Carbon Solutions SREC
2045 W Grand Ave Ste B, PMB #58751
Chicago, IL 60612
312-971-6245
SREC@carbonsolutionsgroup.com

Illinois Power Agency
160 North LaSalle Street
Chicago, Illinois 60601

Energy Solutions- Program Administrator

Comments on Consumer Protection Initiatives for Stranded Customers

Carbon Solutions Group will be providing following comments on the Consumer Protection Initiatives for Stranded Customers with specific focus on the *Stranded Customer REC Price Adder* and the E*scrow Process for Approved Vendors* . Thank you for the opportunity to provide stakeholder feedback. We appreciate the effort invested in updating the Program and its consumer protection initiatives, which are largely positive and beneficial to the industry as a whole.

Stranded Customer REC Price Adder

Response to question #1- *Are the proposed REC adder values adequate to incentivize Approved Vendors and Designees to assist stranded customers in each of the categories listed in Tables 1 and 2 of Attachment A? If you believe the REC adder values should be higher or lower, please provide an explanation and any supporting data.*

Stranded customers require significantly longer processing times than non-stranded customers and pose a higher risk to the timely delivery of RECs. For instance, they often delay finding new installers until issues arise, resulting in prolonged system downtime. This increases the likelihood of under-delivery until repairs and maintenance are completed, if at all.

The proposed adder values for projects under 100 kW AC do not sufficiently account for the burden placed on Approved Vendors. Most stranded customers that Carbon Solutions Group assists fall into the "Medium Risk" category of the REC Adder Column 4. However, the proposed 5% increase in REC price does not provide a strong enough incentive for CSG, as it does not align with the proportional increase in time and risk that CSG assumes with these customers.

To better reflect the risk burden CSG undertakes, the REC Adder values should be doubled from the current proposal. The "Low Risk" category should start at $6, "Medium Risk" at $9, and the "High" and "Very High" categories should be merged into a single "Critical Risk" category with a REC Adder value of $16.

Response to question #2- *Are there additional categories that should be added to the Tables in Attachment A (either to cover additional types of customers or to split an existing category into multiple categories with different REC adder values)?*

The current categories provided in the Tables of Attachment A are sufficient and effectively cover the necessary customer types. Introducing additional categories may create unnecessary complexity, potentially complicating the implementation process. If changes were considered, CSG advocates for the simplification of the table to make it easier for both approved vendors and customers to use and understand.

Response to question #5- *Which approach should be used for REC adder values for larger projects (100kW and above)?*

Carbon Solutions Group recommends adopting Option 1 for larger projects. This hard-cap approach simplifies the process for all stakeholders by offering more predictable payouts and encouraging standardization. By setting clear expectations, this method minimizes potential disputes in compensation.

Response to question #9- *If an Approved Vendor submits a request for a REC adder (or higher REC adder), what REC adder values should be possible? Should the Approved Vendor have to select from one of the values set for the standard low, medium, high, or very high REC adders? Or should the Approved Vendor be able to request a custom REC adder value?*

Approved Vendors should have the ability to request a custom REC adder value in cases where they are confronted with highly risky situations that would otherwise deter them from taking on certain customers. The preset values for the standard risk categories often fail to account for the significant risk and additional overhead that AVs assume when dealing with such challenging circumstances.

In these instances, custom REC adder values would allow AVs to make more informed decisions based on the unique complexities and risks involved. Although custom requests may add a layer of complexity, they would be limited to rare cases where the standard REC adder values are insufficient to cover the actual risk and responsibilities AVs are required to take on. Offering this flexibility would ensure that more projects move forward, while still providing appropriate compensation for the added challenges.

Response to question #10- *How should the REC adder be applied if a customer is stranded by both their Approved Vendor and also by an installer Designee? Should the higher applicable REC adder apply? Should both potentially applicable REC adders be awarded? Should the customer be automatically eligible for the highest possible REC adder value?*

The REC adder categories cover the most common scenarios for stranded customers. However, in limited circumstances it may make sense for the REC adder from multiple categories to be combined. This could perhaps be done via the process for a custom REC adder mentioned in the previous question.

Response to question #11- *How should the REC adder be reflected in invoicing, in different situations (e.g., invoicing has not started yet, invoicing has started but not finished, invoicing has finished).*

If invoicing has not started, the REC price should be adjusted to incorporate the REC adder values. If invoicing is ongoing, the adder should be applied retroactively to the remaining RECs, with the REC price adjusted accordingly. If invoicing has been completed, a final invoice should be issued based on the remaining value of the REC adder.

Response to #12- *When a stranded customer REC adder is applied, should the REC Contract go back to the Illinois Commerce Commission for re-approval?*

Carbon Solutions Group opposes the requirement for ICC re-approval, as it significantly extends application processing times and reduces overall efficiency. However, if Approved Vendors are mandated to post collateral for REC Adder values, re-approval from the ICC would be beneficial for managing collateral among all parties involved. We ask the Agency to clarify whether the posting of additional collateral is mandatory for REC Adder incentives. Additionally, we request that the Agency clarify whether there will be a limit on how far back the retroactive REC Adder will be applied for contracts predating the current program year.

<u>Escrow Process for Approved Vendors that Do Not Pass Through Promised Incentive Payments</u>

Response to question #1- *What should the minimum threshold be for the number of reports/complaints to potentially lead to the implementation of the escrow process? The Agency is considering a set number of reports/complaints (such as 2 or 5 credible reports within a 45-day period) or a percentage approach (such as 1% of the number of projects included in invoices for the Approved Vendor over the past three months). The Agency is attempting to* *balance consumer protection risks, which would weigh in favor of a low threshold, against the uncertainty and potential financial risk to Approved Vendors, which would weigh in favor of a higher threshold. Another option could be to use a combination of absolute numbers and percentages, such as "the greater of X reports or Y%."*

Carbon Solutions Group supports the implementation of a percentage-based metric with a minimum threshold for Approved Vendors. This could be managed similarly to how changes in system AC size are handled. For instance, if more than the greater of either a specific number of claims or a set percentage of invoiced projects have credible reports against them, the escrow process would be triggered. A fair approach would be setting the threshold at no fewer than 5 claims across separate projects or 3% of invoiced projects.

Response to question #2- *If the contract between the customer and the Approved Vendor does not specify a deadline or time frame for the Approved Vendor to pass through the promised REC payment, what timeline should the Program Administrator use as a threshold to determine if there is a high risk that the Approved Vendor will not pass through the promised incentive payment to customers? Would a deadline of 30 or 45 days for the Approved Vendor to pass through a REC incentive payment (measured from the time that the Approved Vendor receives the payment from the utility) be reasonable?*

The Agency should take into account different contract types and business cases, but the threshold for unspecified payment timeframes should generally be set at a minimum of 45 to 60 days. After this period, the Program should identify the Approved Vendor (AV) as being at an increased risk of failing to pass through REC incentives.

Response to question #6- *How long should the Program Administrator wait—while attempting to obtain information about the promised pass-through payment, or while attempting to get the necessary payment information from the customer—before directing the escrow agent to disburse the entire incentive payment to the Approved Vendor?*

A waiting period of 15 days is appropriate before directing the escrow agent to disburse the full incentive payment to the Approved Vendor. This time frame strikes a balance between providing adequate opportunity for the Program Administrator to gather the necessary payment information and ensuring that the process is not unduly delayed. It offers a reasonable window for customers to respond, while also protecting the Approved Vendor from excessive waiting periods that could impact project timelines and financial planning.

Thank you for your consideration of these comments. Please let us know if any additional information is required.

Sincerely,

Dylan DeBiasi
Rhett Gopaul
Brissa Harris