metering" to be more consistent with applicable GATS and M-RETS terminology. However, the Commission understands that when using the term "revenue quality metering" in the Supplemental Plan, it does not necessarily mean requiring separate meters capable of meeting all ANSI C-12 requirements; instead, "revenue-quality metering" is measurement capable of achieving the accuracy ranges embodied in the ANSI C-12 standard for meters. If meeting this level of accuracy requires a "production meter" capable of such measurement, then that is a reasonable requirement; but if it can be demonstrated that the output from an inverter or some other approach can provide that level of accuracy, then that would also be acceptable. In addition, ¶The Commission concurs with the IPA's intention to avoid heightening any metering standard and potentially create new barriers to participation, especially, as the IPA notes, against the backdrop of a law seemingly designed to encourage participation from smaller systems.

25-500 kW SYSTEM CATEGORY – BENCHMARKS

The Proposed Order in part adopts a proposal offered/supported by ISEA, SunEdison, and ELPC to create a third procurement size category:

As noted by the IPA, its first procurement event in June of 2015 essentially reflects a third size category of systems >25 kW to 500 kW. The Commission supports this proposal and considers 500 kW a reasonable cut-off point because 500 kW is a common capacity for commercial solar inverters according to SunEdison. In furtherance of promoting an intermediate size category, the Commission directs the IPA to revise its second procurement event in November of 2015 **to include a category of >25 kW to 500 kW** and a category of >500 kW to 2 MW. Of the RECs acquired in this procurement

event, approximately 15% should be obtained from the >25 kW to 500 kW category, as suggested by ISEA and SunEdison.

(Proposed Order at 48-49) (emphasis added). This approach results in the following size categories for the three proposed non-contingency procurement events:

- June 2015: 2 categories (<25 kW; 25 kW-500 kW)
- November 2015: 3 categories (<25 kW; 25 kW-500 kW; >500 kW to 2 MW)
- March 2016: 2 categories (<25 kW; 25 kW to 2 MW).

For each procurement event, Section 1-56(i)(4)(f) directs the procurement administrator to develop benchmarks:

Benchmarks **for each product to be procured** shall be developed by the procurement administrator in consultation with Commission staff, the Agency, and the procurement monitor for use in this supplemental procurement.

(20 ILCS 3855/1-56(i)(4)(F) (emphasis added). No bid shall be accepted if it exceeds the developed benchmark price. (See 20 ILCS 3855/1-56(i)(4)(E)).

For purposes of defining “products” for which “benchmarks” are to be developed, the Supplemental Plan provides as follows:

All winning bids must also be below “benchmarks” developed “for each product procured.” As the IPA understands the sub-25 kW market to be a distinct “product” for purposes of this procurement, **distinct benchmark prices will be developed for systems below 25 kW in size and from 25 kW to 2 MW in size.**

(Supplemental Plan at 8) (emphasis added). This approach was developed against the backdrop of procurement events providing for only two categories of projects. However, as described above, the IPA will be procuring RECs exclusively from the 25 kW to 500 MW market segment for two of the three scheduled procurement events.

The IPA does not take exception to the Proposed Order’s conclusion that a third size category be employed. But given the requirements referenced above, the IPA seeks clarification as to whether the 25 kW to 500 kW market segment is considered a distinct “product” for which

a separate benchmark should be developed—and if so, whether a separate benchmark should apply to the consideration of bids for all three procurement events.

If the Commission indeed believes that distinct treatment for the 25 kW to 500 kW market segment is warranted due to differences in these projects' cost structure, the IPA believes that viewing this category as a distinct “product” for which distinct benchmarks are developed is likewise warranted as a natural extension of this logic. Absent distinct benchmarks, projects in this market segment may be assessed using assumptions also applicable to projects up to 2 MW—the very outcome sought to be avoided by developing a mid-sized category. Further, the IPA believes that the benchmarking methodology developed for this “product” should be applied to bids received in all procurement events (including the third event for which 25 kW to 2 MW will operate as a single size category), as doing so offers both administrative and logical consistency.

To this end, the IPA suggests the following revisions to the Commission Conclusion on pp. 48-49 of the Proposed Order:

As noted by the IPA, its first procurement event in June of 2015 essentially reflects a third size category of systems >25 kW to 500 kW. The Commission supports this proposal and considers 500 kW a reasonable cut-off point because 500 kW is a common capacity for commercial solar inverters according to SunEdison. In furtherance of promoting an intermediate size category, the Commission directs the IPA to revise its second procurement event in November of 2015 to include a category of >25 kW to 500 kW and a category of >500 kW to 2 MW. Of the RECs acquired in this procurement event, approximately 15% should be obtained from the >25 kW to 500 kW category, as suggested by ISEA and SunEdison. The second procurement event set forth in Section 5.1 of the PV Plan could be revised to read:

2. November 2015 (\$10 million; no maximum bid size for bids in the under 25 kW category (representing 50% of RECs in this procurement event), >25 kW to 500 kW category (representing 15% of RECs in this procurement event), and 2 MW maximum system size for the >500 kW and above category (representing 35% of RECs in this procurement event)).

While this introduction of a third size category is limited to the November 2015 procurement event, the Commission believes that it strikes a reasonable balance among the parties' arguments and offers an additional opportunity to smaller commercial installations to participate in the PV

Plan without having to compete against significantly larger projects. Furthermore, consistent with the logic that systems in this market segment may be viewed as distinct from systems up to 2 MW in size, the 25 kW to 500 kW category shall be considered a distinct “product” for which unique benchmarks are to be developed and applied across all procurement events. To be clear, the IPA is not restricted from adopting more than two size categories in a fourth procurement event if the IPA concludes that earlier events under the PV Plan suggest it would be advantageous to do so.

With this change, the fourth paragraph of Section 2.2.3 of the Supplemental Plan shall be revised to read:

All winning bids must also be below “benchmarks” developed “for each product procured.” As the IPA understands the sub-25 kW market, the >25 kW to 500 kW, and the >500 kW to 2MW all to be a distinct “products” for purposes of this procurement, separate benchmarks will be developed for each such product or category.

Similarly, the second paragraph of Section 5.2.3 of the Supplemental Plan should also be revised to read:

Proper bids received by the closing date and time of the procurement event will be evaluated by the procurement administrator as follows: First, for a bid to be considered, it must be at or below the appropriate benchmark (see Section 5.2.4 below). Second, bids are ranked in order of price per REC until all bids have been ranked or until the budget is exhausted. If that step ended because the budget was exhausted, in a next step, the lowest priced sub-25 kW systems that have not yet been ranked replace the highest priced over-25 kW systems as needed to reach the objective of having 50% of the RECs for the procurement event from systems sub-25 kW systems (or vice-versa, should the imbalance work in the opposite direction). For the second procurement event, if needed, the same process is used to bring the 25-500 kW category up to 15% of the RECs. This evaluation identifies the winning bids for review by the Commission.

CONCLUSION

The IPA respectfully recommends that the Commission resolve identified exceptions consistent with the Agency’s positions articulated herein.

Dated: December 22, 2014

Respectfully submitted,

Illinois Power Agency

By:

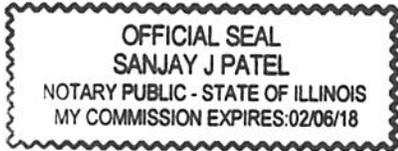
 /s/ Brian P. Granahan

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VERIFICATION

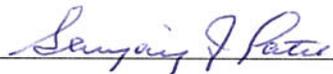
Anthony M. Star, being first duly sworn, on oath deposes and says that he is the Director for the Illinois Power Agency, that the above Verified Brief on Exceptions on Behalf of the Illinois Power Agency has been prepared under his direction, he knows the contents thereof, and that the same is true to the best of his knowledge, information, and belief.





Anthony M. Star

Subscribed and sworn to me
This 22nd day of December, 2014



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NOTICE OF FILING

Please take notice that on December 22, 2014, the undersigned, an attorney, caused the Verified Brief on Exceptions on Behalf of the Illinois Power Agency to be filed via e-docket with the Chief Clerk of the Illinois Commerce Commission in Docket No. 14-0651.

December 22, 2014

/s/ Brian P. Granahan
Brian P. Granahan

CERTIFICATE OF SERVICE

I, Brian P. Granahan, an attorney, certify that copies of the foregoing document(s) were served upon the parties on the Illinois Commerce Commission's service list as reflected on eDocket via electronic delivery from 160 N. LaSalle Street, Suite C-504, Chicago, Illinois 60601 on December 22, 2014.

/s/ Brian P. Granahan
Brian P. Granahan