

Comments from SolAmerica Energy
Adjustable Block Program Lottery Strawman Proposal
10/17/18

SolAmerica Energy appreciates the opportunity to comment on the IPA's/InClime's lottery strawman proposal (and related comments from other stakeholders). Our comments/suggestions follow:

A significant bid-collateral requirement would (1) unfairly advantage the largest developers, (2) fundamentally change the rules of play at a very late stage in this process, and (3) likely do little to address the concern of gaming the project switching concept.

- (1) A requirement for significant bid collateral inherently discriminates against smaller developers. Current program application requirements (which include a fully executed interconnection agreement and related expenses and local permitting expenses) already impose meaningful site development costs. To further increase these costs with a late-breaking requirement for significant bid collateral could significantly limit participation for many small developers. Aside from being unfair, the result would be a market dominated by the largest players which we believe would cast the program in a negative light.
- (2) Developers have already spent substantial dollars and time working to meet the application requirements of the program. To impose a substantial new cost this late in the process unfairly threatens these investments for many developers and, again, would disproportionately impact smaller developers.
- (3) Any risk of "bogus" projects being filed into the program is minimal given the filing requirements (full permits, site control, and executed interconnection agreement), and any impact from this minimal risk is outweighed by the punitive impact of additional collateral fees being imposed on smaller developers.

As suggested by Summit Ridge Energy and others, in order to ensure a level playing field for late-breaking projects, SolAmerica would support a requirement for collateral roughly equal to the all-inclusive cost for gaining non-ministerial permits for projects (1) located in jurisdictions where local permitting is not required AND (2) submitted after any designated cut-off date.

We support rapid deployment of the reserve capacity to project types based on level of interest. However, this should be done in a way that provides some immediate relief based on obvious initial interest AND that attempts to balance opportunities across project type.

With interest in the program appearing to far outweigh initial capacity, some amount of market disruption seems inevitable. In particular, many developers will be at risk for the loss of meaningful site development costs for those sites that do not gain a lottery position that would place them in any of the first three blocks. Still, IPA should do all it can to blunt the effects of this disruption. One way would be to have a ready, pre-announced approach for how the capacity reserve will be quickly added to Block 3 volumes for

any project type/size/geography group that exhausts its capacity. To ensure some form of proportionality between the groups, this could be done in incremental, timed releases. For example, if only community solar exhausted its initial Block 3 capacity in the 14-day opening window, but no other project group did, 50% of the reserve capacity for that geography could be immediately assigned to community solar. After that point, we recommend a pause (perhaps 60 days) to see if relative interest in program type adjusts before further deployment. It could be that, due to strong perceived competition for community solar and the longer anticipated timing for permitting community solar sites, interest in this category MAY be initially inflated relative to long-term interest. Small DG/residential and large DG should be given slightly longer to see if they would also exhaust their initial capacities within a reasonable timeframe. Prematurely giving away ALL of the available capacity to a single project type could unfairly favor certain developers/customer groups over others. If, after a reasonable time, only one project type exhausted its available capacity, we would support all of the reserve going to that project type.