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Illinois Adjustable Block Program  
Request for Stakeholder Feedback: System Design Criteria for Distributed Generation Systems  
May 21, 2021

Dear Mr. Anthony Star and the Illinois Power Agency:

SRECTrade, Inc. (“SRECTrade”) appreciates the opportunity to respond to the Illinois Adjustable Block Program (ABP) Request for Stakeholder Feedback: System Design Criteria for Distributed Generation Systems. SRECTrade provides our comments on specified “Stakeholder Feedback Questions” from the Request for Stakeholder Feedback below.

- A. 1. No, an ABP system should not be compared to a system with ideal specs and be limited to a certain percentage of the production of an ideal system. A system could be installed intentionally and legitimately with suboptimal specs that could fall below a minimum threshold percentage. For example, a system could be installed with a suboptimal angle simply due to the pitch and orientation of an owner’s roof. Solar sales organizations and solar installers are already incentivized to install high-performing systems to increase their customers’ satisfaction and improve production and financial returns. Thus, it is unlikely they would install suboptimal systems without good reason.

In addition, after establishing the proposed rule it is possible that if a suboptimal system were installed without the owner’s consent or knowledge, the system owner could be further impacted negatively by being unable to apply to the ABP and receive their SREC incentive. This would compound the negative financial impact of a suboptimal system by excluding it from incentive payments. SRECTrade believes that the primary issue is not one of optimal vs. suboptimal specs, but rather one of accurately predicting REC production and awarding an ABP contract based on realistic production projections. An accurate capacity factor will award the customer an achievable annual REC target while ensuring Illinois utility companies do not over-incentivize a system.

2. SRECTrade opposes a disclosure requirement of scoring systems based on their percentage of optimal efficiency as it relates to maximizing their ABP SREC incentive. Systems are not typically designed to maximize SREC revenue, but rather to meet some or all of the electricity needs of a site. In this regard, SRECTrade echoes the point made in A.1. that a consensual acceptance of a system’s proposed specs in both a Sale Contract and disclosure form sufficiently address the concerns that are raised in Section A.

- B. 1. No, there should not be a minimum capacity factor for projects submitted. If a system owner wishes to be overly conservative with their REC production estimate in order to minimize the likelihood of clawbacks later in their contract, the owner may wish to submit an abnormally low capacity factor for their project specs. This is a legitimate reason to submit a low capacity factor and the system should still be allowed to apply in this instance. As long as the customer is aware of the incentive level they are receiving there are no negative consequences of submitting a conservative capacity factor.



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Additionally, with capacity factors being based on AC system size there will be many scenarios where a lower capacity factor is appropriate to achieve an accurate REC production number. This scenario comes into play with oversized inverters. While it is usually more cost efficient to install the smallest inverter possible to operate the system there are many situations where an oversized inverter is beneficial. For installers, preparing for future system expansions or simply installing a 7 kW AC inverter when you only need 5 kW because you bulk ordered 7 kW inverters are just some examples of why inverters may end up being larger than necessary. When this happens, the customer should have the option to reduce their capacity factor such that their annual REC requirement is achievable. If this is prohibited the system may receive excess incentive funds and face collateral clawbacks down the road.

2. No, there should be no absolute range drawn for each tracking type. See response to B.1. for reasoning.

3. No, capacity factors deviating from the imputed PVWatts capacity factor by more than a certain percentage should not be disallowed. See response to B.1. for reasoning.

C. 1. No, there should be no required azimuth range for ABP systems. System owners should be permitted to apply to the ABP with any azimuth that they have agreed to have installed on their property. See response to A.1. and A.2. for additional reasoning.

D. 1. and 2. No, there should be no maximum payback period or IRR requirements for ABP systems. Financial metrics vary based on the resources available to system owners and the range of financial products available to them and that are sold by their solar sales organization/solar installer. Establishing a “one size fits all” rule for how a system needs to be financed would not consider the different financing products already available today or those that might become available in the future.

For example, a solar loan could offer a lower monthly rate over a longer term which is considered more favorable by the system owner than another loan with a higher monthly rate over a shorter term. Implementing the rule proposed in this section could prohibit the system owner from their preferred loan option solely due to the payback period requirement limiting the amount of time that can be used. Additionally, some customers may choose to go solar solely for environmental reasons and are willing to take on a project with a longer-than-normal payback period. While the consumer protection intention of this rule is admirable, in practice, it could end up limiting the amount of solar installed and limit the range of financing options available to customers.

E. 2. Language could be added to the Distributed Generation Disclosure Form to further clarify how the projected ABP SREC incentive value is derived. At present the Disclosure Form clearly indicates a system’s projected contract value but does not state how it is calculated. Displaying a calculation of how this value is derived would increase transparency and allow system owners to more easily understand how their project’s specs impact their contract value. Factors such as capacity factor, projected REC price, and AC system size that are used to calculate contract price could be shown in an equation on that section. Additional language could be added stating that



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the final REC price may be different from the anticipated REC price depending on what block the system qualifies for.

SRECTrade also recommends that the “Estimated annual system production decrease” field be taken out of the Disclosure Form’s System Design Specifications section. It is already a Program requirement that the standard annual degradation rate be 0.5%. Leaving this field on the form opens the door for any value to be imputed and ultimately artificially increase (or decrease) the total contract value.

SRECTrade appreciates the consideration being taken to improve the ABP but as our comments make clear we do not feel that adding more specific requirements or “guardrails” is the most effective way to improve the program. We believe most of the consumer complaints arise due to a fundamental misunderstanding of the block program value, and mistakes that are made by approved vendors or designees due to the increasing complexity of the program. Adding these hyper-specific systems requirements will make the process and incentive value harder to understand for participants and will create outlier systems that will not be able to participate based on a technicality. We welcome the opportunity to provide comments and feedback on ways to streamline and simplify the process.

Thank you for your time and consideration on SRECTrade’s comments and please contact us with any questions.

Sincerely,

SRECTrade, Inc.