

# **Future Energy Jobs Act Renewable Energy Implementation and Timelines**

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Opportunities for Renewables Development from Future Energy Jobs Act

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# Overview

- How the Renewable Portfolio Standard is changing
- Schedule and timing
- Procurement and Program overview
- Some issues for consideration
- Stakeholder feedback
- Implications for Cooperatives

# About the Illinois Power Agency

- Independent State agency created in 2007 to design and administer power procurement for Illinois investor owned utilities
  - Annual planning procurement cycle to serve residential/small commercial customers who don't switch to alternative suppliers (default service)
  - Manages procurement of renewable resources for the utilities
  - Administers the Renewable Energy Resources Fund (funds collected from alternative suppliers as part of their RPS obligations)

# How RPS Approach Will Change

- Old Model
  - Each year the IPA had to assess eligible retail customer load forecasts, available budgets, and RPS goals
  - Other than a large procurement in 2010, this forced the IPA towards a short-term procurement perspective that was not well suited to developing new renewable resources
  - Model for distributed generation was restrictive (e.g., 1 MW minimum bid size)
  - Challenges for the use of the Renewable Energy Resources Fund
- New Model
  - More budget and load certainty
    - RPS moves towards a single stream as separate ARES compliance phases out
  - Ability to do long-term planning and procurement
  - Addition of specific program tailored to solar

# Procurement vs. Program

- Traditionally IPA ran competitive procurements for energy and used this model for renewable resources
  - Sealed-bid Request for Proposals
  - Evaluated on the basis of price
  - Pay as bid
- Distributed Generation and Community Solar will shift from a competitive procurement model to a administrative program model (Adjustable Block)
  - Prices determined by methodology developed by IPA
  - Blocks of Renewable Energy Credits available according to a schedule
  - Programs will be ongoing rather than episodic
- Competitive procurements will continue to be the model for utility-scale renewables
  - A variety of competitive procurements to meet utility RPS annual goals

# Renewable Resources Timeline

(Draft, dates subject to change)

**Color Coding**  
 Statutory Deadline  
 Plan Development Schedule  
 Process Development Schedule  
 Other Renewables Schedule  
 Power Procurement Schedule

<p><b>April</b></p> <ul style="list-style-type: none"> <li>Energy Procurement</li> <li>Spring DG Procurement</li> </ul>	<p><b>May</b></p> <ul style="list-style-type: none"> <li><b>Workshops</b></li> <li><b>Release Request For Information</b></li> </ul>	<p><b>June</b></p> <ul style="list-style-type: none"> <li><b>P.A 99-0906 Take Effect (6/1)</b></li> <li>Release Draft Initial Forward Procurement Contracts</li> <li><b>Request For Information Responses Due</b></li> </ul>
<p><b>July</b></p> <ul style="list-style-type: none"> <li><b>Deadline To Release Draft ZEC Plan (7/15)</b></li> </ul>	<p><b>August</b></p> <ul style="list-style-type: none"> <li><b>Draft Plan Released</b></li> <li>Initial Forward Procurement (Wind And Solar)</li> <li>IPA Releases Draft 2018 Power Procurement Plan</li> <li>Energy/Capacity Procurement</li> <li><b>Deadline To File ZEC Plan For ICC Approval</b></li> </ul>	<p><b>September</b></p> <ul style="list-style-type: none"> <li><b>Public Comments Due</b></li> <li><b>Deadline To Release Draft Plan (9/29)</b></li> <li>IPA Filed 2018 Power Procurement Plan For ICC Approval</li> <li>Fall DG Procurement Begins</li> <li><b>Deadline For ICC To Approve ZEC Plan</b></li> </ul>
<p><b>October</b></p> <ul style="list-style-type: none"> <li><b>IPA Files Plan For ICC Approval</b></li> <li>IPA Issues Program Administrator RFQ</li> <li>Fall DG Procurement, Cont.</li> </ul>	<p><b>November</b></p> <ul style="list-style-type: none"> <li><b>Deadline To Hold Wind Initial Forward Procurement (11/8)</b></li> <li><b>Deadline For Comments On Draft Plan (11/13)</b></li> </ul>	<p><b>December</b></p> <ul style="list-style-type: none"> <li><b>Deadline To File Plan For ICC Approval (12/4)</b></li> <li>IPA Issues Program Administrator RFP</li> <li>ICC Approves 2018 Power Procurement Plan</li> </ul>
<p><b>January, 2018</b></p>	<p><b>February</b></p> <ul style="list-style-type: none"> <li><b>ICC Approves Plan</b></li> <li>Program Administrator RFP Responses Due</li> </ul>	<p><b>March</b></p> <ul style="list-style-type: none"> <li>Program Administrator(s) Selected</li> </ul>
<p><b>April</b></p> <ul style="list-style-type: none"> <li><b>Deadline For ICC Plan Approval (4/3)</b></li> <li>Energy Procurement</li> </ul>	<p><b>May</b></p>	<p><b>June Through December</b></p> <ul style="list-style-type: none"> <li><b>Programs Launch (Schedule TBD)</b></li> </ul>

# Initial Forward Procurement

- Held prior to, and separate from, the development/approval of the Long-Term Renewable Resources Procurement Plan
- Competitive procurement
  - 1 million annual RECs each from new utility scale wind, and utility scale solar and brownfield solar
- 15 year contracts
  - Earliest delivery start June, 2019, must start delivery by June, 2021
- One procurement event for wind within 160 days of effective date of Act
- Multiple procurement events for solar over the year
- Goal is to hold procurement in August for both wind and solar
- Additional solar procurements to be scheduled at a later date
- Solar targets expected to increase for each procurement

# Long-Term Renewable Resources Plan

Plan will include:

- Analysis of utility load forecasts, budgets, and annual RPS goals
- Proposed approaches for the Adjustable Block and Illinois Solar for All programs
- Proposed schedule and approach for other procurements to meet annual RPS goals
- Plans for evaluation and ongoing adjustments



# Adjustable Block Programs

- Three programs
  - Distributed Generation below 10 kW, upfront payment
  - Distributed Generation between 10 kW and 2 MW, 20% payment when energized, remainder over four years
  - Community Solar, 20% payment when energized, remainder over four years
- Contracts to purchase 15 years of RECs
- Long-term Plan will include proposed approach for the determination of prices, block size/schedule, application process/criteria, etc.
- Contracts will have clawback provisions to ensure REC delivery
- Detailed program rules to be developed in conjunction with Program Administrator subject to the provisions in approved Plan

# Illinois Solar for All Programs



- Funded primarily by the Renewable Energy Resources Fund
- Four specific programs
  - Low-income Distributed Generation Incentive
  - Low-income Community Solar Project Initiative
  - Initiatives for Non-profits and Public Facilities
  - Low-Income Community Solar Pilot Projects
- Long-term Plan will specify methodology for determining incentives
- Pilot projects competitively bid, other programs presumably will be based on the Adjustable Block approach
- Up to 5% of funding to community-based groups for grassroots education
- Agency will define Environmental Justice Communities and approaches to verifying low-income eligibility

# Some Issues of Note

- Timing Of Program Launches
  - Not likely to all start at the same time
- Managing Initial Blocks
  - Want to avoid an unsustainable bubble
- Application Process
  - How a developer reserves RECs, and how that process connects to project development timelines and interconnection requests/queue
- What Is The Community Solar Market
  - Mix of commercial and residential customers
- Need For Consumer Protections
  - Lessons learned from the bad actors in the alternative gas and electric sectors

# Potential Delays

- Complexity of developing Long-Term Renewable Resources Plan could push release later than August and would thus delay ICC approval of Plan in 2018
- Other IPA mandates could constrain available resources for development and implementation of new programs
- Lack of a State budget and resulting Agency appropriation could delay funding for Illinois Solar for All, the hiring of Procurement Administrator(s) and thus the start of new programs

# Opportunities for Participation

- May
  - Attend Workshops
    - Initial Forward Procurements. May 10 (Chicago)
    - Plan Overview/Adjustable Block Programs. May 17 (Chicago)
    - Community Solar/Illinois Solar for All. May 18 (Chicago)
    - Programs for Rural Communities. May 24 (Springfield)
- May/June
  - Respond to workshop follow-up questions
- August/September
  - Comment on the draft Long-term Renewable Resources Plan
- Fall/Winter
  - Participate in Illinois Commerce Commission Docket to approve the Long-term Renewable Resources Plan

# Issues/Opportunities for Cooperatives

- Member systems
  - Ownership of RECs
  - Interconnection and net metering
- Cooperative owned systems
  - Advantages as an off-taker for energy in REC only procurements
- Community Solar
  - Can projects in Cooperatives participate?