

Response to Comments: Project Selection Protocol

Overview

The Program Administrator and the Illinois Power Agency (the “Program Team”) published a draft updated Project Selection Protocol on January 19, 2021, with a Request for Comments due on February 16, 2021. Seven parties submitted written comments. The Program Team has considered these written comments and is appreciative of the thoughtful input they provided.

The comments have been summarized below along with the Program Team’s responses, using the following four sub-categories: Location Criteria: EJCs and Low-Income Census Tracts; Location Criteria: General; Timeframe for Program Year 4; and Miscellaneous. The full set of comments are posted on the [ILSFA website](#).

Location Criteria: EJCs and Low-Income Census Tracts

- *One commenter recommended that community solar project scoring be based on the location of subscribers rather than the location of the solar system.*
- *One commenter requested adjusting the scoring by awarding more points to projects located in counties with higher densities of Low-Income Census Tracts and Environmental Justice Communities (EJCs), as well as providing higher incentive payments for certain community solar project locations where the cost of obtaining and preparing land and sizing systems is higher (e.g., smaller, irregular-sized tracts in densely populated areas).*
- *One commenter wrote that ILSFA currently goes above and beyond the required 25% incentive allocation for EJCs and believes the current selection criteria is working, adding that any change in locational criteria should be part of the Long-Term Plan revisions.*
- *Another commenter stated that small project sizes for community solar projects are not an effective substitute for directly scoring a community-connected project. The commenter also stated they do not think location criteria are working as intended, given that 80% of households that live in EJCs are located in Cook County, making ILSFA project allocation disproportional. The commenter also requested eliminating the Group A vs. Group B utility scoring system and replacing it with more targeted locational scoring, using five regions. The commenter proposed a scoring system (available in the full comments) and recommended keeping scoring differences low for Program Year (PY) 4 but increasing them for PY5. The commenter also stated that the tiering system proposed in the Request for Comments would not provide significant changes.*

Responses:

The Program Team does not recommend replacing system location with subscriber location. Subscribers are typically not identified or enrolled prior to project development. As a result of the fact that project development occurs well after points are awarded, this would award points for what would be speculative

commitments. Additionally, because no commenters were in favor of a tiered system, no tiering will be included.

The Program Team has also considered the proposal to award additional points based on the following formula:

% of IL EJC households located in that region / % of all RECs to-date awarded in that region

This proposed scoring is meant to better align the distribution of RECs to the distribution of EJCs. The Program Team agrees that additional granularity beyond the current designation of Group A or Group B utility areas would be helpful to encourage both continued diversity of project location across the state as well as additional focus on EJCs. Based on this assessment, the Program Team will adopt the recommended scores, though with a variation in point values from the commenter recommendations in order to be consistent with prior A/B score values and to award locational diversity across the state as a secondary purpose. The new system will replace the current A/B utility area location points with this score, as well as including these location points in the first selection stage of the Low-Income Community Solar (LICS) sub-program's project selection (consistent with the Non-Profit/Public Facilities(NP/PF) sub-program, which already includes A/B areas in the first two selection stages).

The locational diversity points currently awarded in the first two prioritization stages of NP/PF project selection and the second prioritization stage of LICS project selection that are currently based on A/B utility areas will be replaced with points based on the six state regions¹ environmental justice proportionality score. This will also be included in the LICS sub-program's first selection stage moving forward. The points will be awarded as follows:

- 1) Each of the six regions has been awarded a score for each sub-program based on past projects, calculated as % of all state EJC households which are located in that region divided by the % of all past years' sub-program REC incentive values that were awarded in that region (see below for the scores for PY4).
- 2) In prioritization 1 and prioritization 2 for NP/PF and LICS, projects in the region with the highest score will receive 2 points (and the points awarded for A/B or utility location will no longer be used).
- 3) Projects in the region with the second highest score will receive 1 point. Projects in any region without a score because they have received no RECs to date will also receive 1 point.
- 4) After each project selection, the Program Team will release the updated region scores as quickly as possible for future planning (acknowledging that Long-Term Plan changes will determine if this scoring can remain in place for PY5 and beyond).

The 2 points awarded in the LICS second prioritization stage for a project being located in an EJC will remain in place; this region scoring does not impact that portion of the score.

The Program Team feels this six-region view provides a better distribution of projects throughout the state than the prior A/B location methodology, while also more heavily incentivizing a proportional award of RECs projects in EJCs beyond the initial prioritization.

¹ The comment referred to 5 state sectors, but the [map on the Approved Vendor page](#) with the state regions actually reflects 6 regions: Cook County, North East, North West, West Central, East Central, and South.

Region Score Calculation for PY4 (regions can be viewed on the [Approved Vendor webpage](#))

Region	% of State EJC Households Located in Region	% LICS REC \$\$ Awarded in Region PY1-PY3	PY4 Score: LICS	Potential Points: LICS	% NP/PF REC \$\$ Awarded in Region PY1-PY3	PY4 Score: NP/PF	Potential Points: NP/PF
Cook	80.83%	3.48%	$\frac{80.83}{3.48} = 23$	2	30.68%	2.63	2
North East	8.57%	30.81%	0.28	0	20.44%	0.42	0
North West	6.03%	20.87%	0.29	1	10.50%	0.57	1
West Central	3.05%	13.24%	0.23	0	14.06%	0.22	0
East Central	1.26%	31.61%	0.04	0	15.62%	0.08	0
Southern	0.25%	0 – no projects to date	N/A <i>(can't divide by 0)</i>	1	8.70%	0.03	0

Location Criteria: General

- *One commenter requested that priority be given to projects located on sites owned or controlled by public agencies.*
- *Another commenter noted that municipal water treatment centers are not eligible site for ILSFA community solar projects because the facility itself is not located in an EJC or Low-Income Census Tract. The commenter requested reevaluating the criteria so that facilities and service providers serving eligible communities are eligible project sites. The commenter also questioned why the East Side of Springfield is not designated as an EJC or Low-Income Census Tract, noting the four coal-fired plants operating in the area.*
- *Another commenter recommended the Project Selection Protocol have a prioritization allocated to project sites located on a brownfield or other existing feature that would convert otherwise low-value property to host renewable energy.*

Responses:

The Program Team believes that the scoring system already in place, which awards points for anchor tenants and project hosts, addresses the comment requesting points for public agency-hosted projects.

Similarly, the Program Team believes that the current scoring system can serve the water treatment plant example through several paths: the LICS sub-program could provide points for it being a project host, or it could apply for self-designation as an EJC with supporting information. Given the small amount of funding available for the NP/PF sub-program, and the fact that funding has been fully allocated in both PY2 and PY3, the Program Team continues to prefer to prioritize projects in LI/EJC designated areas as the best use of those limited funds.

In regard to the comment requesting evaluation of East Springfield as an EJC, the EJC designations are based on communities with the greatest level of harm according to the EJ index. There is also a process

for communities to provide evidence of environmental burden and apply for [EJC Self-Designation](#) if the criteria is met.

Regarding points for brownfield locations, the Program Team believes this idea is worth further consideration during the next update of Long-Term Plan but is premature to consider for PY4. Among the challenges to be worked through is a clear definition of what qualifies as a brownfield site. See for example [the feedback](#) the Agency sought in 2019 regarding brownfield sites for a competitive procurement for photovoltaic projects.

Timeframe for Program Year 4

- *One commenter requested that project submission windows open on June 1, 2021 due to smart inverter rebate timing and because of the long project development timelines.*
- *Another commenter requested that the Program Team publish the updated Project Selection Protocol one year before the changes take effect, and that the Program Team publish guidance for PY5 and include caveats that Long-Term Plan revisions may result in further changes. The commenter also requested that all project submission windows open June 1, 2021, citing concerns for inverter rebate timing and delays for Qualified Job Trainees.*

Responses:

The changes indicated within this document as well as in the updated Project Selection Protocol will apply to PY4. The Program Team understands the concerns of commenters requesting that scoring changes to the Project Selection Protocol take effect for PY5 in order to ensure sufficient lead time for project developers. Given the upcoming revision to the IPA's Long-Term Plan, which is scheduled to be approved by the Illinois Commerce Commission in early 2022, will govern program activities for calendar years 2022 and 2023, it is not currently known how the PY5 Protocol will need to be reflective and inclusive of the updated Plan. However, the Program Team agrees that providing Approved Vendors with the lead time necessary for project development is a priority and will work within the program parameters to publish the proposed PY5 Protocol expeditiously. The Program Team will also continue to share project data publicly after project selection and understands that sharing this data will be even more important in coming years to inform location for project development.

The Program Team also acknowledges the requests of commenters that the project submission windows open at the onset of PY4 for all sub-programs. However, the Program Team has found that holding two separate project submission windows is a necessary measure for maintaining administrative capacity as the Program Team completes review of submitted projects. The Program Team has decided that PY4 will feature two separate project submission windows, using similar submission and review periods as PY3: the first window will be for the Low-Income Distributed Generation (LIDG) and NP/PF sub-programs, and the second window for the LICS sub-program. This ensures that Approved Vendors have approximately one year between each sub-program's submission window and selection, which allows more time for project planning and development. PY4 will begin in June 2021, with a complete timeline of project submission windows forthcoming.

Miscellaneous

- *One commenter wrote that the benefits of incentivizing smaller NP/PF projects outweigh the costs, though the same commenter's data also showed that the current NP/PF scoring system already provides a large incentive for small projects. The commenter also supports the definitions of project host and anchor tenant provided in the redline Project Selection Protocol.*
- *The commenter also recommended maximizing Utility-held funds during project selection to allow for minimal resizing and stated that individual waitlists for EJC, Low-Income and General tiers are not necessary because the highest scoring and, thus, the project that best fulfills the goals of the program will be at the top of the unfunded projects list based on the current Project Selection Protocol.*
- *The commenter also suggested implementing minor changes to the NP/PF participant savings, by adjusting scoring thresholds by about 5%, to incentivize developers to stretch for additional points by passing on additional savings to their NP/PF participants.*
- *The commenter also suggested changing the demarcation between small and large projects in the NP/PF scoring system from 100 kW to 200kW in order to support medium-sized projects, rather than grouping them with much larger systems, along with additional scoring categories added for PY5.*

Responses:

The Program Team has decided to maintain the funding and REC allocation process used in previous program years in order to ensure transparency. It is particularly important to have transparency around how projects selected in the EJC and Low-Income selection stages would be replaced should they withdraw at any time following project selection.

Regarding the commenter's request for minimal resizing, the Program Team believes that having a process for funding allocations and sources that is maximally transparent and avoiding undue delay due to multiple offline scenario calculations, is paramount. Additionally, minimizing the pending Utility-funded project's resizing may or may not cause a larger resizing issue for the pending RERF funded project. Further, minimizing resizing is not called out as a requirement in the Long-Term Plan.

Finally, the Program Team notes that the EJC and Low-Income waitlist processes are not very time consuming or complicated and allow for subsequent project selection in the EJC and/or Low-Income prioritization waitlists, if a selected project declines.

The Program Team appreciates the proposed scoring changes for the NP/PF sub-program and has explored how the changes would have affected project scoring in previous years:

- First, the increase in the first-tier size (from a 10% range to a 15% range) would have led to more projects only receiving the minimum 0.25 point.
- Second, the reduction in the second-tier size (from a 20% range to a 10% range) would have led to less projects receiving the middle point distribution of 1.0.
- Third, the lowering of the threshold for the third tier (from 95% to 90%) would have allowed more projects to receive the highest point of 2.0.

Overall, this would lead to the upper two points tiers having the same range, with a larger range for the lowest point tier. The Program Team is in favor of this idea and believes it would also incentivize more projects to pass more savings on to participants in order to receive more points.

The points will be updated in the protocol to reflect the following:

- If the percentage savings passed on to participants is at or above the minimum requirement by 15% = .25 points
- If the percentage savings passed on to participants is >15%-25% = 1 point
- If the percentage savings passed on to participants is >25% = 2 points

The Program Team agrees with the proposed scoring changes to the demarcation between size categories for the NP/PF sub-program for PY4 and has updated the scoring document in the Protocol to reflect that projects will be grouped as either ≤ 200 kW or > 200 kW. This change will help to support additional medium-sized projects as separate from larger systems.

Creating additional size categories similar to those in the LICs sub-program is helpful to consider for future program years in terms of both consistency among sub-programs and allowing for more points awarded to smaller projects and a more nuanced approach to scoring. As the commenter recommended the additional size categories as a change for PY5, it will be part of the proposed Project Selection Protocol presented for comment prior to that Program Year.

Additionally, in the [Response to Comments for the Proposed Updated Project Selection Protocol](#) released June 12, 2020, the Program Team indicated that adding guidelines under which a non-profit Approved Vendor may be considered for MWBE points during the Project Selection process would be explored for inclusion with an updated Project Selection Protocol for PY4. The Program Team is continuing to explore and consider this option but will not be moving forward with any such changes at this time and intends to solicit comments on this topic as part of the update of the LTRPP.