

**Adjustable Block Program
Opening Lottery Procedure
11/28/2018**

The following procedure applies to the initial opening of any of the three Adjustable Block Program project categories for each of Group A and Group B: Small DG of up to 10 kW; Large DG from over 10 kW up to 2,000 kW; and Community Solar up to 2,000 kW. Each of the six Group¹/category combinations (e.g. Group A Community Solar, Group B Large DG) will be treated separately for consideration of whether to hold a lottery and how the lottery would be conducted.

Block 1 capacity is 22 MW² for categories in Group A and 52 MW for categories in Group B. (Therefore 200% of Block 1 capacity is 44 MW for categories in Group A and 104 MW for categories in Group B.) Block 2 capacity is the same as Block 1. Block 3 capacity is 5.5 MW for categories in Group A and 13 MW for categories in Group B. Project size is measured in MW as determined by inverter capacity.

A. Determination for holding a lottery

1. For each Group/category, 14 calendar days after Block 1 opens, the number of project applications received will be assessed to determine if the aggregate MW nameplate capacity of those projects is greater than 200% of the Block 1 capacity for that Group/category. The program website will show a dashboard of the capacity of applications received, reviewed, and approved during that 14-day period.
2. If the MW capacity of applications received in the first 14 days is less than or equal to 200% of the Block 1 capacity, there will not be a lottery for that Group/category.
 - a. If the capacity of applications received in the first 14 days is between 100% and 200% of Block 1 capacity (subject to a review of applications similar to that described in Paragraph A.3 below), then all of those projects will receive Block 1 pricing, and Block 1 for that Group/category will be considered closed. Block 2 will open for the next projects received, with those projects receiving Block 2 pricing. The capacity available in Block 2 in this case will be impacted by the amount allocated to Block 1. For example, if 130% of planned Block 1 capacity is allocated to Block 1, then 70% of planned Block 2 capacity will be allocated to

¹ Group A is for projects located in the service territories of Ameren Illinois, MidAmerican, Mt. Carmel Public Utility, and rural electric cooperatives and municipal utilities located in MISO. Group B is for projects located in the service territories of ComEd, and rural electric cooperatives and municipal utilities located in PJM.

² Consistent with Section 1-10 of the IPA Act's definition of "nameplate capacity" and as reflected in Section 6.3.1 of the IPA's Long-Term Renewable Resources Procurement Plan, block capacity designations refer to the aggregate nameplate capacity of participating systems measured in AC.

- Block 2. Paragraph C.4 below would apply for Block 2, with the 45-day clock starting on the date when the Agency opens Block 2.
- b. If the capacity of applications received in the first 14 days comprises less than 100% of Block 1 capacity, see Section B.
 - c. If the capacity of applications received in the first 14 days is *exactly* 200% of Block 1, then both Blocks 1 and 2 for that Group/category will be considered closed, and Paragraph C.4 below would then apply for Block 3.
3. If the aggregate MW capacity of applications received in the first 14 days is greater than 200% of Block 1 capacity, then a preliminary notice of a Block 1 lottery will be issued for that Group/category. The Program Administrator will review applications for accuracy and completeness within approximately 21 days of receipt. Projects will be allowed 14 days to correct/cure deficiencies from the date of notice of any deficiency. Projects that fail to cure deficiencies or which are otherwise non-compliant will not be included in the lottery. Approval of an application is not a guarantee of selection of the project; it only authorizes the project to proceed in the process towards participating in the Block 1 lottery.
 4. Should the aggregate MW capacity of valid applications fall to, or below, 200% of Block 1 capacity after the review of project applications described in Paragraph A.3, then the Block 1 lottery will not be held and the process in Paragraph A.2 above will be followed. Should the aggregate MW capacity of valid applications fall below 100% of Block 1 capacity, the provisions under Section B will be followed for filling Block 1.
 5. If a Block 1 lottery is conducted for a Group/category, the Agency will endeavor to conduct the lottery within approximately 49 calendar days after Block 1's opening date (the initial 14 days of project applications, 21 days for Program Administrator review, and 14 days for the curing of deficiencies). While the Agency will endeavor to conduct the lottery within this timeframe, this period may be extended, and is likely to be extended should a Block 1 lottery for Small DG projects be required. While the Agency plans to hold any required lotteries on the same day, final scheduling will depend upon the time needed to properly review project applications and may result in lotteries being held on more than one date.

B. Lottery Process

1. The Block 1 lottery for any Group/category combination, if needed, will be held at a public location announced by the Agency, and the selection of projects will be conducted using an algorithm that is open for review by interested parties. Each project participating in the Block 1 lottery will be identified by a name provided by the Approved Vendor. For all Large DG and Community Solar Block 1 lottery participants, the project name, the project size, the physical address, the Approved Vendor name, any small subscriber commitment status, and the random ordinal number assigned to

the project through the lottery will be made public. For small DG projects, the published address will consist only of the city and zip code.

2. For community solar categories only, there will be two rounds of Block 1 lottery selection conducted for each Group: the first round, for projects that commit to securing small subscribers ($\leq 25\text{kW}$) for at least 50% of a project's energy output; and the second, for all other projects plus those first-round-eligible projects not selected in the first round. The first round will be for 100% of the Group's Block 1 capacity. If less than 100% of the Group's Block 1 capacity makes a small subscriber commitment, then all projects making that commitment would be selected and the balance of the first-round capacity would be added to the second round for that Group. (For example, if project applications comprising 70% of the Group's Block 1 capacity have a small subscriber commitment, all of those projects would be assigned to Block 1, and a second-round lottery would be held for 130% of Block 1 capacity.)
3. Through the Block 1 lottery, each project within a Group/category will be assigned a random number indicating its ordinal rank within that Group/category. The selection of projects will be made by taking projects in order from the lowest number to the highest number. In the event that the last project selected in a Group/category would exceed the capacity allocated to the lottery (200% of Block 1 for DG, 100% of Block 1 for each round of community solar), that project would be approved in its entirety.
4. All projects selected in the Block 1 lottery will receive the applicable Block 1 pricing.
5. Following the Block 1 lottery for a Group/category, Block 2 will be deemed to have been filled. If the capacity of the remaining unselected projects in a Group/category is less than or equal to the capacity of the applicable Block 3, then remaining projects will be automatically placed in Block 3 at the applicable Block 3 pricing. Block 3 will then remain open until filled as described in the Plan. (However, if Block 3 is completely filled at that point, then Block 3 would be considered closed.) Paragraph C.4 below would apply for filling the remaining portion of that Block 3. For example, for a Group B category, if 2 MW of Block 3 is automatically filled via the Block 1 lottery, 11 MW of Block 3 will remain to be filled. The 45-day clock for Block 3 will be considered to begin on the date when the Agency opens Block 3.
6. Following the Block 1 lottery, if the capacity of the remaining unselected projects in a Group/category exceed the capacity of the applicable Block 3, then projects will be automatically selected for Block 3 using the ranking from the original Block 1 lottery. Selection of projects will be made by taking remaining projects in order starting from the lowest remaining number until Block 3 is filled to 100%. These projects would all receive Block 3 pricing. Block 3 would then be considered closed. In the event that the last project selected in a Group/category would exceed the capacity allocated to Block 3, that project would be approved in its entirety.

7. Projects that remain unselected following the Block 3 allocation will be placed in a rank-ordered wait list based upon their numbers from the Block 1 lottery. If and when additional capacity for that Group/category is made available by the Agency (through the allocation of discretionary capacity as described below in Section F), or when space becomes available because previously accepted projects are no longer qualified for the Adjustable Block Program, those projects will be given 10 business days to accept or decline their selection. Selected projects would receive Block 4 pricing, which will be 4% less than the published Block 3 pricing. If a project selected to be in Block 4 declines its selection, then next project(s) in line in the wait list would be selected along the same terms (10 business days to accept or decline) and this process repeated as needed until the available capacity is filled.
8. Projects must remain in the interconnection queue (i.e., maintain a valid interconnection agreement with the applicable utility) in order to maintain their place on the wait list. Exceptions will be made for projects which are forced from the utility interconnection queue due to the utility's queue management process (such as being forced to pay a potentially nonrefundable deposit to remain in the queue), but may only be selected upon a demonstration that a) the project did not voluntarily exit the queue and b) the project has reapplied for interconnection with the utility.

C. Ordering of Projects That Do Not Participate in a Lottery

1. Projects that do not participate in the Block 1 lottery and apply later after the initial 14-day period will be placed in Block 3 if there is any capacity remaining in Block 3. If Block 3 is also filled, they will be placed at the end of the wait list after any unselected projects from the Block 1 lottery, based upon the time when their complete application was submitted. If and when additional capacity for that Group/category is made available by the Agency, and these projects are ultimately selected from the wait list, they will receive Block 4 pricing.
2. If less than 100% of Block 1 capacity for a Group/category has been filled following the first 14 calendar days of applications, Block 1 will be held open until 45 calendar days after opening, or until Block 1 is filled, whichever comes last. In other words, if Block 1 is filled after more than 14 days but before 45 days, the block will be held open until 45 total days has elapsed. If Block 1 is not filled within 45 days after opening, the Agency will continue to hold Block 1 open; the Agency will then announce whenever Block 1's capacity allocation is met that Block 1 for the Group/category is full and that it will be held open for an additional 14 calendar days of applications before officially closing.
3. Under Paragraph C.2 above, any projects submitted into that Group/category after Block 1 closes will be held for approval in Block 2 for that Group/category. Similar to Paragraph A.2, the size available in Block 2 in this case will be impacted by the amount previously allocated to Block 1. (For example, if 110% of Block 1 was actually allocated,

90% of Block 2 will be available via the 45-day process described in Paragraph C.4 below.) Subsequently, any projects submitted into the same Group/category after Block 2 has closed will be held for approval in Block 3, and the size available for Block 3 via the 45-day process described in Paragraph C.4 below will be reduced accordingly if the total amount actually allocated to Blocks 1 and 2 exceeds 100% of the planned capacity of Block 1 plus Block 2.

4. Each of Blocks 2 and 3 similarly would be held open until the later of (i) 45 calendar days after opening, or (ii) 14 additional calendar days after that block is filled. Applications for a Group/category that does not engage in an initial lottery will be allocated on a first-come, first-served basis until Block 3 is filled. Order will be based on the date a complete application is submitted. Applications submitted in excess of the total capacity of Blocks 1-3 will be ordered and placed on a waitlist pending allocation of discretionary capacity, any potential allocation of additional funds, or removal from the program of previously accepted projects.
5. The lottery waitlist is applicable to Blocks 1-3 and any discretionary capacity allocated. At this time, the Agency is not proposing that the lottery waitlist is applicable to capacity allocated as a result of the Plan Update developed by the Agency in 2019,³ unless the Illinois Commerce Commission Order's approving the Plan Update requires that the waitlist be binding on subsequent project selection processes.

D. Developer Cap

1. For the purposes of the lottery, any affiliated⁴ family of project developers⁵ will have a 20% cap on the capacity of REC contract awards for a given Group / Category, determined on a block by block basis. Any affiliated family of project developers which exceeds 20% of the awarded capacity in the initial 200% of Block 1 will have any projects that cause them to exceed the 20% capacity cap moved to become the first projects in Block 3 for that Group/category. Block 3 will then be evaluated separately and any affiliated family of project developers that exceeds 20% of the awarded capacity in Block 3 will have any projects that cause them to exceed the 20% capacity cap be moved to

³ Under Section 16-111.5(b)(5)(ii)(B) of the Public Utilities Act (220 ILCS 5), the IPA "shall review, and may revise, the plan at least every 2 years" after its initial publishing and propose any revisions "in conjunction with the Agency's other planning and approval processes" to the extent practicable. The Agency thus plans to revise its Long-Term Renewable Resources Procurement Plan over the summer of 2019, publishing any such revisions in mid-August for public comment and filing a revised Plan with the Commission in late September 2019; any Commission Order approving the Plan Update would likely be issued in December 2019.

⁴ "Affiliated" means, with respect to any entity, any other entity that, directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with each other or a third entity. "Control" means the possession, directly or indirectly, of the power to direct the management and policies of an entity, whether through the ownership of voting securities, by contract, or otherwise. Affiliates may not have shared sales or revenue-sharing arrangements, or common debt and equity financing arrangements.

⁵ To be clear, the 20% cap applies to an affiliated family of developers/installers, not to Approved Vendors.

become the first projects in the waitlist. This capacity cap will not be applied at any point after the initial lottery, or for any Group/category that does not hold an initial lottery. In the case of a lottery held for the community solar category with the small subscriber set-aside, the 20% cap evaluation will be applied to the total capacity in Block 1 after both lotteries for 200% of Block 1 capacity are complete.

For example, if a lottery was held in the community solar category and a lottery was needed for those projects that propose to include 50% small subscribers, that lottery would be held without regard to a developer cap. The subsequent lottery for the remaining 50% of capacity in Blocks 1 & 2 combined would be held. At the conclusion of that lottery, assume Developer A held contracts representing 25% of the Block 1 & 2 capacity. Assume that the 5% additional capacity over 20% represented 4 projects. These 4 projects would be moved and projects next in succession would move up until that Block 1 was at 200% of initial volume. The 4 projects would then be reinserted into the ordinal lottery list as the first 4 projects in Block 3. Assume that Developer A then held 40% of the Block 3 capacity and the extra 20% capacity over 20% represented 2 projects. Developer A's last 2 projects in Block 3 would then be moved, projects next in succession from the waitlist would take their place, and the 2 projects would be reinserted into the ordinal list as the first 2 projects on the waitlist. Note that the procedure would be the same if a different Developer B exceeded 20% of Block 3 even if it didn't exceed 20% of Blocks 1 and 2.

2. If application of the 20% cap would result in Block 1 volume falling below 200% of allocated capacity, capped projects will be added back to the block in original lottery order after all projects from other developers not exceeding the 20% cap are allocated capacity.

E. Project-Specific Requirements

1. The reallocation of contracts between projects (i.e., project substitution) will not be allowed.
2. All projects must be built as submitted in the initial application. All initial applications will require a detailed site diagram showing the locations of the solar panels on the parcel (ground mounted) or roof (roof mounted) where they will be located. Photographic documentation will be required that the final project is located in the same section of the parcel (ground mounted) or on the same building (roof mounted) as the initial application. If a project does not meet these requirements, it will not be considered eligible to receive REC payments and the Approved Vendor will have the option to resubmit the project. However, the resubmittal will be placed at the end of any waitlists that had previously been established for that Group/category, will be at the price of the Block open at the time, and will require a new application fee. Variations of less than 5% in size or capacity and minor variations in plot placement that impact less

than 5% of the total surface area covered by the solar array(s) will not require project reapproval. All projects must be developed using the interconnection agreement applicable to the selected project.

F. Discretionary Capacity

1. Under the Commission's Order in Docket No. 17-0838, the total MW capacity of Blocks 1 through 3 of each Group and category makes up 75% of the Adjustable Block Program capacity required to meet the 2020-2021 delivery year procurement targets. 25% remains for the Agency to allocate at its discretion.
2. The Agency will allocate the remaining 25% of program capacity (approximately 166.5 MW) to various Groups/categories after evaluating the results of the initial program launch to assess the available Renewable Resources Budget (accounting for commitments made from the competitive Forward Procurements for RECs from utility-scale wind, utility-scale solar, and brownfield site solar, and the funding limitations created by the end of the budget roll-over period that concludes with the 2020-2021 delivery year), demand in the various Groups/categories, any unexpected barriers to participation, or other factors related to creating a robust and diverse portfolio of projects. To the extent funding is available, the Agency will allocate the remaining capacity to the various Groups/categories as soon as practicable and will endeavor to do so prior to conducting a lottery.
3. Projects selected using discretionary capacity will receive Block 4 pricing.

G. Additional Provisions

1. Approved Vendors must attest that they have obtained all non-ministerial permits that, according to the commercially reasonable investigation of the Approved Vendor, are necessary to the project at the time of application to the Adjustable Block program. The Approved Vendor must list all such permits, along with the name, phone, and email of a contact person at the issuing authority. The Program Administrator will verify a random selection of permits and reserves the right to verify any permits that it deems require further investigation.
2. Projects must submit a copy of a binding lease, option, or PPA contract between the Approved Vendor or project developer and the site owner as proof of site control for any project where the project owner is not also the Approved Vendor and the host.
3. All projects awarded a REC contract will be required to post collateral with the utility within 30 business days of the Illinois Commerce Commission approving the contract. Collateral is equal to 5% of the total contract value and may be in the form of cash or a

letter of credit. The Approved Vendor's choice to withhold a project's collateral from the last REC payment for that project (or from the only REC payment for small DG projects) may be made only after the project is certified by the Program Administrator as developed and energized. This collateral will be forfeited if the project is not developed and energized within one year of the contract execution date for a distributed generation project, or within 18 months of the contract execution date for Community Solar projects, plus any extensions granted by the Program Administrator.