

# Solar Energy and Municipal Aggregation

Solar Powering Illinois

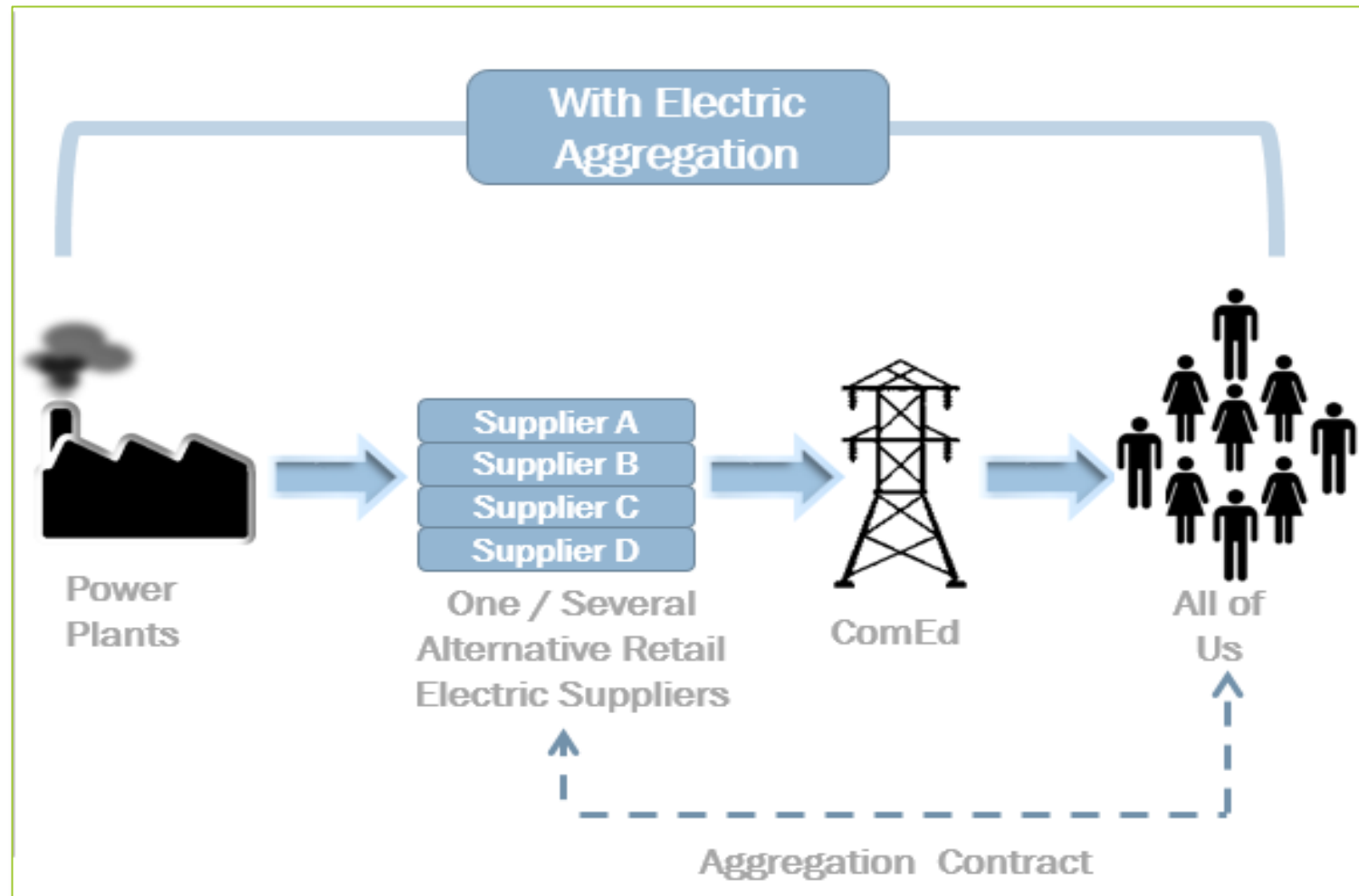
Illinois Community Choice Aggregation Network (ICCAN)

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# Discussion Issues

- ▶ Municipal Aggregation Basics
- ▶ Existing Solar Requirements
- ▶ Standard Compliance
- ▶ Moving Beyond Compliance
- ▶ Models for Action

# Municipal Aggregation Basics



# Existing Solar Requirements

Illinois RPS Volume Targets					
Year	Total Target	Solar Target (6% of Total)		Year	Solar Target (6% of Total)
2012-13	7.00%	0.00%		2019-20	0.96%
2013-14	8.00%	0.00%		2020-21	1.05%
2014-15	9.00%	0.00%		2021-22	1.14%
2015-16	10.00%	0.60%		2022-23	1.23%
2016-17	11.50%	0.69%		2023-24	1.32%
2017-18	13.00%	0.78%		2024-25	1.41%
2018-19	14.50%	0.87%		2025-26	1.50%

# Standard Compliance

- ▶ Retail Electricity Suppliers (RESs) have the obligation to comply with the Illinois Renewable Portfolio Standard (RPS)
- ▶ RPS requires RESs to procure “renewable energy resources” for clients
  - ▶ Defined as either:
    - ▶ Renewable Energy Credits (RECs only); or,
    - ▶ Renewable Energy Credits plus the associated power (bundled product)
- ▶ Compliance is met through two (2) methods
  - ▶ Direct fulfillment:
    - ▶ Maximum 50% of annual requirement
    - ▶ Supplier shows proof of purchase of renewable energy resources to ICC
  - ▶ Alternative Compliance Payments (ACP):
    - ▶ Minimum 50% of annual requirement
    - ▶ Payment amount based on average of IPA procurements of renewable energy resources
    - ▶ Capped at \$0.00189/kWh

# Standard Compliance (continued)

## Buy Side

- ▶ Most RESs sell to clients through short term (1-3 year) contracts
- ▶ Securing bundled product (REC + supply) is generally more expensive than simply purchasing RECs in the short term
- ▶ RES selection is generally cost-based (among consumers and aggregations) and focuses on simplicity

## Sell Side

- ▶ Renewable energy projects will only be built if there is a long term power purchase agreement
- ▶ Pricing is generally above current market rates for brown power
- ▶ Requires some level of expertise to schedule brown power for periods when renewable power is not generating at full output

# Moving Beyond Compliance

- ▶ Risks to developing any generating assets (including renewables)
  - ▶ Political
  - ▶ Cross-subsidization
  - ▶ Default (migration risk in aggregation communities)
  - ▶ Credit
- ▶ Conclusions for aggregation communities
  - ▶ Bilateral commitments must be the basis of any development
  - ▶ Community level involvement should focus on facilitation
    - ▶ Enhance RES selection requirements
    - ▶ Commit to municipal project development

# Models for Action

## ▶ RES selection Requirements

- ▶ Require aggregation suppliers include a standard rooftop solar offer as part of their standard supply offer
  - ▶ Must facilitate site assessment, permitting, installation, integration and grant application services
  - ▶ Must have some limits to prevent pursuing gold-plated projects
  - ▶ Allows homeowners to exit aggregation pool to enter a longer term bilateral “pay as you go” contract with RES to pay for installation
- ▶ Set project goals that can trigger general contract extensions
  - ▶ Give RES an incentive to promote offering in innovative ways
- ▶ Collect nominal fee from all aggregation accounts
  - ▶ To cover initial site assessment costs
  - ▶ Community may receive solar RECs generated by projects in return for covering surveying and assessment costs



# Models for Action

- ▶ RES selection Requirements
  - ▶ Require aggregation suppliers include a solar offer to the municipality as part of their standard supply offer
    - ▶ Must facilitate site assessment, permitting, installation, integration and grant application services
    - ▶ Can be tied to longer term “pay as you go” supply contract with RES to pay for installation
    - ▶ Municipality assigns solar RECs generated by the project to the RES to comply with RPS