



Environmental Defense Fund Comments on Illinois Power Agency's Block 1 Lottery Strawman Proposal

In response to the Illinois Power Agency's ("IPA's") Block 1 Lottery Strawman Proposal of September 10, 2018, Environmental Defense Fund ("EDF") hereby submit these comments. EDF is a national nonprofit organization whose mission is to preserve the natural systems on which all life depends. Guided by science and economics, EDF finds practical and lasting solutions to the most serious environmental problems. EDF has a strong interest in minimizing the electric industry's significant contribution to climate change and other environmental problems. EDF actively participated in the IPA's Long-term Renewable Resources Procurement Plan development process and in the regulatory proceeding that approved that Plan. EDF comments here to make two process recommendations regarding the lottery for the IPA's consideration. EDF appreciates the opportunity to provide these comments.

EDF understands that the current utility interconnection queues contain enough MWs of power that, even if only a portion of those projects are built, the first block(s) of the Adjustable Block Program will indeed exceed 200% capacity and the IPA's lottery process will be invoked. In the Long Term Renewable Resources Procurement Plan litigation before the Illinois Commerce Commission ("ICC"), EDF agreed with the IPA that a lottery was a reasonable means of preventing rushes on the block program that could cause the budget to spiral out of control, but suggested a weighted lottery or scoring system. EDF noted that a pure lottery system would not necessarily ensure projects that are awarded to the block are the most likely to be energized and successfully

deliver RECs on time. EDF also expressed concern that a pure lottery process would disproportionately impact the development opportunity for residential and small commercial projects, which are more likely to require the highest available financial incentives. A key goal of the legislation is to ensure residential and small commercial projects can participate, and to maximize the budget to allow for these projects. EDF therefore recommended a scoring or weighting system for the lottery process.

In response, the IPA revised its proposal to reserve 50% of funding from the first community solar block for projects that include at least 50% small subscribers. In the event that the number of proposed projects with at least 50% small subscribers exceeds 50% of available funding, a lottery process would determine which projects were selected to that 50% reserved block, and the balance of those projects would go into the lottery for the remaining 50% of funding (along with projects that do not include 50% small subscribers).

EDF supported that approach, noting that the IPA could amend its plan later if specific scoring criteria becomes necessary in order to ensure small customers have appropriate incentive and reasonable ability to participate in community solar projects. To that end, EDF appreciates the thoughtful consideration the IPA used in crafting the lottery process as proposed. EDF recommends two process additions here. First, EDF recommends the IPA track and report on the number of projects that met the small subscriber requirement that submitted to Block 1, as well as the number of projects that were selected and not selected in the 50% carve-out. Second, EDF requests that the IPA initiate a workshop or other stakeholder process shortly after the close of Block 1, once that data is available, to consider whether weighting or scoring of projects is appropriate for subsequent blocks.

The utility interconnection queue backup poses additional concerns as well. EDF is concerned that there may be a significant number of projects currently holding spots in the queue

that will, for myriad reasons, not come to fruition. One reason may include that some projects in the queue may be simply holding spots in order to increase their chances of having a project chosen in the lottery process. EDF therefore recommends that the IPA, in coordination with ComEd and Ameren, develop a process or mechanism that will help ensure that projects that are chosen through the lottery process are in fact going to move forward. A process that disincentivizes “dummy” projects, which could block actual, viable projects from moving forward, or which prioritizes viable projects, could be appropriate.