

**From:** [Ross Abbey](#)  
**To:** [IPA.EnergyEquity](#)  
**Subject:** [External] Equity Solar Illinois – Stakeholder Feedback on Advance of Capital Authorization Rubric  
**Date:** Tuesday, November 14, 2023 6:55:27 PM

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Equity Solar Illinois, LLC (“ESI”) submits this feedback in response to the IPA's October 31, 2023 Stakeholder Feedback Request regarding the establishment of new eligibility criteria for advance of capital (“AOC”) requests within the EEC category of the Adjustable Block Program.

From the IPA's perspective, the statutory AOC mechanism “is intended to serve EEC-certified businesses exhibiting true need and to support a more diverse Approved Vendor pool.” (Request at 1.) We would respectfully point out that, as part of the larger Adjustable Block Program, the AOC mechanism is also intended to support overall program success, including by enabling the development of more MWs of solar over the near and middle-to-long term. Unfortunately, the IPA's proposal, if implemented, would significantly reduce the scale and beneficial impact of the EEC category's AOC mechanism.

If ESI's reading is correct, the IPA has determined that only EECs that otherwise have no access to capital (and likely little experience building solar projects) should be eligible to receive an AOC. However, an AOC is only part (perhaps half) of the overall capital that will be needed to complete a solar project. If, by the IPA's own admission, EECs eligible for the AOC can't access other capital, logic dictates that those EECs will not be able to actually bring the solar projects to fruition. Simply put, the IPA's proposal would provide capital to EECs that have the lowest likelihood of success. From ESI's viewpoint, this puts the Adjustable Block Program funds at significant, undue risk (which, as the IPA is aware, have been collected from Illinois rate payers for the primary purpose of constructing solar projects in Illinois).

ESI argues that the better approach would be for the IPA to make AOC awards to the EECs that are most likely to complete solar projects. In some cases, this may mean EEPs that have come together with experienced solar developers to become partners in an EEC. After all, if the goal of the Adjustable Block Program is to build solar projects, then the intent of the AOC mechanism should be to financially support the successful completion of EEC solar projects that have high probability of achieving commercial operation (“COD”). If a project does not achieve COD, its AOC is pointless. In ESI's opinion, the two criteria that best demonstrate the EEC's ability to achieve COD – and thus most minimize potential ratepayer losses from AOCs that fail – are the following:

1. Experience, particularly within the Illinois ABP
2. Ability to access capital, even if on terms less reasonable than the AOC

To the extent the IPA is seeking to disqualify AOC requests based on the EEC (including its non-EEP partner) having solar development experience or an ability to access capital (even if on terms less reasonable than the AOC), we believe that approach is ill-advised. As stated, an EEC that receives an AOC will need to access significant amounts of capital beyond its AOC amounts to complete its project(s) (perhaps 100% more). Moreover, solar project development can be a risky undertaking and many time- and cost-intensive items can shift during the course of

development (interconnection cost increases and delays, solar panel availability and price shifts, new tariffs, permitting changes, interest rate hikes, inflation increases, supply chain constraints, labor shortages, program and regulatory changes, etc.), making projects more costly and jeopardizing their CODs altogether. Having experienced EECs with access to capital will greatly mitigate these types of risks. ESI notes that ensuring that AOC funds are issued to EECs with demonstrated ability to complete solar projects is consistent with federal programs that provide solar capital loans, such as USDA's REAP program (which uses a loan underwriting process) and SBA small-business loans (which require a showing that the borrower has a "reasonable ability" to repay the loan). Under those programs, the government does not look for applicants that are the least qualified to build solar projects. Rather, SBA applicants go through a rigorous underwriting process and must demonstrate that they have a "reasonable ability" to repay the loan. The USDA specifically requires the loans they guarantee to be underwritten to "generally accepted prudent lending practices." Moreover, the SBA's "need" criterion isn't whether the applicant can access other capital, but whether it can access other capital on "reasonable terms", which can include loan maturity, amount, insufficient project collateral, etc. To the contrary, the IPA's proposed approach for AOC loans would have the paradoxical effect of selecting only for projects that have a higher risk of failure (e.g., the project not being built). This runs contrary to what the Adjustable Block Program is trying to achieve.

In short, ESI recommends that the IPA not move forward with its current proposal and, instead, adopt a mechanism that grants AOC to EECs that are most likely to successfully construct solar. Not only would this best promote the goals of the Adjustable Block Program, but it would protect public funds to the greatest extent possible. To be clear, approving AOC for EECs that have the highest likelihood of failure does not promote any goal of the Adjustable Block Program and, in fact, may be setting up for failure those EECs that do receive an AOC.

Thank you for your attention to this matter.