



Response to Request for Follow-Up Comments to the Adjustable Block Program, Block 1 Lottery

Clearway Energy Group appreciates the opportunity to provide this reply to the follow-up comments of the Illinois Power Agency (IPA) and the Adjustable Block Program (ABP) Administrator regarding the Block 1 Lottery proposal (Lottery). As one of the largest developers, owners and operators of renewable energy and community solar specifically in the United States – with assets across 28 states, more than 500 employees and the capacity to power about 2.7 million homes with over 7,000 megawatts of power generation capacity – Clearway Energy Group (“Clearway”) brings very real and proven experience to Illinois as we help translate into reality the important legislative and regulatory intent of increasing access to the benefits of solar to thousands of customers who would otherwise not have the chance.

It’s with that experience that we reiterate what many comments in the initial comment period have emphasized: the opportunity to build solar projects through the ABP has generated significant interest, which is positive, but has resulted in several unintended negative consequences. Fortunately these consequences are addressable if decisive action is taken now but, if left unaddressed, will result in a morass of irrational behavior followed by a program unfulfilled.

In that context we greatly appreciate the IPA’s willingness to revise its proposal to streamline the Block 1 lottery process, and have outlined three areas to focus its revisions.

- 1. Bid Collateral**
- 2. Enhanced Project Maturity Requirements**
- 3. Developer Market Cap**

Bid Collateral

A number of states have seen intense interest from the solar industry when new programs start, and Illinois is no different. While the establishment of the ABP has facilitated the development of a robust community solar pipeline in IL, alterations to the intended rules of the game (e.g., elimination of interconnection deposits required before project submission and allowance for project substitution post-lottery) have led to a relentless and irrational influx of projects into the interconnection queues. We are very concerned that many projects are not commercially viable and exist only to increase the chance for that developer to win an incentive award by increasing the number of chances it has in the lottery - an irrational dynamic that would reward luck instead of high-quality development and investment. This is not an appropriate way for a new market to develop and runs counter to the legislative intent of the Future Energy Jobs Act (FEJA).

We strongly believe that setting a meaningful financial incentive for potential bidders to offer only their viable projects BEFORE the lottery date will result in the elimination of many of the projects which do not have any real commercial viability from inappropriately bidding in the Block 1 lottery.



Minnesota addressed the issue of potentially speculative bids in their community solar program by requiring refundable cash bid collateral in advance of the incentive award process. We recommend using the Minnesota precedent of requiring \$100,000/MWac refundable cash bid collateral for all projects that seek incentive awards, which will be refundable upon project energization or immediately if a project is not selected in the Lottery. This has the advantage of not just being a well understood and accepted amount in the marketplace, but has actually been proven out to successfully chase away speculative bids in one of the largest community solar markets in the country.

Additionally, for projects seeking the small subscriber REC adder, the bid collateral should be non-refundable until the developer provides proof of fulfillment of the small subscriber requirement as detailed in the Long Term Renewable Resources Procurement Plan (LTRRPP).

Enhanced Project Maturity Requirements

To ensure the long term health of the ABP and to mitigate the unintended consequence of non-viable projects submitted simply to earn a lottery ticket, Clearway strongly recommends that the existing technical requirements for project eligibility be further expanded to demonstrate project readiness and constructability. Serious projects that are likely to be constructed have a number of common characteristics that all Block 1 applicants should demonstrate to the IPA. These include the following:

1. **Binding Lease Agreement** - Developers provide the IPA with a copy of *binding* lease agreements with landowners where the project will be sited, or proof of ownership of the site.¹
2. **Proof of Permitting** - Developers provide the IPA with evidence of Special Use Permit or letter from the AHJ confirming no such discretionary permit is required.¹
3. **Establish Threshold Interconnection Application Eligibility Date** - The market behavior observed since the September 10 release of the draft procedure for the Block 1 Lottery suggested the IPA would allow project switching strongly indicates that many developers are seeking to increase their chances of winning a REC award by submitting projects that never will be built into the interconnection queue. To ensure the integrity of Block 1, Clearway strongly recommends limiting eligibility of Block 1 incentives to those projects with interconnection applications submitted before September 10, 2018.

¹ IPA should make available on its website a public list of the type of all applications, basic information about project information and award status, and the documentation submitted in this category for each project submission – for example, a land use permit, or a building permit provided where no land use is believed to be required. An example of such a publicly available report from Massachusetts’ System of Assurance of Net Metering Eligibility (net metering allocation queue administrator) can be found accessed by visiting <https://app.massaca.org/allocationreport/report.aspx> and clicking on the individual per-utility caps. Making this information publicly available, with commercially sensitive information redacted, serves the public interest and ensures program integrity by encouraging transparency within and among the developer community.



4. Queue Position Prioritization – The IPA should prioritize projects which are not reliant upon confirming additional information to move forward with executing a final interconnection agreement with the utility. This can be achieved by prioritizing those projects which are 1) first in queue per circuit or 2) not contingent on the interconnection upgrades of other projects ahead in queue. This is consistent with the initial intent of the ABP’s first-come, first-served structure, as well as the intent of FEJA to encourage geographic diversity since projects that are in the same interconnection queue are generally approximate to each other.

Developer Market Cap

Healthy markets have many participants. Markets with high levels of developer concentration result in unnecessarily high risk that a single provider might under-perform or even fail, thus undermining the legislative intent of the ABP. We appreciate the fact that the IPA recognizes this and has proposed a number of requirements to attempt to mitigate this risk. However, there remains significant concern about developer concentration in the Illinois market, given the fact that co-location was only determined to be allowed later on in the drafting of the LTRRPP and not all developers were able to take advantage to this late-stage modification to the rules of the game.

As such, Clearway strongly recommends an explicit developer cap on the amount of capacity awarded. We suggest a requirement that no Approved Vendor be allowed to obtain more than 50% of the capacity for any individual Block. At 50%, this proposed cap would simply ensure that no single developer receive the *majority* of incentive awards. This strikes a reasonable balance – with the benefit of guarding against extreme developer concentration risk without the cost of putting too low or prescriptive a limitation on free enterprise.

Respectfully submitted,

Clearway Energy Group