5.13.2019

Response to Comments for the Proposed Project Selection Protocol

The Program Administrator and the IPA (the "Program Team") held a workshop on April 8th, 2019 to discuss the proposed Project Selection Protocol. Comments were due on April 15th, 2019 and four entities submitted comments. The Program Team is appreciative of the thoughtful input that was provided and has grouped the comments by subject area: Project Selection Methodology, Scored Attributes, and Other.

Summaries of the submitted comments are indicated with bullet points and the response is written directly below.

General Comments on Project Selection

Regarding random selection

▶ Before using random selection as a tie-breaker in project selection, the project with the highest Approved Vendor score should be awarded the REC contract. In the case of tied Approved Vendor scores, random selection would be the final tie-breaker.

▶ General support for using a scoring systems and suggests that any random selection should be wholly eliminated

The Program Team appreciates comments regarding the thoughtfulness of the proposed protocol and agrees that tie breakers should be limited. The scoring approach proposed herein is intended to minimize the use of tie breakers, but they are likely unavoidable so random selection for tie-breaking will only be used as a final approach.

The use of the scores from the Approved Vendor registration process is not appropriate for use in the scoring of projects because applicants would not have had prior knowledge of this use of those scores, and that knowledge might have impacted applications. Further discussion of proposed scored attributes can be found in the next section.

On the subject of maximum incentive value within a selection.

While there was only one officially submitted comment on the subject of maximum incentive value, the Program Administrator heard from multiple entities at the workshop indicating they were concerned about this issue.

▶ The Program Administrator should adjust the selection criteria and provide clarification around a maximum incentive value size for any individual project. Currently, if any individual project requested a total incentive value higher than the funds in that prioritization level, it would automatically be disqualified even if it was the highest scoring project in the first two prioritization levels. The project selection protocol has been set up in a way that makes it practically impossible for a full 2MW project to receive an award. Suggestions included:
  o Adjust the protocols so that if a project is selected in either the EJ or LI prioritization, and its total incentive amount is larger than the remaining funds in the prioritization, those funds are taken from the General Project Selection portion.
  o Set a maximum REC award for any individual project and reconfiguring the protocols so that a project selected with a high score in Prioritization 1 or 2 has a mechanism for being awarded the requested amount.

▶ When considering EJ selection, a singular project should be allowed to take more than the 25% allotted if:
  o Community Solar: The project AND the subscribers are located in EJCs.
  o All other sub-programs: It's located in an area otherwise not served by the applicant pool.

The Program Team recommends that the top scoring project be funded regardless of the incentive amount requested as long as it is within the available sub-program budget. If one project takes up more than the 25% EJ or LI allotment, it would be funded in full. If the highest scoring project is funded in full and there are additional incentives available in that selection, but only enough to partially fund the second project, the second project will be funded in its entirety as long as it doesn't exceed the overall sub-program budget. This reduces the need for projects to potentially resize or accept less than the full amount requested at the end of each selection within the sub-program.

Waitlist

- ▶ Comments noted that funds should be large enough that a waitlist is not necessary, and
- ▶ Waitlist should only be used for projects in environmental justice communities, and
- ▶ Projects should not be required to reapply if not chosen but should not be given preference in the new program year.

The Program Team agrees that projects should not be required to reapply but may require a certification from the Approved Vendor that key project features have not changed. All projects that have been deemed eligible but have not been awarded contracts will receive an additional two points for the second program year (2019-2020). Project selection for the 2019-2020 program year will occur later in calendar year 2019, but an exact data has not been determined. After that program year the treatment of waitlisted projects will be subject to any revisions to the program made through the process of the IPA revising the Long-Term Renewable Resources Plan, and the Illinois Commerce Commission approving that revised Plan.

Comments on the Scored Attributes

As a general principle, the Program Team determined that scoring attributes should be based upon measurable and demonstrated attributes of the project application rather than commitments offered by the Approved Vendor about future performance or behavior. In this way commitments that are not kept will not prevent other projects from being selected.

Existing Scored Attributes

The following comments were in reference to attributes that are scored on the currently proposed protocol.

LOCATION

- ▶ Clarify when location matters for eligibility.

Non-profit/Public Facilities projects must be located in an environmental justice or a low-income community to be eligible. Additionally, any project in any of the sub-programs that wishes to receive Environmental Justice points, must be physically located in an Environmental Justice community. In addition to eligibility, the location of a project may influence the points that the project receives as location determines whether a project is in an Environmental Justice or Low-income Community. Location also determines whether the project is in Utility Group A or B, which has points implications.

ENVIRONMENTAL JUSTICE

▶ One comment suggested that Community Solar projects get a larger number of points if both the project and the subscribers are in EJCs. Additionally, there was a request that projects in a block group with a higher EJ Score should be prioritized.

As noted above, the Program Administrator and the IPA wish to have attributes only be characteristics that can be known and measured at the time of the project application. Therefore, attributes, such as the location of future subscribers, that would be measured or promised with an affidavit will not be considered. While the Program Team appreciates the intent of the idea of prioritizing projects within the Environmental Justice selection by their EJ Score, prioritization based on EJ Score would unfairly disadvantage those projects that had self-designated (as approved by the program) as being located in an Environmental Justice Community and those programs would have a much lower EJ Score. The Program Team believes strongly that these self-designated communities should not be penalized.

LOW-INCOME

▶ Take steps to ensure that it is not only the highest income of low-income households that are served by ILSFA.
  o Suggestions included: looking at the median income of the community that a NP/PF resides in, assigning different points for different income thresholds for Distributed Generation projects

The Program Team acknowledges the concern raised in this suggestion, but believes it is premature to make adjustments before knowing the extent or reality of this issue. Rather the IPA and Program Administrator will review the census tracts of initial project

applications and will consider proposing adjustments as part of the Long-Term Plan update process.

M/WBE

▶ The existing definition should be broadened and clarified to include both public and non-public third-party certifying bodies approved ComEd and Ameren Illinois, including but not limited to, the *National Minority Supplier Development Council* and its regional affiliates, and the *Women's Business Enterprise National Council* and its regional affiliates.

▶ Scoring should be based on the percentage of the REC contract project construction that is being served by M/WBE rather than just the AV status. Additionally, documentation should be required via contract or affidavit.

The Program Administrator agrees that M/WBE designation for the purpose of project selection scoring should be expanded to include a definition that includes businesses that have certifications approved by Commonwealth Edison and/or Ameren Illinois. The Program Team appreciates the intent expressed in the proposal for rewarding projects that intend to incorporate M/WBE in every aspect of project development. However, this proposal does not fit into the overarching goal of scoring attributes that are measurable and demonstrated at the time of project application.

SUBSCRIBER OWNED

▶ One set of comments suggested that a project developed and financed by a for profit developer slated for a transfer to a Rural Electric Cooperative or Municipal Utility 5 or more years in the future would count as Subscriber Owned under the scoring criteria is incongruent with the fact that it was stated CS projects not located in an EJ community, but with subscribers in EJCs, would not get EJ points.

  o Suggests a for-profit developer's project not be considered as Subscriber Owned if that project is scheduled for a future transfer to a Rural Electric Cooperative or Municipal Utility.

The Program Administrator reference (at the April 8 workshop) to municipal electricity suppliers and rural electric cooperatives as examples of community owned energy was not intended to mean that they would considered owners for the purpose of the subscriber owned additional REC price incentive. Therefore, there is no impact on this scoring criteria.

Proposed Scored Attributes

Stakeholders commented that they believed further criteria were appropriate to fully embody the intent of ILSFA. Specifically, concern was raised that the maximum score of 8 would create too many projects of similar score and that would increase the likelihood of the need for random selection.

COMMUNITY ENGAGEMENT

▶ Suggestion to include community engagement, as scored in the Approved Vendor process, to be added.
   o Legal support provided by the Future Energy Jobs Act section 1-56 (b) (2) states with respect to IL Solar for: "Priority shall be given to projects that demonstrate meaningful involvement of low-income community members in designing the initial proposals."
   o Suggesting scoring on Approved Vendor Community Engagement Questions: 18 or higher score– 1 point; 11 to 17 score – 0.5 point; 10 or below– 0 points
   o Community Outreach was suggested as an item that needed to be scored and the AV application as a potential model.

Due to the fact that Approved Vendors didn't know that at the time of vendor application that the community engagement questions had the potential to be used for project selection, the Project Team does not believe it is appropriate to now use those answers for this purpose. The Program Team notes that Community Solar project applications have to include demonstration of community engagement. As a point of clarification, to receive a scoring point for a Non-Profit or Public Facility anchor tenant, the applicant must include a Letter of Intent from the anchor organization that outlines their commitment to the Community Solar project.

PARTICIPANT SAVINGS/BENEFITS TO LI CUSTOMERS

▶ Projects that go above the 50% mandatory benefits be given higher points.

The Program Team agrees that a higher percentage of benefits should result in higher points and proposes the following adjustment only for the DG and NP/PF subprograms:

51-60%=.25 points 61-80%=1 point and 81-100%=2 points

Community Solar will not be scored on this attribute as full subscribership will not be determined at project application.

JOB TRAINING OPPORTUNITIES

▶ Projects that exceed the mandatory requirements should receive higher points.

The Program Team believes that this is an admirable attribute, but that it cannot be definitively measured at time of project application.

Batching

▶ Request for clarification of how batching will work within the project selection document. There was a concern raised regarding how small batches may lose the efficiencies that batches are deemed to have.

As Approved Vendors input projects into the AV Portal for Part I, they will be able to group projects into batches (minimum of 50kW) before they are officially submitted. During the review by the Program Administrator, each project will be deemed eligible or not. If the total nameplate capacity of a batch dips below 75%, the entire batch will be rejected. After project review, the AV will be notified that the projects within their batch(es) are eligible for project selection. After the selection protocol, those projects that have been chosen will move to the ICC for approval regardless of how many other projects from the original batch were chosen. For example, if a batch of twenty 5 kW projects is submitted (a total of 100 kW), if more then five projects are found not to be eligible the entire batch would be rejected. On the other hand, if they are all found to be eligible, but through the project selection process only eight are selected (for a total of 40 kW), that would be acceptable.

Funds

▶ Clarify when funds expire and when funds roll over to the next program year.

The 25% of funds targeted to Environmental Justice communities are reset at the end of each fiscal year (June 30thst). Other funds can roll over from program year to program year. Program years begin on June 1st. For reference, see the below timeline for project selection.

May 15: Portal opens 9 AM CT for Approved Vendors to generate disclosures, enter project data, and select and submit batches

June 13: Batch submittal window closes at 5 PM CT for Low-Income Community Solar projects

June 14 - July 8: Program Administrator Review Period for Low-Income Community Solar projects[1]

June 28: Batch submittal window closes at 5 PM CT for Low-Income Distributed Generation and Non-Profits and Public Facilities projects

June 28 - July 8: Program Administrator Review Period for Low-Income Distributed Generation and Non-Profits and Public Facilities projects[1]

July 9 - August 7: Project Cure Period for projects in all sub-programs

August 8 - August 14: Program Administrator Final Review Period

August 15: Final scoring rubric weightings announced (based on distribution of projects submitted)[1]

August 19: Release of Rank Scores and Proposed Project Contract Value List[2]

August 21: Program Administrator announces final list of selected projects; random selection conducted if necessary

August 21 - 28: Time for the final project selected to review resizing option if necessary

August 28: Final Project List and Project Wait List announced

1. The Program Administrator will announce if the Project Selection process is needed in each sub-program after the Program Administrator Review Periods on July 8 and August 15.
2. For projects in sub-programs that will go through the Selection Process