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ILLINOIS COMMERCE COMMISSION**

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**STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION**

Illinois Power Agency

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Petition for Approval of its 2017 Procurement  
Plan pursuant to Section 16-111.5(d)(4) of the  
Public Utilities Act.

16-0453

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ILLINOIS COMMERCE COMMISSION  
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**THE ILLINOIS SOLAR ENERGY ASSOCIATION  
RESPONSE TO CERTAIN OBJECTIONS TO  
THE ILLINOIS POWER AGENCY'S 2017 PROCUREMENT PLAN**

The Illinois Solar Energy Association ("ISEA") submits this response to the Objections filed by the Staff of the Illinois Commerce Commission ("Staff") to the Illinois Power Agency's ("IPA") 2017 Procurement Plan ("IPA Plan"). Specifically, the ISEA is responding to Staff's objection/recommendation that the IPA Plan potentially host only one procurement event for renewable energy credits ("RECs") from distributed generation ("DG") resources and the length of the contract be split between 5-year and 10-year contracts.<sup>1</sup>

**Response to Staff Objection Concerning Proposed 2017 Procurement of DG RECs**

The IPA 2017 Plan proposes the procurement of 5-year RECs through two procurement events during 2017 for Commonwealth Edison and Ameren Illinois Company. Staff objects to the IPA intention to hold multiple events and recommends the IPA consider holding only one, possibly two DG REC procurement events as a cost savings measure. Staff also recommends extending the 5-year REC contracts to 10-year contracts to potentially attract further interest and bids in the procurement. ISEA disagrees with these objections/recommendations.

A. Hosting Multiple Events: ISEA supports the IPA inclusion of 2 procurement events in 2017 Plan. Without this change, a single event will chill the market as projects identified after that procurement event would wait until 2018 before proceeding. As stated in our comments submitted September 27th, 2016, this would encourage greater participation in the DG REC Procurement and open the solar market in several ways. First, solar in Illinois is a nascent market. Hosting more than one procurement per year

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<sup>1</sup> The Illinois Solar Energy Association Renewables Suppliers is not responding to, and take no position on, any other Objections to the IPA Plan filed by Staff or by any other party. However, the ISEA reserves the right to file a Reply to any other parties' Responses to Objections, in accordance with the procedural schedule.

would enable multiple entry points into solar for both potential system owners as well as prospective solar developers. The residential and commercial solar market sales cycle is typically predicated upon the availability and certainty of state based incentives. Without those assurances, most homeowners and businesses are reluctant to dedicate resources to investigate projects until programs are clearly identified. By identifying two events, the IPA would send clear market signals to the industry and ensure growth and interest over the course of the year. This poses a significant challenge to the market, one that can be easily solved by hosting multiple opportunities to participate in the REC market.

Additionally, hosting only a single event will have an adverse impact on the financial resources for solar installation businesses and developers intending to purchase Speculative RECs. ISEA has heard from our business members that a significant factor toward the success of the Supplemental Procurement Plan was the ongoing project development opportunity and flexibility that multiple events offered, while also enabling small solar businesses with limited cash reserves to apportion up-front capital investments in Speculative SRECs into affordable quantities. The cash outlay for Speculative REC deposits for an entire revenue year represents a substantial financial investment. This burden on cash flow is significant as the deposits are not refunded until installations are completed, and those return deposits have been delayed due to the budget impasse. Hosting two events creates a more level playing field for existing and new small solar businesses and facilitates more accurate and sustainable sales and job growth forecasting.

Finally, limiting the DG REC procurement to a single event will have an unintended consequence of creating a market barrier for those interested in entering the market mid-year. Without an opportunity to purchase Speculative RECs or submit identified systems into a procurement event, businesses would be blocked from entry until the 2018 Procurement Plan before launching, further suppressing adoption of solar in Illinois and slowing progress toward the stated RPS goals.

ISEA supports the IPA intentions to host two procurement events in the 2017 Plan in order to create a robust and growing industry. Feedback from participants in the Supplemental Procurement and its success in promoting solar penetration in Illinois supports the need for multiple procurements within a single energy procurement year.

B. Extending 5-year REC contracts to 10-years: Doubling the length of the delivery period may hamper adoption of solar. A key directive for the IPA is to procure RECs in a cost effective manner. As such, ISEA polled several of its industry members and no benefit has been identified in association with moving to a 10-year REC. ISEA is concerned this change would simply stretch out the payment period and negatively impact a solar owner's financial return. Furthermore, this change would influence the auction and confidential benchmarks in ways that will be difficult for bidders to anticipate, causing increased confusion and trepidation in bidding. As the IPA has now offered five REC procurements featuring a 5-year REC contract, the ISEA recommends remaining consistency for 2017.

Further the ICC suggests:

"Based on the discussion, above, Staff recommends that the Plan be modified to allow for either one or two DG procurement events in 2017, but that the annual quantity targets and spending limits for each event be split equally between 5-year and 10-year contracts."

ISEA objects to this recommendation, as it will cause a great deal of confusion in the market, potentially resulting in lower bid submissions and reductions in installed capacity. All REC contract values should have matching terms within the same plan year.

Respectfully Submitted,

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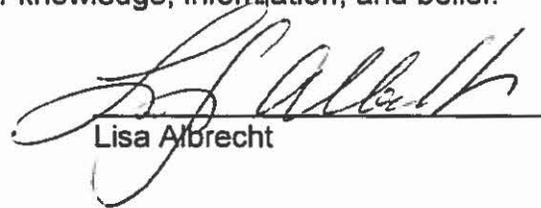
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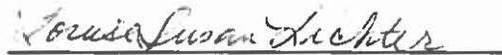
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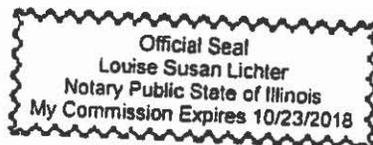
**VERIFICATION**

Lisa Albrecht, on oath, states that she is the Vice President of the Board of Directors of the Illinois Solar Energy Association, that she is authorized to make this verification on behalf of the Illinois Solar Energy Association, that she has read the foregoing Response to the Objections of the Staff of the Illinois Commerce Commission and is familiar with the matters set forth therein, and that the matters set forth in the Response are true and correct to the best of her knowledge, information, and belief.

  
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Lisa Albrecht

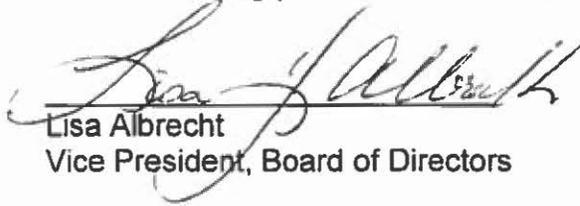
Subscribed and sworn to before me  
this 21<sup>st</sup> day of October, 2016.

  
\_\_\_\_\_  
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## CERTIFICATE OF SERVICE

The undersigned hereby certifies that she has caused the Response of the Illinois Solar Energy Association to the Objections of the Staff of the Illinois Commerce in Docket No. 16-0453 to be served on each of the following persons on the Service List by e-mail on October 21, 2016.



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