



Workshop for Stakeholder Feedback: Opening New Blocks of Capacity for the Adjustable Block Program

New Program Requirements
Thursday October 21, 2021
9:00 AM – 12:00 PM CPT

Agenda

Introduction

- **Prevailing Wage Requirements**
- **Residential and House of Worship Classifications**
- **Equity Eligible Contractors**
- **Public School Projects Category**

Break

- **Collection of Demographic and Geographic Data**
- **Proposed REC Prices for Large DG Non-Waitlisted Projects**
- **Community Driven Community Solar**

Wrap Up and Final Questions



Introduction, Process and Background

9:00 – 9:15

Presenting Today



Illinois Power Agency

- **Anthony Star, Director**
- **Brian Granahan, Chief Legal Counsel**
- **Kelly Turner, Deputy Legal Counsel**

InClime (Program Administrator)

- **Kevin Quilliam, CEO**
- **Alex Rein, COO**

Public Act 102-0662 (Climate and Equitable Jobs Act or CEJA)



- **Key changes to the Illinois Renewable Portfolio Standard:**
 - Increased goals and targets
 - Increased funding
 - Expansion of procurements of RECs from new utility-scale wind and solar projects
 - Expansion of the Adjustable Block Program to support photovoltaic distribution generation and community solar
 - Expansion of funding for the Illinois Solar for All Program to support solar for low-income households and communities
 - Focus on labor and equity in the renewable energy industry
 - Increased transparency through data reporting
 - Opportunities for increased participation for individuals and businesses

Timeline and Scope

- **Blocks of capacity to open within 90 days of law taking effect**
- **Today's workshops to focus on items related to when blocks open on December 14**
 - **Please review detailed requests for written feedback and related documents at:**
<https://illinoisabp.com/reopening-updates/>
- **Long-Term Plan will be updated, and additional program changes will come after it is approved**
 - **Draft Plan released for public comment January 13, 2022**
 - **Commission approval expected by July 18, 2022**
- **The IPA is also offering more general educational opportunities related to CEJA implementation through the Power Hour webinar series: <https://www2.illinois.gov/sites/ipa/Pages/Events.aspx>**

ABP Structural Changes

- **Moving to an annual block structure**
- **3 categories to 6 categories**
 - **Small DG (20%, now 25 kW threshold)**
 - **Large DG (20%, now 5 MW threshold)**
 - **Community Solar (30%, now 5 MW threshold)**
 - **Public Schools (15%, CS or DG)**
 - **Community-Driven Community Solar (5%)**
 - **Equity Eligible Contractor Block (10%, CS or DG)**
- **Still administratively set REC prices**
- **Equity and prevailing wage requirements**
- **Contract length and payout term changes**
- **Consumer protection provisions**

Core Process Stays the Same

Basic Program structure is unchanged including:

- **Approved Vendor and Designee structure**
- **Disclosure form and other consumer protection requirements**
- **Part I and Part II application process**
- **Projects included in batches/product orders on Master REC Contracts**
- **Front-loaded REC payments (other than traditional community solar and public school projects)**

Reopening Block Sizes and Prices

- **Small DG**
 - 75 MW; Prices 4% lower than last block
- **Large DG**
 - 75 MW; Prices for waitlisted projects 4% lower than last block
 - Prices for non-waitlisted projects to be discussed this morning
- **Traditional Community Solar**
 - 250 MW; Prices 10% lower than last block, 50% small subscriber requirement
- **Public Schools**
 - 50 MW; Prices the same as last open block
 - Can be distributed generation or community solar
- **Community-Driven Community Solar**
 - 10 MW; Prices 10% lower than last open block
- **Equity Eligible Contractors**
 - 75 MW; Prices 4% lower than last open block
 - Can be distributed generation or community solar

Workshop Structure

- **Seven topics that stakeholder feedback was requested on:**
 - **Prevailing Wage Requirements Proposed Process**
 - **Proposed Residential and House of Worship Classifications**
 - **Public School Projects Category**
 - **Proposed Process for Collection of Demographic and Geographic Data**
 - **Proposed REC Prices for Large DG Category Non-waitlisted Projects**
 - **Community-Driven Community Solar**
- **For each topic we will frame the issues for consideration, review questions posed, and ask for stakeholder feedback**
 - **In addition to today's workshop, the Agency is also requesting written comments**
- **This afternoon's workshop will focus on updated REC Delivery Contracts (1-4PM)**

Stakeholder Feedback Released

- Prevailing Wage Requirements – Due Nov. 4
- Residential and House of Worship Classifications – Due Nov. 4
- Equity Eligible Contractors – Due Nov. 4
- Public School Projects Category – Due Nov. 4
- Collection of Demographic and Geographic Data – Due Nov. 4
- Proposed REC Prices for Large DG Non-Waitlisted Projects – Due Nov. 4
- Community Driven Community Solar – Due Nov. 9

All feedback request documents can be found here:
<https://illinoisabp.com/reopening-updates/>



Prevailing Wage Requirement Proposed Process

9:15 – 9:35

Background & Scope

- Prevailing wage requirements apply to projects that are not classified as residential, houses of worship, or on Large DG waitlists
- Section 1-75 (c)(1)(Q)(1) of the IPA Act specifies that:
Each facility shall be subject to the prevailing wage requirements included in the Prevailing Wage Act. The Agency shall require verification that all construction performed on the facility by the renewable energy credit delivery contract holder, its contractors, or its subcontractors relating to construction of the facility is performed by construction employees receiving an amount for that work equal to or greater than the general prevailing rate, as that term is defined in Section 3 of the Prevailing Wage Act.
- The Agency has outlined a proposed approach for this requirement and seeks feedback on elements relation to both documentation and verification

Approach:

- During the Part I application process, if it is indicated that the project is subject to Prevailing Wage Act requirements, the Approved Vendor must acknowledge the requirement that individuals engaged in project construction will be paid prevailing wage.
 - Part I verification will include a confirmation of the applicability of this requirement.
- Attestation at Part II application to confirm prevailing wage was paid.

Stakeholder Feedback Questions

Documentation

1. **What is the appropriate documentation for proof of prevailing wage?**
 - a. **Certified Transcript of Payroll**

Verification

1. **How to verify prevailing wage was paid on 100% of project construction?**
2. **How to ensure proper worker classification for prevailing wage requirements?**
3. **How to confirm subcontractor contracts comply with requirements?**



Proposed Residential and House of Worship Classifications

9:35 – 9:50

Background & Scope

- The Act states that to projects that are not classified as residential or houses of worship are exemption from prevailing wage requirements
- Further refinement of these classifications and verification of these classifications is needed

Residential Classification

The Illinois Power Agency proposes to classify a residential project as:

- Solar projects located on a property where electrical usage at the premises is predominantly for residential household purposes.
- For mixed use buildings or sites, for that site to be considered “residential,” more than 75% of the site’s electric use must be used to for residential purposes

House of Worship Classification

New Section 1-75(c)(1)(Q)(1) of the IPA Act defines a “house of worship” as:

property that is both (1) used exclusively by a religious society or body of persons as a place for religious exercise or religious worship and (2) recognized as exempt from taxation pursuant to Section 15-40 of the Property Tax Code.

Stakeholder Feedback Questions

Residential

1. Is 75% of a site's electrical usage for residential purposes the appropriate standard for considering a mixed-use property residential?
2. What should be considered acceptable documentation to verify a residential classification?

House of Worship

1. For Houses of Worship, are there specific considerations that should be included in the affidavit that the facility is used exclusively for religious exercise or religious worship?



Equity Eligible Contractor Proposed Process

9:50 – 10:15

Background & Scope

- Section 1-75(c)(1)(K)(iv) creates a new project category for projects from applicants that are Equity Eligible Contractors
 - *"Equity eligible contractor" means a business that is majority-owned by eligible persons, or a nonprofit or cooperative that is majority-governed by eligible persons, or is a natural person that is an eligible person offering personal services as an independent contractor*
- The Act also defines eligible persons based on a number of criteria related to their background including living in an equity eligible community
- The Agency seeks feedback on its proposed approach for requirements related to certifying contractors as Equity Eligible Contractors, and how to allocate capacity within this category

Note that provisions related to Equity Eligible Contractors being eligible to receive advances on REC payments will be developed and implemented through the next Revised Long-Term Plan.

Proposed Approach

- **The EEC certification process will take place at the Approved Vendor level as a supplemental application to the Program’s existing Approved Vendor application.**
- **This supplemental application will require the applicant to:**
 1. **Indicate if the entity is a business, non-profit, or individual;**
 2. **Provide ownership structure up to natural persons, public ownerships, or board composition;**
 3. **Provide information for each individual listed in response to item 2, above, that the applicant believes satisfies the criteria of an eligible person.**
- **Section 1-75(c)(1)(G)(iv)(6) specifies that the initial block opening pursuant to P.A. 102-0662 shall allocate 75 MW of nameplate to the EEC block. The Agency proposes to allocate 70% of this capacity to Group B and the remaining 30% Group A, or 52.5 MW and 22.5 MW, respectively.**

Stakeholder Feedback Questions

Registration Process

1. Should any information submitted through the EEC application process be designated as confidential?
2. Will an affidavit from the applicant certifying that the information submitted is complete and accurate be sufficient to verify eligibility?
3. What documentation should be required to confirm individuals are a graduate of or currently enrolled in the foster care system or to confirm individuals who were formerly incarcerated?

Duration of Certification

1. How long should EEC certification last? Should it coincide with the AV renewal process thus requiring reverification each year?
2. How long does eligibility need to be maintained?

EEC Marketing

1. Should EECs be provided with a unique Program badge that they can use to identify themselves as Program-approved EECs?
2. Should Designees of EECs be provided with a Program badge or other unique branding?

Block Sizes & Group Allocation

1. Is the proposed capacity for the EEC blocks (70% to Group A, and 30% to Group B, respectively), a reasonable allocation?
2. Should the capacity allotted for EECs be further divided across the Small DG, Large DG, and Community Solar have separate allocations, or should the allocation only exist at the Group level?



Public School Projects Category

10:15 – 10:35

Background & Scope

- **New category for distributed generation and community solar projects located at public schools**
- **Section 1-75(c)(1)(K)(iv) specifies that:**
 - *The Agency may create subcategories within this category to account for the differences between project size or location. Projects located within environmental justice communities or within Organizational Units that fall within Tier 1 or Tier 2 shall be given priority.*
- **Tier 1 and Tier 2 refer to Evidence Based Funding Distribution Calculations used for school funding**
- **The Agency has proposed an approach that allocates capacity first based on Tier and Environmental Justice Communities, and then on project size and seeks feedback on if the allocations are appropriate, and if additional allocations should be considered**

Proposed Approach

Capacity	Project Types	Further Allocations
70% of 50MW allocated to schools category (or 35 MW)	Tier 1, Tier 2, and/or Environmental Justice Communities	25% for projects <250kW 25% for projects 250kW – 1 MW 50% for projects >1MW
30% of 50MW allocated to schools category (or 15 MW)	Tiers 3 and 4 and not in Environmental Justice Communities	25% for projects <250kW 25% for projects 250kW – 1 MW 50% for projects >1MW

Stakeholder Feedback Questions

- 1. Is the proposed breakdown of 70% of capacity (35 MW) for schools categorized as Tier 1, Tier 2, and schools located within Environmental Justice communities and 30% of capacity (15 MW) for Tier 3 and Tier 4 schools appropriate?**
- 2. Are the prior year results of the annual Evidence-Based Funding Distribution process a timely source to determine Tier 1 or Tier 2 status? Are there other ways to verify a school qualifies for the Tiers 1 and 2 and Environmental Justice Community categories?**
- 3. Are the proposed size categories (< 250 kW, 250 kW to 1 MW, over 1 MW) appropriate and allocations to each category appropriate?**
- 4. Should specific allocations be made to groups or to community solar projects prior to refinement of this through the Long-Term Plan update?**



Break

10:35 – 10:40



Proposed Process for Collection of Demographic and Geographic Data

10:40 – 11:00

Background & Scope

Purpose, per P.A. 102-0662:

Data collection, data analysis, and reporting are critical to ensure that the benefits of the clean energy economy provided to Illinois residents and businesses are equitably distributed across the State.

- **The IPA is required to collect demographic and geographic data “for each entity awarded contracts” under all Agency programs. As the Seller under REC Contracts awarded through the Adjustable Block Program, this requirement extends to Approved Vendors.**
- **The Agency is required to collect information “from applicants and program participants,” which may encompass Approved Vendors, their subcontractors, and project hosts/customers.**
- **The IPA proposes to collect data initially through the application to become an Approved Vendor and subsequently through the annual Approved Vendor renewal process.**

Proposed Demographic Data Fields

1. Number of full time/contracted employees
2. Number of employees located in Illinois/outside of Illinois
3. Minority-owned or female-owned business or small business
4. Gender identity of employees
5. Age of employees
6. Race and ethnicity of employees
7. Education level of employees
8. Number of employees who were formerly incarcerated
9. Number of employees who are graduates of or currently enrolled in the foster care system
10. Number of employees who are veterans
11. Number of employees serving in the Reserves or National Guard
12. Number of employees who are disabled

Stakeholder Feedback Questions

Data Collection

1. Are there any demographic categories or classifications that should be included that are missing?
2. For subcontractor reporting, should data be reported on a quarterly basis or a project basis?
3. How should data be collected from “program participants” as prescribed in the Act?

Reporting and Accuracy of Data

1. Should an Approved Vendor’s geographic location be determined by its local office (if one exists) or where it is headquartered (even if this is outside Illinois)?



Proposed REC Prices for Large DG Category Non-waitlisted Projects

11:00 – 11:20

Background & Scope

The Act states:

The price of renewable energy credits for any project not on the waitlist for this category before the opening of the block shall be determined and published by the Agency... The Agency shall strive to publish updated prices and an updated renewable energy credit delivery contract as quickly as possible

- **Non-waitlisted Large DG projects are subject to applicable prevailing wage requirements and the Agency is considering a limited update of Large DG REC price to account for those incremental costs**
- **Large DG REC prices as outlined here are for this initial block of capacity and REC prices will be further refined through the Agency's next Long-Term Plan update process.**

Proposed Approach

- The Agency reviewed a November 2020 study from Inclusive Economics, Potential Impacts of Prevailing Wage on Solar Costs in Illinois, and noted that study estimated the impact of prevailing wage requirements on total compensation in the range of 23-41%.
- Taking the midpoint of that range (32%) and applying it to the labor and installation costs line item in the original REC pricing model, and then rolling forward REC prices by 4% declines between blocks to Block 5 (the next block to open), would result in the following prices:

Size ²	Group A, Block 5 (waitlisted projects)	Group B, Block 5 (waitlisted projects)	Group A, Block 5 (non-waitlisted projects)	Group B, Block 5 (non-waitlisted projects)
< 25 – 100 kW	\$54.71	\$55.73	\$57.82	\$58.84
100 – 200 kW	\$44.62	\$45.66	\$47.03	\$48.06
200 – 500 kW	\$39.79	\$40.83	\$41.48	\$42.51
500 – 5000 kW	\$36.88	\$37.91	\$38.33	\$39.37

Proposed Approach

Included in the following table is an estimate of how those costs would change by applying a 32% upward adjustment to account for prevailing wage costs.

System size	Original REC Pricing Model		Adjusted for Prevailing Wage	
	\$W/DC	Installation Labor	\$W/DC	Installation Labor
10 kW AC/13 kW DC	\$ 0.40	\$ 5,349	\$ 0.53	\$ 7,060.70
100 kW AC/133 kW DC	\$ 0.31	\$ 40,723	\$ 0.40	\$ 53,754.08
200 kW AC/267 kW DC	\$ 0.22	\$ 59,341	\$ 0.29	\$ 78,330.18
500 kW AC/667 kW DC	\$ 0.18	\$ 120,669	\$ 0.24	\$ 159,282.77
2,000 kW AC/2,667 kW DC	\$ 0.17	\$ 442,110	\$ 0.22	\$ 583,586

Stakeholder Feedback Questions

- 1. Are the Agency's proposed installation cost estimates appropriate? If not, what adjustments should be made?**
- 2. Should the adjustment in price vary by system size?**
- 3. Should different adjustments be considered for Group A and Group B rather than a single statewide adjustment?**



Community Driven Community Solar

11:20 – 11:40

Background & Scope

- **IPA proposed an approach to diversifying Community Solar in the current approved Long-Term Renewable Resources Plan**
- **P.A. 102-0662 states that the Agency should use this proposed approach for this initial block of Community Driven Community Solar**

Approach:

- **180 day application window**
- **Projects will first be sorted and awarded points based on the development density of the townships in which they are located.**
- **Projects developed in response to a site-specific RFP issued by a municipality or community group would be awarded 1 point.**
- **Projects that commit to only serve subscribers in the same county as the project (local subscribers) would be awarded 1 point. If the county population is below 50,000, then subscribers could also be in adjacent counties to meet this commitment and receive this point.**
- **Projects awarded points based on size with smaller projects awarded more points.**
- **Random selection utilized only as a tie-breaker for equally scored projects to fill available capacity.**

Stakeholder Feedback Questions



Project Diversity

1. Do point allocation process in the proposed approach adequately meet the need for increasing project diversity?
2. How can community engagement be demonstrated and verified?

Local Subscribers

1. How long should the local subscriber requirement be maintained?
2. Should the geographical area that defines local subscribers be smaller for smaller sized projects?



General Questions on Stakeholder Feedback Topics

11:40 – 12:00

Please note that all Program reopening updates can be found here:
<https://illinoisabp.com/reopening-updates/>

Contact Us

Questions on Legislation	Questions on Program Administration
 Illinois Power Agency: 866.846.5276	Program Administrator: 877.783.1820
 IPA.ContactUs@Illinois.gov	admin@illinoisabp.com
 <u>https://www2.illinois.gov/sites/ipa/Pages/Feedback_Form.aspx</u>	<u>www.illinoisabp.com/contact</u>

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