

Block 1 Lottery
IPA Strawman Proposal
9/10/18

The following draft process applies to any of the three Adjustable Block Program project categories: Small DG of up to 10 kW; Large DG from over 10 kW up to 2,000 kW; and Community Solar. Each Group and category¹ (e.g. Group A, Community Solar) will be treated separately for considering whether to hold a lottery and for how the lottery would be conducted.

For categories in Group A, Block 1 capacity is 22 MW; for categories in Group B, 52 MW. (Therefore 200% of Block 1 capacity is 44 MW for Group A categories, and 104 MW for Group B categories.) Block 3 capacity for Group A is 5.5 MW, for Group B 13 MW. Capacity is measured in MW AC.

Determination of if a lottery will be held

1. For each Group/category, 14 calendar days after Block 1 opens, the amount of applications received will be assessed to determine if the nameplate capacity quantity 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 quantity of applications received, and the quantity of applications reviewed and approved during that 14-day period.
2. If the amount 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. However, if the amount received in the first 14 days is greater than or equal to 100%, up to 200% of Block 1 capacity (subject to a review of applications similar to that described in paragraph 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 size available in Block 2 in this case will be based on the amount previously 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 Block 2. Paragraph 3 under “Additional Provisions” below would apply for Block 2; with the 45-day clock starting on the date when the Agency opens Block 2. (If the amount of applications received in the first 14 days comprises less than 100% of Block 1 capacity, see “Additional Provisions” below. Also, if the amount 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 3 under “Additional Provisions” would then apply for Block 3.).

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.

3. If the amount 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. Projects will be reviewed by the Program Administrator within 14 days of receipt for accuracy and completeness, and will be allowed 14 days to correct/cure deficiencies. 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 is only for the project to proceed in the process to participating in the Block 1 lottery.
4. Should the quantity of valid applications fall to or below 200% of Block 1 capacity after the review of project applications described in paragraph 3, then the Block 1 lottery will not be held and the process in paragraph 2 will be followed. Should the quantity of valid applications fall below 100% of Block 1 capacity, the provisions under “Additional Provisions” below 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 35 calendar days after Block 1 opens (the initial 14 days of project applications and 21 days to allow for the review of projects and the curing of deficiencies). This period may be extended in the case of a Block 1 lottery for Small DG projects.

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 Block 1 lottery participants, that 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.
2. For community solar categories only, there will be two rounds of Block 1 lottery selection conducted: the first round, for projects that commit to obtaining 50% of capacity from small subscribers; 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 skipped. If the remaining (unselected) projects in a Group/category comprise 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 3 under “Additional Provisions” 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 lottery process, 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.

Following the Block 1 lottery, if 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 systems would all receive Block 3 pricing. Block 3 would then be considered closed.

6. Projects that remain not selected following the Block 3 allocation will be placed in a rank-ordered waiting 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, those projects will be given 10 business days to accept or decline their selection. Selected projects would receive pricing based on the applicable block after Block 3. If a project declines its selection, the next project(s) in line in the wait list would be selected along the same terms.
7. Projects that do not participate in the Block 1 lottery and apply later after the initial 14-day period will be placed at the end of the waiting list after any non-selected 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 in by the Agency, and these projects are ultimately selected from the wait list, they will receive pricing based on the applicable block after Block 3.

Reallocating Contracts

An Approved Vendor with both selected and non-selected projects after the Block 1 lottery (if held) will be given a one-time option within a window of 7 days to choose to replace some or all of its selected systems by choosing from its (or its Affiliates') non-selected systems in the same Group/category, up to but not exceeding the selected project's capacity. If differences in system size would result in exceeding the originally selected project's capacity, the Approved Vendor must choose a combination of replacements that would not exceed the selected projects' total original capacity but which may be less. A community solar project that includes a small subscriber commitment may not be replaced with a community solar project that did not include a small subscriber commitment.

Any vendor that applies to become an Approved Vendor must identify at that time which other current or prospective Approved Vendors are its Affiliates. "Affiliates" shall have the meaning given in Section 7.3.1 of the Long-Term Renewable Resources Procurement Plan: *"Affiliate" 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.* The Agency will reserve the right to investigate the accuracy of Approved Vendors' "Affiliate" reporting or non-reporting.

25% Program Capacity at the Agency's Discretion

The total quantity of Blocks 1 through 3 of each Group and category makes up 75% of the Adjustable Block Program capacity required to meet the law's 2020-2021 delivery year procurement targets. The Agency will not allocate the remaining 25% of program capacity (approximately 166.5 MW) to any Group/category until it has evaluated the results of initial program launch to assess the available remaining 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. In other words, the unallocated portion of Block 3, totaling approximately 166.5 MW, will not open until the Agency determines how to allocate the discretionary capacity, subject to any budgetary limitations. Projects selected for that newly allocated portion of Block 3 will receive Block 3 pricing.

Additional Provisions

1. 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 total days after opening, or until Block 1 is filled, whichever comes last. In other words, if Block 1 is filled 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 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.
2. Under the first provision 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 2 under "Determination of if a lottery will be held" above, the size available in Block 2 in this case will be based on 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 3 below.) Subsequently, whenever Block 2 closes, any projects submitted into that Group/category will be held for approval in Block 3, and the size available for Block 3 via the 45-day process described in paragraph 3 below will be reduced accordingly if the total amount actually allocated to Blocks 1 and 2 exceeded 100% of the planned capacity of Block 1 plus Block 2.
3. For Blocks 2 and 3 (to be opened at later dates), those blocks would similarly be held open (i) for 45 calendar days (including the circumstance where the block is filled before 45 days, in which case the block is held open until 45 days has elapsed), or (ii) if the block is not filled upon 45 days, then until the block volume is filled, and then for 14 calendar days after that.

A stakeholder webinar will be held at 1:00 PM CDT on Monday, Sep 17th, for any stakeholder wishing to ask questions or discuss the proposal with Illinois Power Agency and Administrator staff. The webinar can be accessed at <https://incline.clickmeeting.com/abpstakeholder9-17-18> Alternately, participants can call into the conference line at 312-702-1380 using PIN 366996#

The program Administrator will be taking comments on this proposal by email at comments@illinoisabp.com from now until 5:00 CDT on Friday, Sep 28th. All comments received will be made publicly available unless the commenter specifically requests confidential treatment and submits a confidential and redacted version.