

**Straw-man Proposal: SREC Auction Design**  
**As approved by the Renewable Energy Taskforce**  
**August 27, 2015**

*Note: Blank spaces indicate no change from previous auction.*

<b>1. Overall size and timing</b>	<b>2015 auction as approved</b>	<b>2016 auction</b>
A. How many SRECs should be procured and how?	Minimum 9,000, maximum 12,000 long term auction, 1,000 or more through spot purchases	Minimum 9,000, maximum 15,000 long term auction
B. How many auctions in the compliance year and when?	One in April, 2015	One in January, 2016

<b>2. Tier size and allocation</b>	<b>2015 auction as approved</b>	<b>2016 auction</b>
A. Tier structure	Combined N-1, E-1, E-2 N-2 N-3	
B. What should be the dividing line between different tiers?	N-1: Up to 30 kW N-2: Greater than 30 kW to 200 kW N-3: Greater than 200 kW to 2 MW E-1: Up to 30 kW E-2: Greater than 30 kW to 2 MW	Reduce 30 kW breakpoint to 25 kW: N-1: Up to 25 kW N-2: Greater than 25 kW to 200 kW N-3: Greater than 200 kW to 2 MW E-1: Up to 25 kW E-2: Greater than 25 kW to 2 MW
C. How to allocate SRECs among the tiers?	N-1, E-1, E-2; 4,400 SRECs N-2; 2,300 SRECs N-3; 2,300 SRECs Up to 3,000 from any tier	N-1, E-1, E-2; 4,400 SRECs N-2; 2,300 SRECs N-3; 2,300 SRECs Up to 6,000 from any tier

<b>3. Contract length and pricing</b>	<b>2015 auction as approved</b>	<b>2016 auction</b>
A. What should be the contract length?	20 years; 10 years at bid price, 10 years at residual price of \$35	
B. Bid price/set price	Competitive bidding for first 10 years of 20 year contract; 10 years at residual price of \$35	
C. What happens to SRECs after the contract?	No provision for SRECs after 20 year contract	
D. How to ensure production in later years? (Enforcement? Low prices?)	\$35 residual SREC payment	
E. Minimum production requirement with penalties for under-production?	>500kW require performance guarantee	

<b>4. Overall auction structure</b>	<b>2015 auction as approved</b>	<b>2016 auction</b>
A. What is the definition of "new" vs. "existing"?	Systems with an interconnection date after the close of last auction	
B. Should owners bid through an aggregator?		
C. Is there sufficient site control to prevent speculation?	Owners of existing systems who default on their bids by not signing a contract cannot bid in a subsequent long-term auction.	
D. Market dominance issues		

<b>5. Auction Structure</b>	<b>2015 auction as approved</b>	<b>2016 auction</b>
A. Meeting statutory objective of “maximizing in-state solar renewable energy generation and local manufacturing.”	Currently no in-state manufacturer	
B. What should be the production bands for each tier?		
C. Partial fills?		
D. Should systems be allowed to bid into more than one tier both for bidding up in size and for modifying the system plan?	No bids in multiple tiers	
E. How to treat system additions?		
F. Bidding in higher or lower tiers	If a tier is undersubscribed (because of insufficient bids or rejected bids), bids from other tiers can win those SRECs. N-1 bids could outbid N-3 bids.	
G. Price protections	Bids above the Alternate Compliance Payment of \$400 will not be accepted. DPL has the right to reject bids above a price determined by DPL.	
<b>6. Spot Market Procurement</b>	<b>2015 auction as approved</b>	<b>2016 auction</b>
A. Should DPL procure all or some of its required SRECs on the spot market?	Expected 1,000 SRECs or more	Expected 1,000 SRECs or more