

RENEWABLE RESOURCES



~~2022~~

2024

Long-Term Renewable Resources Procurement Plan

~~Modified Plan upon Reopening~~

~~Prepared to conform with the Illinois Commerce Commission's Order on
Reopening in Docket No. 22-0231, dated May 4, 2023.~~

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Appendices

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Appendices are available separately at:

~~<https://ipa.illinois.gov/energy-procurement/2022-ltrpp-appendices.html>~~

<https://www2.illinois.gov/sites/ipa/Pages/2024-LTRRPP-Appendices.aspx>

1. Introduction

This document constitutes the ~~final version~~draft for public comment of the ~~2022 Revised~~2024 Long-Term Renewable Resources Procurement Plan (“~~2022~~2024 Long-Term Plan,” or “Plan”) of the Illinois Power Agency (“IPA” or “Agency”) ~~consistent with~~pursuant to the ~~Final Order~~provisions of Sections 1-56(b) and 1-75(c) of the Illinois ~~Commerce Commission~~ (“~~ICG~~Power Agency Act (“Act” or “Commission”) ~~entered on July 14, 2022.~~ IPA Act”), and Section 16-111.5 of the Public Utilities Act (“PUA”).

This Plan ~~reflects~~constitutes the second Long-Term Plan developed reflecting substantial changes made to the Illinois Renewable Portfolio Standard (“Illinois RPS” or “RPS”) through the enactment of Public Act 102-0662 (“P.A. 102-0662”) (colloquially known as the “Climate and Equitable Jobs Act” or “CEJA”) on September 15, 2021. ~~The Plan also presents certain updates that the Agency had previously proposed in a draft Second Revised Long-Term Plan, which the Agency withdrew from public comments after the enactment of Public Act 102-0662.~~ This Plan will cover the renewable energy procurement and programmatic activities conducted by the Agency over the ~~next two~~2024-2025 and 2025-2026 program years.¹

1.1. Background and Evolution of Long-Term Plans

1.1.1. Initial Long-Term Plan

The Initial Long-Term Renewable Resources Procurement Plan (“Initial Plan”) was developed by the IPA pursuant to the provisions of Sections 1-56(b) and 1-75(c) of the Illinois Power Agency Act (“Act” or “IPA Act”), and Section 16-111.5 of the Public Utilities Act (“PUA”). ~~That Initial~~ Plan² Plan¹ was developed under authority established through Public Act 99-0906 (“P.A. 99-0906”), enacted December 7, 2016 (effective June 1, 2017), which substantially revised the Illinois Renewable Portfolio Standard (“Illinois RPS” or “RPS”). ~~The Initial Plan was approved by the Commission on April 3, 2018 in Docket No. 17-0838 and covered the Agency’s renewable energy resources procurement and programmatic activities for the following two years. The Agency published the final Initial Plan on August 6, 2018.~~

~~Section 16-111.5(b)(5)(ii)(B) of the PUA provides that “[the Agency] shall review, and may revise, the plan at least every 2 years thereafter.” That subparagraph further provides that “[t]o the extent practicable, the Agency shall review and propose any revisions to the long-term renewable energy resources procurement plan in conjunction with the Agency’s other planning and approval processes conducted under this Section.” The first Long-Term Plan update process was undertaken by the Agency in 2019 starting with stakeholder feedback opportunities, and on August 15, 2019, a draft Revised Plan was released for public comment concurrently with the IPA’s release of its draft 2020~~

¹ The energy industry operations on a delivery year cycle that runs from June 1 through May 31 of the following year. Unless otherwise indicated, the activities described in this plan operate on the same cycle, which is also referred to as a program year. Therefore, this Plan covers a period of activities starting June 1, 2024 and ending May 31, 2026.

² The Initial Plan is available at <https://www2.illinois.gov/sites/ipa/Documents/2019ProcurementPlan/Long%20Term%20Renewable%20Resources%20Procurement%20Plan%20%288-6-18%29.pdf>.

~~Electricity Procurement Plan. The Revised Plan was filed for Commission approval on October 21, 2019 and reflected the Agency's consideration of comments received.~~

~~Under Section 16-111.5(b)(5)(ii)(C) of the PUA, the Commission then had 120 days to review the Revised Plan and enter its Order confirming or modifying the Plan. The Commission approved that Plan on February 18, 2020 and the Agency published a final version ("First Revised Plan") on April 20, 2020. The Agency subsequently petitioned the Commission to reopen the First Revised Plan to provide modifications addressing pressing RPS budget issues on March 3, 2021. The Commission approved those modifications on May 27, 2021 and the Agency filed a First Revised Plan on Reopening in conformance with that Order on June 7, 2021.~~

~~Following that two-year plan updating cycle, the Agency then again conducted stakeholder feedback opportunities and released a draft Second Revised Long Term Plan on August 16, 2021 for public comment (concurrent with the release of the draft 2022 Electricity Procurement Plan). However, before comments on that Plan were due, in early September of 2021 the General Assembly passed comprehensive energy legislation in the form of amendments to Senate Bill 2408. That legislation was signed by the Governor, and became effective, on September 15, 2021 as Public Act 102-0662. That Act contained a provision that within 120 days, after its effective date, "the Agency shall release for comment a revision to the long-term renewable resources procurement plan, updating elements of the most recently approved plan as needed to comply with this amendatory Act of the 102nd General Assembly, and any long-term renewable resources procurement plan update published by the Agency but not yet approved by the Illinois Commerce Commission shall be withdrawn for public comment." As a result, the Agency withdrew the draft Second Revised Plan and began the process of preparing a draft 2022 Long Term Plan.~~

~~For this new 2022 Long Term Plan, the Agency issued requests for stakeholder feedback in November 2021 and released a draft 2022 Long Term Plan on January 13, 2022. After the receipt of public comments on that draft Plan, the Agency updated the Plan and filed the 2022 Long Term Plan for approval by the Illinois Commerce Commission on March 21, 2022 in Docket No. 22-0231 and the Commission approved that Plan with modification on July 14, 2022.~~

~~This Final Plan reflects changes arising from the Commission's Order confirming and modifying the filed Plan. The Plan as filed has been amended consistent with the IPA's understanding of the Final Order issued by the Commission in Docket No. 22-0231. While the Agency has strived to fully and accurately reflect the Commission's Order in this update, in the case of any unintended inconsistencies between this Final Plan and the Commission's Order, the Final Order issued by the Commission shall govern.~~

~~See Chapter 2 for additional information on the Plan approval process.~~

1.1. Evolution of Long-Term Plans

The Initial Plan addressed the Agency's proposed set of programs and competitive procurements to acquire renewable energy credits ("RECs") for RPS compliance obligations applicable to three Illinois electric utilities: Ameren Illinois Company ("Ameren Illinois"), Commonwealth Edison Company ("ComEd"), and MidAmerican Energy Company ("MidAmerican"). The Initial Plan also described how the Agency would develop and implement the Illinois Solar for All ("ILSFA") Program, which utilizes a combination of funds held by the Agency in the Renewable Energy Resources Fund ("RERF") and funds supplied by the utilities from ratepayer collections, to support the development of photovoltaic

("PV") resources, along with job training opportunities (supported separately) to benefit low-income households and environmental justice communities across the State of Illinois. ~~The First Revised Plan updated those programs and procurements where applicable.~~

1.1.2. First Revised Plan

~~The first Long-Term Plan update process was undertaken by the Agency in 2019 starting with stakeholder feedback opportunities, and on August 15, 2019 a draft Revised Plan was released for public comment concurrently with the IPA's release of its draft 2020 Electricity Procurement Plan. The Revised Plan was filed for Commission approval on October 21, 2019 and reflected the Agency's consideration of comments received.~~

~~The Commission approved that Plan on February 18, 2020 and the Agency published a final version ("First Revised Plan") on April 20, 2020. The Agency subsequently petitioned the Commission to reopen the First Revised Plan to provide modifications addressing pressing RPS budget issues on March 3, 2021. The Commission approved those modifications on May 27, 2021 and the Agency filed a First Revised Plan on Reopening in conformance with that Order on June 7, 2021.~~

~~The First Revised Plan covered the Agency's proposals for procurements and program activity to be conducted during calendar years 2020 and 2021. –As discussed throughout that Plan, absent legislative changes, RPS budget limitations would constrain the ability of the Agency to conduct additional procurements or expand program capacity for its Adjustable Block Program: ("ABP"). That concern proved accurate, and the Agency was unable to open additional blocks of capacity for the Adjustable Block Program beyond those envisioned through the Initial Plan. However, Public Act 102-0662 required opening new blocks of Adjustable Block Program capacity prior to the approval of a new Long-Term Plan by December 14, 2021. P.A. 102-0662 also mandated that the Agency hold procurements for RECs from new utility-scale wind, solar, and brownfield site photovoltaic projects prior to this Plan's approval; those procurements occurred in May 2022 ABP beyond those envisioned through the Initial Plan.~~

1.1.3. Public 2022 Long-Term Plan

~~Following that two-year plan updating cycle, the Agency then again conducted stakeholder feedback opportunities and released a draft Second Revised Long-Term Plan on August 16, 2021 for public comment (concurrent with the release of the draft 2022 Electricity Procurement Plan). However, before comments on that Plan were due, in early September of 2021 the General Assembly passed the Climate and Equitable Jobs Act, a comprehensive energy policy bill. That legislation was signed by the Governor, and became effective on September 15, 2021 as P.A. 102-0662. P.A. 102-0662, colloquially known as CEJA, contained a provision that within 120 days, after its effective date, "the Agency shall release for comment a revision to the long-term renewable resources procurement plan, updating elements of the most recently approved plan as needed to comply with this amendatory Act of the 102nd General Assembly, and any long-term renewable resources procurement plan update published by the Agency but not yet approved by the Illinois Commerce Commission shall be withdrawn for public comment." As a result, the Agency withdrew the draft Second Revised Plan and began the process of preparing a draft 2022 Long-Term Plan.³~~

³ P.A. 102-0662 also required opening new blocks of Adjustable Block Program capacity prior to the approval of a new Long-Term Plan by December 14, 2021. P.A. 102-0662 also mandated that the Agency hold procurements for RECs from new utility-scale wind, solar, and brownfield site photovoltaic projects prior to this Plan's approval; those procurements occurred in May 2022.

To inform the development of the new 2022 draft Long-Term Plan, the Agency released requests for stakeholder feedback on several topics and held two stakeholder feedback workshops. The stakeholder feedback topics included questions on: (1) high-level RPS changes, (2) utility-scale procurements, (3) the newly created self-direct program, (4) changes to the ABP, (5) changes to the ILSFA, (6) consumer protection issues, (7) implementation of new Diversity, Equity, and Inclusion (“DEI”) requirements, and (8) REC pricing. The IPA met the 120-day timeline and published a draft for public comment on January 13, 2022. In accordance with the Act, the Agency reviewed and revised the draft Long-Term Plan as necessary, based upon the public comments, and filed the 2022 Long-Term Plan for approval by the Commission on March 21, 2022 in Docket No. 22-0231, and the Commission approved that Plan with modifications on July 14, 2022.⁴

The 2022 Long-Term Plan detailed the Agency’s proposals for procurements and program activity to be conducted during 2022-23 and 2023-24 program years. The 2022 Plan made structural changes to the Agency’s approach to Renewable Portfolio Standard implementation as required by P.A. 102-0662, including substantial changes to the scale of those efforts (including a significantly larger RPS budget and more aggressive REC procurement goals) and their scope (including new equity, labor, and other qualitative requirements). New Chapters were added through the 2022 Plan, including standalone chapters on a large-customer RPS self-direct program, consumer protection, and DEI initiatives. What was previously a standalone chapter on community solar project requirements was also absorbed into the Adjustable Block Program chapter. Those changes are outlined extensively in Chapter 2 of this Plan.

1.1.4. 2024 Long-Term Plan

For this draft 2024 Long-Term Plan, the Agency released two rounds of stakeholder feedback on May 26 and June 8, 2023. Comments were due back by mid- or late- June and feedback helped inform this draft 2024 Long-Term Plan being released for public comment. The stakeholder feedback topics included questions on: (1) high-level RPS changes, (2) REC eligibility, (3) changes to competitive procurements, (4) changes to the Self-direct program, (5) consumer protection issues, (6) changes to the Illinois Shines program, (7) changes to the ILSFA, (8) policies to increase diversity, equity and inclusion in the clean energy economy, and (9) an independent REC-pricing study. The Agency received 75 comments from 28 parties. Commenters included businesses that qualify as Equity Eligible Contractors, Approved Vendors, organized labor, environmental and consumer advocates, industry associations, and utilities.

After the receipt of comments, Agency staff then developed this draft 2024 Plan with a publishing date of August 15, 2023. By law, “[a]n affected utility and other interested parties shall have 45 days following the date of posting to provide comment to the Agency” on the Plan, with those comments required to be “specific, supported by data or other detailed analyses, and, if objecting to all or a portion of the procurement plan, accompanied by specific alternative wording or proposals.”⁵ The Agency shall also hold “at least one public hearing within each utility’s service area” during this 45-

⁴ Due to an unanticipated first-day oversubscription of Group A of the ABP’s Equity Eligible Contractor category, the Agency sought reopening of its 2022 Long-Term Plan before the Commission on December 2, 2022. The Commission granted reopening and, following litigation around the proposed changes, approved modifications to the Long-Term Plan on May 4, 2023. The Agency published its Modified Plan Upon Reopening on May 9, 2023.

⁵ 220 ILCS 5/16-111.5(b)(5)(ii)(B).

day period. After the conclusion of the comment period, the IPA has twenty-one (21) days to revise the Long-Term Plan for filing with the Illinois Commerce Commission for approval.

See Chapter 2 for additional information on the Plan approval process.

With the enactment of P.A. 102-0662, the Agency was tasked with numerous crucial implementation activities resultant from new requirements for renewable energy programs and competitive procurements administered by the IPA. Directed by P.A. 102-0662, and also through approval of the 2022 Long-Term Plan and the proposals made therein, the Agency has completed the following key renewable resources-related implementation activities:

- P.A.102-0662 directed the Agency to create a Coal-to-Solar Program that offers incentives for companies to install solar and energy storage facilities at the sites of former coal plants. This program was implemented as a stand-alone program and not through the Long-Term Plan. To support this initiative, the Agency conducted two coal-to-solar procurements across April 2022 and October 2022.
 - For the April 2022 procurement event, six projects submitted by Vistra were selected. In total, these projects are associated with an aggregate annual quantity of 464,564 RECs procured, or 228 MW of generation and 13.4 MW of storage.
 - For the October 2022 procurement event, no proposals were submitted.
- P.A. 102-0662 changed the REC pricing approach used in procurements for RECs from for utility-scale wind, solar, and brownfield site photovoltaic projects from a fixed price model to an “indexed” pricing model, with bidders offering a “strike price” in procurement events and REC prices floating based on wholesale energy prices.
- For the Spring 2022 Indexed REC procurement event, bids were selected for one utility-scale wind project (200 MW), four utility-scale solar projects (494 MW), and one brownfield site photovoltaic project (5 MW).
- For the Fall 2022 procurement event, bids were selected for seven utility-scale solar projects (436 MW) and four brownfield site photovoltaic projects (28 MW).
- For the Summer 2023 procurement event, bids were selected for seven utility-scale solar projects (539 MW) and three brownfield site photovoltaic projects (39 MW).
- The Illinois Commerce Commission approved the results of the Indexed REC procurement events on May 12, 2022, December 15, 2022, and June 29, 2023, respectively. Taken together, these Indexed REC Procurement events will support the development of a total 200 MW of utility-scale wind, 1,469 MW of utility-scale solar, and 72 MW of brownfield site photovoltaic projects. A fourth Indexed REC procurement event is scheduled to take place in Fall 2023.
- P.A. 102-0662 required the Agency to reopen the ABP within 90 days of the enactment of the law. In December of 2021, the ABP was reopened with new blocks of capacity and new program categories, including the opening of the Equity Eligible Contractors, or EECs. The 2022-23 and

2023-24 program years of the ABP also commenced on September 1, 2022 and June 1, 2023. Cumulatively, the Program has had 51,158 projects approved by the ICC with a total capacity of 1,421.61 MW. By category:

- Traditional Community Solar has had 299 projects (618.60 MW of capacity), 43.51 % of the total capacity.
 - Community Driven Community Solar has had 1 project (3 MW of capacity), 0.21% of the total capacity.
 - Large Distributed Generation has had 2,805 projects (437.88 MW of capacity). 30.80% of the total capacity.
 - Small Distributed Generation has had 48,050 projects (361.75 MW of capacity). 24.45% of the total capacity.
 - Public Schools (Distributed Generation) has had 3 projects (0.39 MW of capacity). 0.03% of the total capacity.
-
- P.A. 102-0662 created an equity accountability system mandating minimum equity standards for renewable energy programs and procurements administered by the Agency. The Minimum Equity Standard went into effect on June 1, 2023, and requires that 10% of the work on renewable energy projects supported through certain IPA programs and procurements be performed by Equity Eligible Persons or contractors. That target will increase to 30% by 2030.
 - P.A. 102-0662 directed the Agency to create an online portal to connect clean energy companies and developers with Equity Eligible job seekers looking to work in the clean energy sector in Illinois. On January 31, 2023, the Energy Workforce Equity Portal⁶ went live, providing educational information about opportunities to work in the clean energy sector, a job board for positions with clean energy companies, and online applications to be certified as an Equity Eligible Person.
 - P.A. 102-0662 extended the reach of ILSFA program through increased funding and updated sub-programs. In an effort to ensure that all sub-program budgets fully leverage their annual budgets, the Agency introduced two pilot initiatives in the 2022 Long-Term Plan to support participation in the distributed generation sub-program which has yet to achieve participation levels that fully leverage its annual budget. The Agency conducted multiple stakeholder engagement processes during the 2022-2023 program year to facilitate the development of these Pilot Initiatives. The Home Repairs and Upgrades Pilot has begun training Approved Vendors and launched in July 2023. The Residential Program Delivery Pilot has selected Approved Vendors and will launch in August 2023.
 - Additional changes to the ILSFA program included dedicated support for projects that promote energy sovereignty including a 25 percent funding carveout in each sub-program budget. The Agency defines “energy sovereignty” for the ILSFA program as “the eligible low-income household or community organization having or being on a defined path to majority or full ownership of the photovoltaic generating facility or, in the case of a cooperative or community

⁶ The initial launch was for Phase I of the Energy Workforce Equity Portal, an online database designed to help connect clean energy companies with Equity Eligible Persons looking to work in the clean energy sector in Illinois. P.A. 102-0662 directed the IPA and Illinois Department of Commerce and Economic Opportunity (“DCEO”) to help historically underserved communities participate in and benefit from the growing clean energy economy. One of the tools to reach that goal is to have the IPA and DCEO create a public-facing portal that helps develop a diverse pipeline of skilled and trained clean energy workforce.

ownership model, a share or membership in the entity that owns the photovoltaic generating facility”⁷. In the 2022-2023 program year a total of 24 energy sovereignty projects were approved across all sub-programs with a total capacity of 6.41 MW and incentive value of \$17,528,524.36, achieving 45 percent of the cumulative budgeted incentive carveout of \$38,966,499.25.

P.A. Act 102-0662 contains significant changes to the RPS. Key changes include:

- ~~• New “40% by 2030” and “50% by 2040” RPS goals, including a new target of 45 million RECs from new wind and solar projects delivered annually by 2030.~~
- ~~• An increase of the rate used for collections from ratepayers of funding, and changes to accounting procedures to provide more flexibility for the timing of expenditures.~~
- ~~• Changes to REC procurements conducted to support new utility-scale wind and solar projects through incorporating Indexed REC pricing.~~
- ~~• A large customer self-direct program that allows very large electric customer to directly procure REC from new utility-scale wind and solar projects and reduce their RPS compliance costs.~~
- ~~• Changes to the Adjustable Block Program to create three new categories of projects for projects located at public schools, community-driven community solar, and projects from equity-eligible contractors.~~
- ~~• Changes to the Illinois Solar for All Program including dedicated support for projects that promote energy sovereignty.~~
- Expansion, reinforcement, and codification of 102-0662 expanded, reinforced, and codified consumer protection standards applicable to transactions under IPA programs—, including the following:
 - Registration for entities that submit project applications and subcontractors in either program.
 - Standard Disclosure Forms designed to provide consumers clear and consistent information about their solar projects submitted to either program.
 - Two Consumer Complaint Databases to promote transparency in both programs.
 - Consolidated a strong set of consumer protections within the Consumer Protection Handbook that is applicable to both the Illinois Shines and Illinois Solar for All programs.
 - Created the Consumer Protection Expanded Working Group which engages a diverse set of stakeholders to create a more robust discussion of consumer protection issues and provides the opportunity for consumers, solar companies, community and nonprofit organizations, and other members of the public to directly provide their insight and perspectives to the Program Administrators and Agency.
- ~~• In New diversity, equity, and inclusion requirements on the renewable energy industry, including the implementation of an Equity Accountability System for Agency’s renewable energy programs and procurements.~~
- ~~• Labor requirements, including prevailing wage requirements, applicable to the Agency’s renewable energy programs and procurements.~~

~~This light of this direction from P.A. 102-0662, the Agency introduced 2022 Long Term Plan describes how the Agency will implement these and other new provisions. The Plan also includes incorporates~~

⁷ See Final Order, ICC Docket No. 22-0231 at 110 (Jul. 14, 2022).

~~certain proposals previously contained in the withdrawn Second Revised Plan that the Agency believed would improve programs and procurements.~~

~~The Agency has restructured this Plan compared to previous versions. This includes new chapters and reorganized sections within chapters. Therefore, section references to previous plans are likely not applicable to this 2022 Long-Term Plan.~~

~~With the finalization of the 2022 Long-Term Plan, the Agency will next update the Long-Term Plan starting in 2023 for approval in 2024 to cover activities for 2024 and 2025.~~

~~1.2. First Revised Plan Accomplishments~~

~~Subsequent to the approval of the First Revised Plan by the Commission on February 21, 2020, the programs and procurements discussed in this Plan met the following milestones:~~

- ~~• Block capacity for the Adjustable Block Program filled (by March 2020 for Large Distributed Generation; December 2020 for Small Distributed Generation).~~
- ~~• The third program year of the Illinois Solar for All Program opened in June 2020. Project applications filled the available funding for the non-profit/public facilities and low-income community solar sub-programs, while project applications in the distributed generation sub-program continued to not meet program goals. The fourth year of the program opened in June 2021.~~
- ~~• A new wind forward procurement (1 million RECs annually from new utility-scale wind projects) was conducted in March 2021. No projects were selected.~~

~~Additionally, many program materials were updated (including Marketing Guidelines, Disclosure Forms, the Adjustable Block Program Guidebook, and individual program websites) and the Agency has conducted numerous stakeholder feedback and comment processes.~~

~~The ongoing COVID-19 global pandemic significantly contributed to delays in project completions in 2020 and 2021. Nonetheless, as of the finalization of this 2022 Long-Term Plan, 98% of Distributed Generation projects and 84% of Community Solar projects from initial Adjustable Block Program blocks have been energized and processed for REC payments.~~

~~new Chapter 9 in the 2022 Long-Term Plan; that chapter outlined the Agency's robust approach to consumer protection across its solar programs.~~

- ~~• P.A. 102-0662 directed the Agency to create a Large Customer Self-direct Program, and Chapter 6 of the 2022 Long-Term Plan outlined the requirements applicable to that program. The Large Customer Self-direct Program encourages large Illinois electric customers served by ComEd or Ameren Illinois to retire Renewable Energy Credits (RECs) acquired through long-term contracts with new utility-scale wind and solar projects. In exchange, participants receive an electric bill credit reducing Renewable Portfolio Standard-related bill charges. Across late 2022 and early 2023, the Agency developed an initial program size, program application form and process, and bill crediting filing to be made with the ICC. Two applications have been approved for the 2023-24 program year. Between the two applicants, the Agency expects an aggregate quantity of between 500,000 and 1 million RECs to be retired by large customers in this first program year.~~

1.3.1.2. Plan Organization

~~This 2022 Long-Term Plan contains 10 chapters.~~

Chapter 1 is the Introduction, which contains a brief overview of the Plan, background information and evolution of Long-Term Plans, including 2022 LTP accomplishments. In addition, this chapter also includes a set of action items the Agency requested requests the Commission expressly adopt as part of its approval of this Plan.

Chapter 2 provides an overview of the statutory requirements governing this Plan contained in the Illinois Power Agency Act and the Public Utilities Act, including a historical overview of the Illinois RPS's development and evolution and an outline of the significant changes in Illinois law resulting from the enactment of Public Act P.A. 102-0662.

Chapter 3 contains calculations a description of RPS targets and goals, summaries of the current RPS portfolios portfolio, and summaries an analysis of the of RPS budgets budget.

Chapter 4 discusses the eligibility of RECs for use in the Illinois RPS. Specifically, it addresses two requirements of the RPS: eligibility of RECs from facilities in adjacent states, and the requirement that RECs cannot be procured from facilities that recover their costs through regulated rates.

Chapter 5 describes the competitive procurement process and the procurements the Agency plans to conduct for the delivery of RECs from new utility-scale wind and solar projects, modernized or retooled hydropower projects, and brownfield site photovoltaic projects.

Chapter 6 describes the ~~new~~ large customer self-direct compliance program ~~to be implemented by the Agency. This program does not feature the procurement of RECs by the Agency on behalf of the utilities, but instead, which~~ authorizes a credit bill credits for certain qualifying REC purchases ~~through long-term contracts by large electric. This program provides a path for qualifying customers in Illinois to engage in their own REC procurement activities and be credited back for some portion of non-by passable charges levied to support RPS activities.~~

Chapter 7 describes the ~~Adjustable Block Program~~ Illinois Shines program, statutorily known as the ABP, which includes details on the following: the structure of ~~the program~~ blocks; ~~program and~~ categories; REC prices applicable to the program; the application process; payment terms; ~~the process~~ program requirements for approving vendors participating Approved Vendors and designees Designees; project specifications; REC delivery requirements; and more. ~~This chapter consolidates chapters 6 and 7 in the previous plans, which separately considered provisions related to distributed generation and community solar. Considerations related to consumer protections are now contained in a new Chapter 9.~~

Chapter 8 describes the ~~Illinois Solar for All Program~~ ILSFA program including the program funding and design, customer terms, conditions, and eligibility, and the approach for designating environmental justice communities.

Chapter 9 describes ~~how the Agency implements~~ Agency's framework for consumer protection standards. ~~Public Act 102-0662 created requirements for both Illinois Shines and ILSFA programs, including new statutory provisions related proposals to address consumer protections in IPA programs, and this chapter codifies the Agency's approach to implementing those requirements protection concerns.~~

Chapter 10 describes the Agency's commitment to diversity, equity, and inclusion in the renewable energy industry through the implementation of the Equity Accountability System, conducting a racial

disparity study, ~~and development of an~~ collecting data on the renewable energy workforce, and management of the Energy Workforce Equity Database.

1.4.1.3. Action Plan

For this ~~2022~~2024 Long-Term Plan, the IPA ~~recommended~~recommends that the ICC expressly approve the following items as part of the Plan's approval:

1. Approve the RPS targets, and budget estimates for Ameren Illinois, ComEd, and MidAmerican for the delivery years ~~2022-2023~~2024-2025 through ~~2023-2024~~2025-2026 contained in Chapter 3, including the forecast used for this Plan, and additionally stipulate that Ameren Illinois, ComEd, and MidAmerican will provide updated load forecasts and budget data to the Agency on a biannual basis (each spring and fall) to allow the Agency to update those numbers.
2. Approve the continuation of the Agency's approach for considering and weighting the public interest criteria related to facilities located in adjacent states that is contained in Chapter 4.
3. Approve the procurements contained in Chapter 5 including the changes to the procurement process to incorporate ~~the Indexed REC approach~~modernized or retooled hydropower projects.
4. Approve the design of the large customer self-direct program contained in Chapter 6 including the process for determining the program size, application process, and bill crediting methodology.
5. Approve the continuation of the basic design and terms and conditions of the ~~Adjustable Block Program~~ABP contained in Chapter 7, and approve updates to block design, program categories, schedule of REC prices, and program terms and conditions.
6. Approve the continuation of the basic design and terms and conditions of the ILSFA contained in Chapter 8, as well as the updates proposed in this 2022 Long-Term Plan.
7. Approve the consumer protection standards contained in Chapter 9.
8. Approve the Agency's approach to minimum equity standards and implementation of the equity accountability system contained in Chapter 10.
- ~~6.9.~~ Approve the process for the submission, review, and approval of the proposed contracts to procure renewable energy credits or implement the programs authorized by the Commission as primarily outlined in Chapters 5, 7, and 8.
 - ~~1. Approve the continuation of the basic design and terms and conditions of the Illinois Solar for All Program contained in Chapter 8, as well as the updates proposed in this 2022 Long-Term Plan.~~
- ~~7.1.~~ Approve the consumer protection standards contained in Chapter 9.
 - ~~2. Approve the Agency's approach to minimum equity standards contained in Chapter 10.~~

The Illinois Power Agency respectfully ~~files~~releases this ~~Final 2022 draft 2024~~ Long-Term Renewable Resources Procurement Plan, ~~which reflects the Commission's Final Order in Docket No 22-0231 approving and modifying this Plan consistent for public comment,~~ with Section 16-111.5 of the PUA:

public comments due no later than September 29, 2023.

2. Statutory Requirements of the Plan

This Chapter of the IPA's Long-Term Renewable Resources Procurement Plan ("Long-Term Renewables Plan," "Long-Term Plan," or "Plan") describes the statutory requirements applicable to the ~~Long-Term Renewables Plan~~, with a ~~particular~~ focus on key requirements and recent changes made through Public Act 102-0662 (colloquially known as the "Climate & Equitable Jobs Act"), which took effect on September 15, 2021 beginning the 120-day deadline for the initial publication of this Plan in Illinois law. While not inclusive of all ~~such~~ statutory requirements, this Chapter attempts to outline primary requirements while directing readers to individual Sections and Chapters in which the Agency's implementation approach to satisfying those requirements is explained in detail. Previous iterations of this Chapter have included a robust history of the requirements of the Illinois Renewable Portfolio Standard, including detailed analysis of the statutory construct for renewable resource procurements from 2009-2016. For the sake of brevity, this Chapter will provide a brief overview of the evolution of the legislative framework and focus primarily upon the statutory requirements which currently govern the Plan.⁸

A Statutory Compliance Index, Appendix A, provides a complete cross-index of current statutory requirements and the specific sections of this Plan that address each requirement ~~identified~~.

2.1. Renewable Energy Resource Procurement Prior to ~~Public Act 99-0906~~ June 1, 2017

The Agency has been producing procurement plans addressing for renewable energy resource procurements since 2008 and conducting renewable energy resource procurements since 2009, ~~and it is helpful.~~ Prior to understand the background enactment of Public Act 99-0906, the Illinois Renewable Portfolio Standard's Standard ("RPS") RPS's original effectively had three compliance mechanisms depending on a customer's electricity supply source: eligible retail customer procurements, hourly pricing customer compliance payments, and Alternative Retail Electric Supplier ("ARES") compliance. While this structure and no longer governs RPS implementation challenges and compliance, it may be useful in understanding the changes made through Public Acts 99-0906 and now 102-0662, current structure of the RPS.

Prior to P.A. 99-0906 (colloquially known as the "Future Energy Jobs Act"), the Illinois RPS effectively had The first of the three prior compliance mechanisms depending on a customer's supply source: eligible retail customer procurements, Alternative Retail Electric Supplier ("ARES") compliance, and hourly pricing customer compliance payments. Below is an outline of the pre-P.A. 99-0906 RPS, provided for background; please note that the structure outlined in Section 2.1 below no longer governs RPS implementation and compliance in Illinois.

2.1.1. ~~Original RPS—Eligible Retail Customer Load~~

Of the three former RPS compliance mechanisms, the compliance pathway that looked looks most like the present RPS. The Agency was that which applied to required to include in its annual electricity procurement plan procurement proposals for renewable resources for "eligible retail customers," o.e., those customers still taking default supply service from their electric utility (ComEd and Ameren Illinois, and starting in 2015, MidAmerican). The Agency's annual procurement plans (developed primarily to propose procurements intended to meet the energy, capacity, and other

⁸ For a detailed overview of the history of the RPS, please see Chapter 2 of the Agency's 2022 Long-Term Plan.

~~standard wholesale product requirements of eligible retail customers). The renewable procurements were required to also include procurement proposals intended to meet annually-climbing, increasing targets based upon a percentage-based renewable energy resource targets. As with block energy procured by the Agency, of customer load, where~~ the applicable electric utility served as the counterparty to ~~resulting the procurement~~ contracts.

~~Sub-targets were also introduced to the overall procurement volumes: of the renewable energy resources procured, 75% were required to come from wind, 6% from photovoltaics, and 1% from distributed generation. Prior to June 1, 2011, resources from Illinois were expressly prioritized (looking to adjoining states if none were available in-state, and then elsewhere); after June 1, 2011, the RPS required looking to Illinois and adjoining states together as a first priority, and then elsewhere. Funds available for use under RPS contracts were subject to a rate impact cap—a fixed bill impact cap percentage (2.015% of 2007 rates), which was then applied to eligible retail customer load to produce a renewable resources procurement budget.~~

~~This system may have worked more effectively had Illinois not experienced significant volatility in the size of its eligible retail customer load. Upon the establishment of the IPA in 2007, however, the General Assembly required that electric utilities execute relatively long-term energy supply contracts (known as the “swap contracts”) to serve eligible retail customer load. In the years that followed, energy prices plummeted in the wholesale market, yet these swap agreements served to inflate the default supply rate well above that which could be offered by a competitive supplier. From 2011 to 2013, significant populations of default supply customers switched to ARES service, often through opt-out municipal aggregation,⁹ and eligible retail customer load dwindled, causing a corresponding decline in the annual available renewable resources budget.~~

~~As part of its 2009 Annual Procurement Plan, the Agency proposed, and the Commission approved, a procurement for “bundled” (energy and REC) long-term contracts from renewable energy suppliers (known as the Long-Term Power Purchase Agreements, or “LTPPAs”). The LTPPA contracts were executed through a 2010 procurement event, with winning suppliers receiving 20-year bundled contracts to help meet future years’ RPS targets. While this procurement helped facilitate significant new renewable energy development in Illinois (especially in the form of wind projects), it also provided a floor of annual payment obligations under the renewable resources budget for future years.~~

~~As the annual renewable resources budget declined due to customer load moving to ARES supply, not only was funding unavailable to conduct additional renewable energy resource procurements, but funding was also no longer available to meet the full commitments of the LTPPAs described above. As a result, for two years ComEd’s LTPPAs were “curtailed” (payment was not made through the renewable resources budget for the full expected output). Due to the unpredictability of available budgets in future years, the Agency’s annual procurement plans after the 2010 LTPPAs proposed only¹⁰ the procurement of one-year contracts to meet each upcoming delivery year’s renewable energy resource obligations. As obtaining financing for developing new facilities generally required~~

⁹ Under Section 1-92 of the Act, municipalities, whether individually or in a coalition with others, may aggregate residential and small commercial electric loads and leverage economies of scale to negotiate favorable electric supply rates for those customers.

¹⁰ The lone exception to this was the procurement of statutorily mandated five-year distributed generation procurements using alternative compliance payments.

~~revenue certainty over a long period, this short term focus left the prior RPS as an ineffective (or “broken”) tool for facilitating the development of new renewable energy generation.~~

~~2.1.2. Original RPS—Hourly Pricing Customers~~

~~Beginning with the 2010 delivery year through June 1, 2017, Section 1-75(c)(5) of the Act~~The second of these mechanisms required that the applicable electric utility apply “the lesser of the maximum alternative compliance payment rate or the most recent estimated alternative compliance payment rate for its service territory for the corresponding compliance period” to hourly pricing customers. ~~Those funds were held by the electric utility and utilized to supplement to the Agency’s annual procurement planning process. Because contracts with distributed generation systems required contracts of at least 5 years, the~~The IPA used these hourly Alternative Compliance Payments (“ACPs”) to serve as the funding source for procurements supporting ~~DG~~distributed generation development, ~~including DG. As discussed in detail in Chapter 3, some balance of prior-collected hourly ACPs remains for REC~~ procurements approved in the IPA’s 2017 Annual Procurement Plan.

~~As discussed in detail in Chapter 3, even accounting for payments still to be made under those DG procurements, some balance of prior-collected hourly ACPs remains for REC procurements.~~

~~2.1.3. Original RPS—ARES Compliance~~

~~Lastly~~Finally, the ~~ARES third of these~~ RPS compliance ~~mechanism, adopted in 2009, was more complex. Under Section 16-115D of the Public Utilities Act, each ARES carried a~~mechanisms allowed Alternative Retail Electric Suppliers (“ARES”) to satisfy their own percentage-based renewable portfolio standard requirement ~~similar to the Section 1-75(c) requirement as a percentage of its sales, but could satisfy its obligation by making alternative compliance payments~~Alternative Compliance Payments at a rate reflecting ~~that the~~ rate paid by eligible retail customers for no less than 50% of its obligation. ~~For the remaining 50% of its obligation, the~~The ARES could either make additional ~~alternative compliance payments~~ACPs and/or self-procure Renewable Energy Credits ~~(“RECs from a broad geographic footprint.~~

~~With ARES competing with one another for customers (and against default supply service), this paradigm created an incentive for an ARES to comply at the lowest cost possible.¹¹ Thus, alternative compliance payments were generally made for the minimum 50% amount, and the self-procurement obligation was not structured to lead to the development of new renewable energy generation.~~

~~Alternative compliance payments”) to satisfy the remaining 50% of its obligations. These ACPs were deposited into the IPA-administered Renewable Energy Resources Fund.—Due to statutory constraints, leveraging this fund for procurements carried significant challenges, as the IPA outlined in detail its 2015 Supplemental Photovoltaic Procurement Plan. In addition, as a special state fund, the (“RERF could always be—and indeed was—subject to the risks of borrowing and transfers. Given these risks, and given the State’s inability to enact a budget from July 1, 2015 until August 31, 2017 (thereby leaving the IPA without appropriation authority to make payments under contracts regardless of actual”). As discussed in Sections 3.5 and 8.4.2, some balance of funds available), the State of Illinois was an unattractive counterparty for REC delivery contracts.—~~

¹¹ To the extent that a customer sought a more environmentally friendly product, the ARES could always offer a “green” product including 100% of megawatt-hours matched with renewable energy credits, disconnected from any RPS compliance obligation.

~~With the majority of Illinois electric load being served by ARES,¹² this stood as no small problem—while the RPS technically covered most of the electricity delivered in the state, very little new renewable generation was able to be developed through it. Significant amounts were being paid into remains in the RERF each year to support renewable energy development, yet the money was unable to be effectively leveraged for that purpose. While ARES were procuring millions of RECs in aggregate each year, the incentive structure facing those suppliers made it highly unlikely that those RECs would be sourced from anything other than the lowest priced seller: generally, facilities already built and financed, and potentially from projects in vertically integrated states with costs already being fully recovered through rates. Hence, parties seeking changes to this system often characterized the Illinois RPS as a “broken RPS,” and one that would require a comprehensive legislative overhaul to be properly fixed under the Illinois Solar for All Program.~~

2.2. Public Act 99-0906

The Agency’s initial obligation to develop a Long-Term Renewable Resources Procurement Plan for managing RPS implementation stems from requirements included in Public Act 99-0906. ~~P.A. 99-0906 was passed by both the Illinois House and Senate during the last days of the 99th General Assembly on December 1, 2016, and was signed into law on December 7, 2016, with an a comprehensive energy bill that became effective date of on June 1, 2017.~~

~~P.A. 99-0906’s changes to the RPS were intended to address many of the challenges outlined above, especially to ensure that the RPS collections could be effectively leveraged to support new renewable energy project development.~~

2.2.1. P.A. 99-0906—Overview

~~In addition to the requirement that the Agency develop its Long-Term Renewable Resources Procurement Plan and implement the programs and procurement discussed herein, P.A. 99-0906 also contained other significant reforms to Illinois energy law. Among those reforms included the establishment of a zero-emission standard requiring the Agency to develop a Zero-Emission Standard Procurement Plan for the procurement of zero-emission credits from select at-risk zero-emission (i.e., nuclear) generating facilities;¹³ revisions to the state’s energy efficiency portfolio standard found in Article VIII of the Public Utilities Act (220 ILCS 5), including the elimination of the statutory pathway by which incremental energy efficiency programs were included in the IPA’s annual procurement plans;¹⁴ additional financial assistance for low-income ratepayers;¹⁵ bill crediting for the energy production associated with subscriptions to community renewable generation;¹⁶ and a smart inverter rebate for behind-the-meter generating facilities.¹⁷~~

¹² See, e.g., <https://www.icc.illinois.gov/downloads/public/2017%20ORMD%20Section%2020-110%20report.pdf>.

¹³ The Agency’s Zero-Emission Standard Procurement Plan, developed pursuant to new Section 1-75(d-5) of the Act, was filed with the Commission on July 31, 2017 and was approved by the Commission on September 11, 2017. See ICC Docket No. 17-0323.

¹⁴ See 220 ILCS 5/16-111.5B.

¹⁵ See 220 ILCS 5/8-103B(c) (requiring ComEd and Ameren Illinois to allocate \$25 million and \$8.5 million, respectively, annually for low-income energy efficiency programs); 305 ILCS 20/18(c)(5), (5.5), (7) (authorizing Percentage of Income Payment Plan (“PIPP”) qualified customers to receive credits under a utility’s Arrearage Reduction Program, and creating a new Supplemental Arrearage Reduction Program for utility customers who cannot join the PIPP due to timing or funding constraints); 220 ILCS 5/16-108.10 (creating new \$10 million annual funding stream over five years for low-income assistance programs for ComEd customers).

¹⁶ See 220 ILCS 5/16-107.5(f).

¹⁷ See 220 ILCS 5/16-107.6.

2.2.2. Changes to the RPS through P.A. 99-0906

~~Public Act 99-0906 ushered in several changes to the RPS, including the introduction of new concepts, terms, and prescriptive requirements. Several of these concepts are discussed below, in the subsections later in this chapter, and in the Chapters that follow. Where applicable, the status of these changes under P.A. 102-0662's new RPS framework are also noted. Among its many reforms, P.A. 99-0906~~
~~P.A. 99-0906—RPS Funding~~

~~P.A. 99-0906~~ constituted a comprehensive overhaul of the state's renewable energy portfolio standard, ~~elements of which can be found in Sections 1-56 and 1-75(c) of the IPA Act and Section 16-115D of the PUA.~~ Under the prior Illinois RPS, compliance and planning depended on how a customer's supply requirements were met, with three separate compliance mechanisms ~~for default utility supply service, hourly pricing customers, and load served by Alternative Retail Electric Suppliers as described above.~~ Changes to the Illinois RPS through P.A. 99-0906 fully transitioned the state's RPS to a streamlined, centralized planning and procurement process, with both RPS targets and available budgets determined based on an electric utility's load for all retail customers¹⁸ and funding collected through ~~at the utilities'~~ delivery services charge.

~~While the rate impact cap found under Section 1-75(c)(1)(E) of the IPA Act technically remained the same under Public Act 99-0906—2.015% of 2007 rates—budgets available to support renewable energy projects increased significantly, as that rate impact cap applied now to all retail sales instead of only eligible retail customer load. In prior years, the annual RPS budget managed by the Agency could range from \$30 million to \$100 million, with the Agency having little visibility in advance as to what future years' budgets would be due to the issues outlined above in Section 2.1.1. Through Public Act 99-0906, by 2019, annual RPS budgets stabilized in the range of \$220 million to \$230 million per year, not considering prior collected ACPs. This increased level of funding was essential to meet the more aggressive targets found in the revised Illinois RPS, specifically targets related to ensuring that RECs were being procured from new wind and photovoltaic projects that may never have been developed but for the availability of funding through REC delivery contracts.~~

~~As discussed later in this Chapter and especially across Chapter 3, Public Act 102-0662 further increased these budgets and now allows for collections to be leveraged across multiple delivery years, such that prior years' collections can now be utilized meet future years' expenses.~~

~~P.A. 99-0906—Focus on RECs implemented~~

~~P.A. 99-0906 demonstrated~~ a shift in focus from compliance through the procurement of "renewable energy resources"—which may be either 1) a renewable energy credit ("REC") associated with a megawatt-hour ("MWh") of generation, ~~or~~ 2) that REC ~~plus~~ the associated generation—to compliance ~~through the purchase and retirement of "renewable energy credits."~~¹⁹ ~~This change makes intuitive sense; the purchase of energy is not addressed through this planning process, and the Agency's planning for any energy purchases can only be for utility default supply customers (i.e., eligible retail~~

¹⁸ For MidAmerican, the IPA understands that Section 1-75(c)'s renewable energy procurement targets are generally applied to the supply procured for MidAmerican's jurisdictional eligible retail customers and not all retail sales in its service territory.

¹⁹ See, e.g., 20 ILCS 3855/1-75(c)(1)(B), (C). The law continues to recognize that "renewable energy resources" may be used to satisfy the RPS, but focuses this Plan only on the procurement of "renewable energy credits" (which, standing alone, also may constitute "renewable energy resources").

customers) through the development of a separate procurement plan (which focuses on a shorter timeframe than many of the REC contracts envisioned in the revised RPS).

~~That framework continues under P.A. 102-0662, with RPS goal progress measured through the procurement of RECs rather than renewable energy resources. The IPA's 2022 Long-Term Plan thus continues to only concern REC procurements, and not the procurement of energy or capacity from projects facilitated by this Plan's proposals—solely through the purchase and retirement of “renewable energy credits.”²⁰~~

~~2.2.2.1. P.A. 99-0906—RPS Targets and Goals~~

P.A. 99-0906 continued with a “25% by 2025” RPS trajectory that had previously been contained in Section 1-75(c) since its enactment in 2008—meaning that 25% of eligible load should be met by RECs procured by the Agency by the year 2025—but just as funds to support REC procurements were now to be collected from all retail customers, that goal was likewise applied to all retail customer load. ~~P.A. higher priority requirement was minimum procurement quantities of 99-0906 prioritized RECs from “new” wind and photovoltaic projects by establishing minimum procurement quantities;~~²¹ those quantitative REC delivery targets from “new” projects ~~found in Section 1-75(c)(1)(C) operated as follows:~~

~~By the end of the 2020 delivery year (May 31, 2021):~~

- ~~• At least 2,000,000 renewable energy credits for each delivery year shall come from new wind projects; and~~
- ~~• At least 2,000,000 renewable energy credits for each delivery year shall come from new photovoltaic projects.~~

~~By the end of the 2025 delivery year (May 31, 2026):~~

- ~~• At least 3,000,000 renewable energy credits for each delivery year shall come from new wind projects; and~~
- ~~• At least 3,000,000 renewable energy credits for each delivery year shall come from new photovoltaic projects.~~

~~By increased gradually through the end of the 2030 delivery year (May 31, 2031):~~

- ~~• At least 4,000,000 renewable energy credits for each delivery year shall come from new wind projects; and~~
- ~~• At least 4,000,000 renewable energy credits for each delivery year shall come from new photovoltaic projects.~~

~~. These targets would be met through a series of competitive procurements of RECs as well as through the development of new programs to be administered by the Agency to incentivize “new” photovoltaics. For the “new photovoltaic project” requirement, at least 50% needed to be procured from solar photovoltaic projects using the Adjustable Block Program Illinois Shines program (used to~~

²⁰ See, e.g., 20 ILCS 3855/1-75(c)(1)(B), (C). The law continues to recognize that “renewable energy resources” may be used to satisfy the RPS, but focuses this Plan only on the procurement of “renewable energy credits” (which, standing alone, also may constitute “renewable energy resources”).

²¹ P.A. 99-0906 introduced the standard of a “new” project as being a project not energized before effective date of that Act (June 1, 2017). In many cases, that standard still applies to the definition of “new” projects, even after the enactment of P.A. 102-0662.

support distributed generation and community solar, as discussed further below), at least 40% from utility-scale solar projects, and at least 2% from non-community solar brownfield site photovoltaic projects.

~~These concepts still govern RPS compliance under Budgets available to support renewable energy projects increased significantly under P.A. 99-0906, as funding was collected across all retail electric sales instead of only eligible retail customer load. While the rate impact cap found under Section 1-75(c)(1)(E) of the IPA Act technically remained the same under Public Act 99-0906 – 2.015% of 2007 rates – expanding the pool of customers from which funding was collected increased the available support for the RPS. In prior years, the annual RPS budget managed by the Agency could range from \$30 million to \$100 million, with the Agency having little visibility in advance as to what future years’ budgets would be. P.A. 102-0662, but with more aggressive goals and targets. As also discussed later in this Chapter and across Chapter 3, Public Act 102-0662 has now introduced a “40% by 2030” RPS goal, while targeting the delivery of 45,000,000 RECs from new wind and new photovoltaic projects by the end of the 2030 delivery year.~~

~~2.2.2.2. — P.A. 99-0906: Community Renewable Generation~~

~~P.A. 99-0906 introduced the concept of a “community renewable generation project” to Illinois law. As defined by the IPA Act,²² this is an electric generating facility that:~~

- ~~(1) is powered by wind, solar thermal energy, photovoltaic cells or panels, biodiesel, crops and untreated and unadulterated organic waste biomass, tree waste, and hydropower that does not involve new construction or significant expansion of hydropower dams;~~
- ~~(2) is interconnected at the distribution system level of an electric utility as defined in this Section, a municipal utility as defined in this Section that owns or operates electric distribution facilities, a public utility as defined in Section 3-105 of the Public Utilities Act, or an electric cooperative, as defined in Section 3-119 of the Public Utilities Act;~~
- ~~(3) credits the value of electricity generated by the facility to the subscribers of the facility; and~~
- ~~(4) is limited in nameplate capacity²³ to less than or equal to 2,000 kilowatts.~~

~~A subscriber’s subscription to such a facility is an “interest” in that facility “expressed in kilowatts” which is sized primarily to offset part or all of the subscriber’s electricity usage, and may not constitute more than 40% of the facility’s nameplate capacity.²⁴ Through subscription, the subscriber receives a bill credit for each kilowatt hour produced by that project commensurate with the subscriber’s subscription size via net metering, similar to (although not necessarily valued exactly commensurate with) if that share of project was sited behind the customer’s meter.~~

~~Photovoltaic community renewable generating projects are frequently described herein (as well as in Sections 1-10 and 1-56(b) of the IPA Act) as “community solar” projects, and to ensure that such projects are developed, community solar projects have distinct minimum REC procurement targets~~

²² See 20 ILCS 3855/1-10.

²³ “Nameplate capacity” is defined in the law as the aggregate inverter nameplate capacity in kilowatts AC. 20 ILCS 3855/1-10.

²⁴ 20 ILCS 3855/1-10.

in the Illinois RPS. Those RECs are procured through proposed community solar projects applying to the Adjustable Block Program, described below.

While Public Act 99-0906 supported only one category of community solar projects in the Adjustable Block Program, through Public Act 102-0662, the Adjustable Block Program now supports two separate categories of community solar projects (more traditional community solar projects—which tend to be large-scale and transactional—and “community-driven” community solar projects).

~~2.2.2.3.—P.A. 99-0906: The Adjustable Block Program~~

~~P.A. 99-0906 required the development and ongoing operation of an “adjustable block program” (“ABP”). Used to facilitate the development of new community solar and distributed photovoltaic generation projects, the Adjustable Block Program must feature a “transparent schedule of prices and quantities” for RECs “to enable the photovoltaic market to scale up and for renewable energy credit prices to adjust at a predictable rate over time.”²⁵ This pricing approach represented a significant shift in the state’s approach to procuring renewable energy; prior to the enactment of P.A. 99-0906, past efforts to procure renewable energy resources focused on competitive sealed bidding, pay-as-bid procurement events. Most bidder and supplier information, including resulting contract prices and quantities for winning bidders, was considered confidential. While these competitive procurement elements continued to be utilized for other activities under the Illinois RPS, the Adjustable Block Program provided open application to a program featuring price transparency utilizing administratively set REC prices established through this Long-Term Plan approval process.~~

~~P.A. 99-0906 provided the following delineation for categories of projects supported under the ABP:~~

- ~~(1) At least 25% from distributed renewable energy generation devices with a nameplate capacity of no more than 10 kilowatts (“Small DG”);~~
- ~~(2) At least 25% from distributed renewable energy generation devices with a nameplate capacity of more than 10 kilowatts and no more than 2,000 kilowatts (“Large DG”);²⁶~~
- ~~(3) At least 25% from photovoltaic community renewable generation projects (“Community Solar”);~~
- ~~(4) The remaining 25% shall be allocated as specified by the Agency in the long-term renewable resources procurement plan.²⁷~~

~~Projects successfully participating in these categories prior to the enactment of P.A. 102-0662 received a 15-year REC delivery contract with a counterparty utility, with that revenue received by the applicant offsetting the project’s development costs. Under P.A. 99-0906, those contracts all featured some form of prepayment of the revenues due back to the applicant/Seller: full payment upon energization in the case of Small DG projects; and 20% upon energization with the remaining 80% paid ratably over the next 4 years in the case of Large DG and community solar projects.~~

The Illinois RPS post-P.A. 102-0662 maintains the basic structure of the Adjustable Block Program, but features several modifications to categories (from three project categories to six project categories),

²⁵ 20 ILCS 3855/1-75(c)(1)(K).

²⁶ The Agency may create sub-categories within this category to account for the differences between projects for small commercial customers, large commercial customers, and public or non-profit customers.

²⁷ 20 ILCS 3855/1-75(c)(1)(K).

~~permissible project sizes, and REC delivery contract payment structure and terms. Those changes are discussed later in this Chapter.~~

P.A. 99-0906: The Illinois Solar for All Program

~~Similar to the Adjustable Block Program, the Illinois Solar for All (“ILSFA”) Program was established as a solar incentive program intending to incent low income, non profit, and public facility participation in solar photovoltaic projects—whether as a system owner, community solar project subscriber, or system host—through revenue provided by REC delivery contracts. Reflecting the additional incentive necessary to ensure low income participation, ILSFA REC prices generally exhibit a premium above those used for the Adjustable Block Program, with the Agency also having the ability to offer full contract prepayment or otherwise relax (or enhance) requirements in recognition of the unique challenges facing low income project development. As introduced under P.A. 99-0906, funding for the Illinois Solar for All Program came from a combination of funds collected under Section 16-108(k) collections (i.e., those used to support RPS activities more generally) and funds in the IPA-administered Renewable Energy Resources Fund. As a result of this dual funding mechanism, ILSFA REC delivery contracts could feature a counterparty Buyer that was either an Illinois electric utility or the State of Illinois itself.~~

~~As established under P.A. 99-0906, the ILSFA Program featured four subprograms generally matched to the project or customer type eligible to participate:~~

- ~~• Low Income Distributed Generation Incentive Program~~
- ~~• Low income Community Solar Project Initiative~~
- ~~• Non-Profit and Public Facility Incentive Program~~
- ~~• Low Income Community Solar Pilot Project Program~~

~~Unlike the Adjustable Block Program, which operated with block sizes supporting defined quantities of new installed solar capacity, the Illinois Solar for All Program featured no hard targets or goals for the quantity of RECs to be procured. Instead, it operated (and continues to operate) with annual program year budgets for each subprogram.~~

~~Changes to the Illinois Solar for All Program through P.A. 102-0662 include the elimination of one subprogram and the introduction of another, a significant increase in the annual utility collected funding used to support the ILSFA Program, and dedicated participation in select subprograms for project structures demonstrating “energy sovereignty.”~~

~~2.2.2.4. P.A. 99-0906: Competitive Procurements~~

~~As referenced above, P.A. 99-0906 maintained elements of the competitive, confidential, “pay-as-bid” procurement structure for certain RPS implementation activities—specifically, for awarding REC delivery contracts used to support new utility scale wind, utility scale photovoltaic, and brownfield site photovoltaic projects. Proposed projects qualified through meeting project maturity requirements, paying required fees, and posting required collateral, and then offered proposed a proposed quantity and REC price (or “bid”) with the lowest priced bids selected to meet predetermined procurement quantities.~~

~~P.A. 99-0906 defined projects larger than 2 MW in size as “utility scale” (this threshold is now 5 MW under P.A. 102-0662), although economies of scale generally resulted in supported projects being~~

~~much larger than that minimum. Quantitative new project targets in the Illinois RPS required that at least 40% of RECs used to meet new solar photovoltaic targets be derived from utility-scale solar projects and 2% from brownfield site projects; for new wind project targets, the entirety was to be sourced from utility-scale projects.~~

~~To meet these targets, P.A. 99-0906 required that the IPA conduct “initial forward procurements” prior to the approval of its Initial Long-Term Renewable Resources Procurement Plan. Those procurements were intended to bring 1,000,000 RECs each of utility scale wind and utility scale solar under contract, with additional procurements proposed through the IPA’s Long-Term Renewable Resources Procurement Plan. Proposed projects were subject to locational requirements generally described in Section 1-75(c)(1)(I) of the Act and outlined in practice through this Plan; under these requirements, projects in Illinois were eligible and those in adjacent states may be eligible, but only if certain public interest criteria were satisfied.~~

~~Public Act 102-0662 provides a similar structure for supporting utility-scale and brownfield site photovoltaic projects, with utility-scale project REC procurement events also required to have been conducted prior to this Plan’s approval (within 240 days of the effective date of P.A. 102-0662) and additional procurements proposed through this Plan. P.A. 102-0662 also maintains the general competitive procurement framework previously used to select proposed projects, but with a) the ability to consider additional factors as part of bid evaluation (such as progress on equity initiatives or project locational benefits for communities transitioning from closed power plants) and b) REC delivery contracts featuring an indexed REC pricing structure (a REC price that floats upward or downward based on assumed energy revenues for the facility).~~

~~The Long-Term Renewable Resources Procurement Plan Through Public Act 99-0906, by 2019, annual RPS budgets stabilized in the range of \$220 million to \$230 million per year, not considering prior-collected ACPs. This increased level of funding was essential to meet the more aggressive targets found in the revised Illinois RPS, specifically targets related to ensuring that RECs were being procured from new wind and photovoltaic projects that may never have been developed but-for the availability of funding through REC delivery contracts.~~

2.2.3.2.2.1. The Long-Term Renewable Resources Procurement Plan

Public Act 99-0906 required the Illinois Power Agency to outline a ~~then-~~new procurement plan – the Long-Term Renewables Procurement Plan – containing proposals for implementing ~~these new~~ programs and procurements; ~~to incentivize new renewable energy projects~~ and for the management of ~~these~~ increased funds for meeting more aggressive RPS ~~targets and~~ goals. – This separate, renewable energy-focused planning process was a departure from past practice ~~under the Illinois RPS; previously. Previously,~~ Illinois law required that IPA renewable energy resource procurements ~~used to meet the requirements of Section 1-75(c) of the IPA Act~~ be proposed through the Agency’s annual electricity procurement plan ~~developed~~ pursuant to Section 16-111.5 of the Illinois Public Utilities Act (“PUA”).

The ~~Agency must revise the~~ Long-Term Renewable Resources Procurement Plan —, prepared pursuant to Section 16-111.5(b)(5) of the PUA ~~— was initially prepared in 2017, was approved by the ICC in 2018, was required to be revised~~ at least every two years, and “shall include procurement programs and competitive procurement events necessary to meet the goals” set forth in Section 1-75(c) of the IPA Act. ~~That~~

~~The~~ original Long-Term Renewable Resources Procurement Plan, or “Initial Plan,” was developed over the summer of 2017, published for comment on September 29, 2017, filed with the Illinois Commerce Commission for approval on December 4, 2017, and approved by the Commission on April 3, 2018, through ICC Docket No. 17-0838. As that plan is required by law to be updated at least every two years, a First Revised Long-Term Renewable Resources Procurement Plan was approved by the Commission on February 18, 2020, through Docket No. 19-0995. The Agency published its draft Second Revised Long-Term Plan on August 16, 2021, but withdrew the draft in accordance with the passage of Public Act 102-0662 as required by that Act’s revisions to Section 1-75(c)(1)(A) of the IPA Act. Under those same revisions, ~~this~~ the 2022 Plan was required to be published within 120 days of the effective date of P.A. 102-0662 (by January 13, 2022), was filed with the Illinois Commerce Commission on March 21, 2022, and was approved by the Commission through Docket No. ~~22-0231 on July 14, 2022.~~ Updates to the Long-Term Plan will continue on a biannual basis. 22-0231 on July 14, 2022. The Agency sought reopening of its 2022 Long-Term Plan before the Commission on December 2, 2022, to deal with an interpretive issue related to the Illinois Shines program. The Commission granted reopening and approved modifications to the Long-Term Plan on May 4, 2023. The Agency published its Modified Plan Upon Reopening on May 9, 2023.

2.3. RPS Implementation: 2017-2021

~~The IPA conducted a variety of program and procurement activities under the structure required by P.A. 99-0906; this Section serves to outline certain successes and challenges observed from RPS implementation under that RPS structure, as those successes and challenges informed many of the statutory changes found in Public Act 102-0662 which serve to shape this Plan.~~

~~Successes and Challenges~~ Updates to the Long-Term Plan will continue on a biennial basis.

2.3. Public Act 102-0662 and Beyond

~~Public Act 102-0662, enacted September 15, 2021, significantly reshaped energy law in For successes, Section 1-75(c)(1)(C) introduced quantitative new photovoltaic project and new wind project targets into Illinois law; those targets were 2,000,000 RECs delivered annually from each category by 2020, 3,000,000 RECs delivered annually from each category by 2025, and 4,000,000 RECs delivered annually by 2030. For photovoltaic projects, 50% of the photovoltaic project total was required to be sourced from Adjustable Block Program projects, with 40% from utility-scale projects and 2% from brownfield site photovoltaic projects.~~

~~Those new project targets were somewhat easily met. The “first phase” of the Adjustable Block Program concluded by late 2020 with all three project categories having been filled, and thus accepted project applications met or exceeded the quantities required to meet that 2020 delivery year target of 1,000,000 RECs delivered annually. Through procurements conducted by the conclusion of calendar year 2019, RECs under contract from utility-scale photovoltaic projects exceeded 2025 and 2030 targets, while those from utility-scale wind and brownfield site photovoltaic projects exceeded 2020 targets.~~

~~Changes to the. In addition to a significant overhaul of the Illinois RPS from P.A. 99-0906 resulted in an unprecedented wave of new renewable energy development in Illinois—and, specifically, new solar development. Prior to P.A. 99-0906’s enactment, Illinois was estimated to have approximately 70-80 MW of photovoltaic projects installed statewide. The Adjustable Block Program alone has now supported nearly 700 MW of new solar distributed generation and community solar, with over~~

~~20,000 Illinois residents and businesses availing themselves of the support provided by this program. Competitive procurements have supported another over 1300 MW of new utility-scale solar projects, and nearly 700 MW of new utility-scale wind. All but one project has been located in Illinois itself, ensuring that economic development, energy diversification, and certain environmental benefits generally connect back to those Illinois residents and businesses who financially support these initiatives. The Illinois Solar for All Program has observed robust participation in three of the four subprograms provided for by P.A. 99-0906.~~

~~These successes have not come without significant challenges. As outlined in Chapter 3, even with thousands of megawatts of additional new solar and wind project development, Illinois remains well short of the “25% by 2025” trajectory envisioned through P.A. 99-0906’s revised RPS. Meeting 25% of retail sales through REC procurements requires approximately 30 million RECs to be delivered annually; doing so through RECs from new projects (especially with a large portion of new distributed generation and community solar projects) would require a significantly larger RPS budget than what was authorized through P.A. 99-0906. The IPA, P.A. 102-0662 also held two utility-scale wind procurements in 2019 and 2021 that featured no winning bidders, with post-procurement comments from potential participants seeking modification to the fixed-price REC procurement structure traditionally used in IPA procurements.~~

~~In late 2020, the Agency also released a revised RPS budget analysis indicating that project development delays caused by COVID-19, combined with the front-loaded contract payment structure present in ABP contracts and the inability to roll prior collections forward to meet future years’ expenses under Section 16-108(k) of the PUA, would not only freeze additional program and procurement activity, but also place projects already in receipt of REC delivery contracts at risk of reduced payments. As structured under P.A. 99-0906, the Illinois RPS would eventually stimulate additional renewable energy project development, but only in fits and starts and only after prior REC delivery contract obligations were fully satisfied.~~

~~Additional concerns were raised regarding the significant gulf between Adjustable Block Program REC prices and those resultant from competitive procurement events used to support new utility-scale project development, as well as the lack of progress in meeting percentage-based RPS goals. Through Resolution No. 153, the Illinois Legislative Audit Commission directed the Auditor General to “conduct a performance audit of the Illinois renewable portfolio standard and the Illinois Power Agency’s management of the Renewable Energy Credit procurement process and Adjustable Block Grant Program.” The Auditor General’s Office’s report was published on May 11, 2021, and concluded with one recommendation, with which the Agency agreed:~~

~~The Illinois Power Agency should continue to work to meet the renewable energy percentage-based procurement goals required by 20 ILCS 3855/1-75(c)(1)(B).²⁸~~

~~The Agency had proposed a procurement strategy in its Initial Long-Term Plan to attempt to meet the percentage-based procurement goals of Section 1-75(c)(1)(B) of the IPA Act through year-over-year “spot procurements” intended to procure RECs from built and existing projects that qualified for the Illinois RPS. That procurement approach was rejected by the Commission in Docket No. 17-0838, with instruction that any available budget instead be focused on procurements intended to facilitate the~~

²⁸ The full Auditor General’s report can be found here: <https://www.auditor.illinois.gov/Audit-Reports/Performance-Special-Multi/Performance-Audits/2021-Releases/21-IPA-Future-Energy-Jobs-Act-Perf-Full.pdf>.

~~development of new projects. So long as the development of new projects was prioritized over technical percentage-based RPS compliance—and thus REC prices reflected the incentive needed to facilitate new project development, and not the price of RECs sold in liquid markets from already built and financed renewable energy projects—existing RPS budgets would always remain insufficient for meeting a “25% by 2025” requirement.~~

~~In addition to these quantitative REC procurement and RPS budget concerns, critiques were also put forward regarding qualitative aspects of how the clean energy economy developed in Illinois. While the opening of the Adjustable Block Program facilitated many times more community solar project applications than could be supported through the Program—which itself resulted in challenges through utilization of a random selection process for project selection, and the disconnect between that project selection process and priority in utility interconnection queues—community solar projects were generally large and transactional, built to maximum size in agrarian areas to leverage low land costs and economies of scale. This was not the more localized, community-driven model that some advocates had envisioned. Labor interests voiced concern about whether fair wages were paid to those employed to meet the growing number of solar installations located in the state.~~

~~Perhaps most importantly, advocates and others shared repeated concerns over whether implementation of the RPS under P.A. 99-0906 created an equitable distribution of the benefits of the growing clean energy economy, especially regarding those employed in project development work. While P.A. 99-0906 contained open-ended qualitative statements and legislative findings about ensuring the equitable distribution of benefits from Illinois’s clean energy economy, actual program and project qualification requirements (outside of the low income-focused Illinois Solar for All Program) focused more on ensuring that the Illinois RPS resulted in new project development—and not on where within the state those projects were developed, who was employed to work on those projects, and who ultimately received benefits from those projects. Without firm requirements in place, loose qualitative and directional statements proved insufficient for driving desired outcomes.~~

~~The approach taken through P.A. 99-0906 to RPS implementation was nonetheless a meaningful shift in the state’s renewable energy requirements: prior to 2017, the state’s approach could have been understood as governed by the logic that statutory RPS compliance should be achieved at “the lowest total cost over time, taking into account any benefits of price stability,”²⁹ as these criteria governed the Agency’s annual procurement plan. The Illinois RPS as modified by P.A. 99-0906 thus represented a significant step forward because it drove large volumes of new renewable energy project development. But, to many, another step was needed to ensure that state-administered funds used to support new renewable energy project development were leveraged in a more targeted, socially-beneficial manner.~~

2.3.1. Legislative Proposals

~~Dating back to 2019, multiple bills were introduced that sought to address these and other challenges. Significant energy bills introduced included the following:³⁰~~

- ~~■ HB 804/SB 1718 (the “Clean Energy Jobs Act”)~~

²⁹ See 220 ILCS 5/16-111.5(d)(4).

³⁰ The content of these proposals is not reviewed here, but copies of proposed legislation can be found on the [Illinois General Assembly’s website \(www.ilga.gov\)](http://www.ilga.gov).

- ~~■ HB 1734/SB 311 (the “Downstate Energy Affordability Act”)~~
- ~~■ HB 2640/SB 1601 (the “Path to 100 Act”)~~
- ~~■ HB 3446/SB 529 (the “Coal to Solar and Energy Storage Act”)~~
- ~~■ HB 1472/SB 1100 (the “Climate Union Jobs Act”)~~
- ~~■ HB 4074/SB 2896 (the “Consumers and Climate First Act”)~~

~~While the Illinois General Assembly convened only intermittently in 2020 after the COVID-19 pandemic emerged, Senate-organized working groups met across the spring of 2020 and were followed by working groups organized by the Governor’s Office across the summer and fall of 2020. Additional House and Senate legislative working groups were convened across April and May of 2021, with interested stakeholders working diligently toward compromise legislation borrowing elements from each of the above-listed bills. Drafts of omnibus energy bills incorporating elements of these and other proposals were produced by legislative staff across the final week of the General Assembly’s Spring 2021 session. That session concluded on May 31, 2021 without meaningful legislative advancement, despite significant progress in negotiations.~~

~~Additional negotiations occurred across the summer of 2021, culminating in the introduction and passage of amended Senate Bill 2408 by the Illinois House on September 9, 2021 and the Illinois Senate on September 13, 2021. This bill, known colloquially as the Climate and Equitable Jobs Act, was signed into law by Illinois Governor J.B. Pritzker on September 15, 2021 (establishing its effective date, which then informs many deadlines stemming from the legislation) as Public Act 102-0662.~~

2.4. Public Act 102-0662: The Climate and Equitable Jobs Act

~~Public Act 102-0662 constitutes a significant reshaping of energy law in Illinois—and not only with respect to the Illinois RPS. In addition to the revisions discussed within this Plan, P.A. 102-0662 also creates a policy target for the State of Illinois of 100% clean energy by 2050; offersoffered a decarbonization schedule for the closure of fossil-based electric generating facilities; introducesintroduced additional support for at-risk nuclear plants through the procurement of carbon mitigation credits; providesprovided financial support for communities faced with generating facility closures; establishesestablished significant financial support for the clean energy workforce; establishescreated beneficial electrification, electric vehicle, and energy storage initiatives; containscontained numerous ethics and ratemaking reforms applicable to Illinois electric utilities; and addressesaddressed a litany of other issues too numerous to recount here.~~

~~With respect to the Illinois RPS and those activities governed by and proposed through thisthe Long-Term Plan, changes found in Public Act 102-0662 generally takemade three forms—of changes. The first is volume: through set of changes to Section 1-75(c)(1)(E), annual collections under the Illinois RPS are projected to total over \$580 million, versusaffected the ~\$230 million previously collected. Through changes to Section 16-108(k) volume of the Public Utilities Act, prior years’ collections can now be rolled over to meet future years’ expenses, allowing for more budget to be leveraged than under P.A. 99-0906’s structure. Utility collections used to support the Illinois Solar for All Program grow from ~\$11 million annually to up to \$50 million annually.~~

~~Those volumetric changes can also be foundRPS, both through increases in utility collections and the increase in the REC procurement goals and targets in Section 1-75(c)(1)(B) and (C) of the Act. Section 1-75(c)(1)(B)’s prior “25% by 2025” RPS standard has been replaced by more aggressive “40% by 2030” and “50% by 2040” requirements. Section 1-75(c)(1)(C)’s prior targets of 8,000,000 RECs~~

~~delivered annually from new projects by 2030 is now an ambitious 45,000,000 REC procurement target.~~ The scale of the Illinois RPS ~~has grown~~grew considerably through the enactment of P.A. 102-0662.

A second category of changes are qualitative changes, ~~through which that provided a different form or process for~~ existing activities already conducted under ~~P.A. 99-0906's structure will continue, but with qualitative considerations offering a different form to or process for that work.~~ One key example of this is the Adjustable Block Program: that program previously featured three categories of projects (Small DG, Large DG, and Community solar), but changes to Section 1-75(c)(1)(K) now transition the ABP to six categories (with the addition of Public Schools, Community-Driven Community Solar, and Equitable Eligible Contractor categories), ~~demonstrating the Illinois RPS. This included more attention paid to the qualitative attributes of projects supported by or applicants to the program.~~ Given its role in establishing requirements for funding eligibility, the IPA had previously exercised the Agency's programs and procurements, the expansion of focus on consumer protection oversight for solar transactions in Illinois benefitting from state-administered incentive funding; ~~that consumer protection role is now memorialized and expanded through changes to Section 1-75(c)(1)(M) of the Act.~~

~~New, the incorporation of~~ labor requirements also fit this description. Under Section 1-75(c)(7), P.A. 99-0906 required all new photovoltaic projects and distributed generation projects to be installed by "qualified persons." As modified by P.A. 102-0662, that "qualified person" requirement remains, but is now accompanied by Section 1-75(c)(1)(Q)'s including prevailing wage requirements for most new Adjustable Block Program projects and both prevailing wage and and the use of project-labor agreement requirements for new utility-scale and brownfield site photovoltaic projects.

~~The largest qualitative changes concern new agreements, and diversity, equity, and inclusion requirements. P.A. 99-0906 provided aspirational statements, such as that across RPS programs and procurements "shall provide employment opportunities for all segments of the population and workforce, including minority-owned and female-owned business enterprises."~~³¹ ~~P.A. 102-0662 distills those aspirational statements down to specific requirements of participants: new Section 1-75(c-10) of the Act establishes minimum equity standards under which "at least 10% of the project workforce for each entity participating . . . must be done by [sic] equity eligible persons or equity eligible contractors." That percentage rises to 30% by 2030 under a schedule established by the Agency. For competitive procurements, Section 1-75(c-10)(3) requires that "the Agency shall develop bid application requirements and a bid evaluation methodology for ensuring that utilization of equity eligible contractors . . . is optimized," constituting a potentially significant shift from evaluating qualified bids based only on price. Other new diversity, equity, and inclusion provisions require compliance reporting by Approved Vendors, Agency diversity reporting, and the development of a disparity study.~~

~~A third category of changes is scope; Finally, P.A. 102-0662 authorizes new expanded the scope of activities that the Agency had not previously to be conducted. Of these, two are particularly noteworthy. First, the IPA is directed to conduct a pair of procurements pursuant to new Section 1-75(c-5) of by the Agency, including the Act intended to support establishment of a self-direct RPS compliance program and support for~~ the development of new utility-scale photovoltaic projects coupled with storage ~~"at or adjacent to the sites of electric generating facilities that burn or burned~~

³¹ 20 ILCS 3855/1-75(c)(7).

~~coal as their primary fuel source.” These plants. While the “coal-to-solar” procurements operate with statutorily established REC prices, maximum procurement quantities, project location requirements, and REC delivery timelines—thus functioning more akin to an application process than open-ended competitive procurements traditionally undertaken by the Agency. While these “coal-to-solar” procurements are not proposed through this were not conducted pursuant to the 2022 Long-Term Plan (with the first undertaken during this Plan’s consideration), and the mechanism for funding payments under this contract is distinct from that which funds general RPS activities, RECs procured purchased and retired by counterparty utilities under these coal-to-solar procurements “may be included or counted for purposes of compliance with the amounts of renewable energy credits required to be procured pursuant to subsection (c) of this Section to the extent that there are otherwise shortfalls in compliance with such requirements.”³²~~

~~Second, new Section 1-75(c)(1)(R) of the Act requires that the Agency “establish a self-direct renewable portfolio standard compliance program for eligible self-direct customers that purchase renewable energy credits from utility-scale wind and solar projects through long-term agreements for purchase of renewable energy credits.” Under this self-direct program, by virtue of entering into qualifying long-term agreements for the purchase of RECs from new utility-scale wind or solar projects, select customers become eligible for a credit back for certain bill charges levied to support the Illinois RPS pursuant to Section 16-108(k) of the PUA. While this self-direct program bears some similarity with Section 16-115D of the PUA’s previous RPS compliance regime for alternative retail electric suppliers, ARES compliance within that regime was overseen by the ICC rather than the IPA and ultimately sunset through P.A. 99-0906’s changes to Section 16-115D.~~

2.3.1. This is just an exemplary overview of changes brought on by Public Act 102-0662, and new Legislative Changes Since the 2022 Long-Term Plan

~~The Spring 2023 Session of the 103rd General Assembly featured the introduction of a number of bills which would have impacted the Agency and portions of this Long-Term Plan; three of those items have been enacted and impact activities outlined in this Long-Term Plan.~~

~~First, P.A. 103-0188, enacted and effective on June 30, 2023, amends Section 1-56 of the IPA Act to add a new subsection (b-15). Under this new provision, prevailing wage requirements apply to each project submitted to the Illinois Solar for All Program after the effective date, except those projects that serve residential homes and those projects with a capacity of less than 100 kW that serve houses of worship. Amendments to the IPA Act under P.A. 102-0662 included requirements for compliance with prevailing wage and project labor provisions for the Agency’s renewable programs and procurements under Section 1-75, and thus previously did not apply to Section 1-56 of the Act and the Solar for All Program. Pursuant to the enactment of P.A. 103-0188, the Program Administrator for the Illinois Solar for All has already begun implementing this requirement. Additional details on the implementation of the provisions of subsection 1-56(b-15) are outlined in Chapter 8.~~

~~Second, P.A. 103-0380, signed by Governor Pritzker on July 28, 2023, with a January 1, 2024 effective date, amends various provisions of the IPA Act and directs the Agency to oversee the procurement of RECs from “newly modernized or retooled hydropower dams or dams that have been converted to support hydropower generation.” As this legislation is expected to be in effect by the time the Commission approves the 2024 Long-Term Plan, the IPA has developed this draft Plan in accordance~~

³² 20 ILCS 3855/1-75(c-5)(1).

with the provisions of P.A. 103-0380. More information regarding the development of processes to oversee the procurement of RECs from modernized or retooled hydropower projects is outlined in Chapter 5.

Third, P.A. 103-0255, which is also effective on January 1, 2024, codifies a new section of the Department of Natural Resources (Conservation) Law of the Civil Administrative Code of Illinois. Specifically, Section 805-570 instructs the Agency to not use a “Conservation Opportunity Area” designation as a basis to deny or withhold any regulatory action, permitting, licensure, and funding under this Plan. As the Conservation Opportunity Area designation was only used in determining scoring for Traditional Community Solar project selection, the applicability of this new provision to the Long-Term Plan is limited. Updates have been made to Section 7.4.3. of this draft Plan that are consistent with this change in law.

House Bill 3445 would also carry consequences for this Long-Term Plan through changes to the Public Schools category of the Illinois Shines program. HB 3445 was passed by both chambers of the Illinois General Assembly, and as of the publication of this draft Plan, still awaits action by the Governor.

This is just an exemplary overview of recent legislative changes, and specific requirements are discussed in more detail through the Chapters ahead. As with prior Long-Term Plans, the following sections of this Chapter 2 provide an overview of specific legal requirements applicable to this Plan, with updates in content and new sections offered to reflect changes present in P.A. 102-0662.

2.5.2.4. Long-Term Renewable Resources Procurement Plan

As outlined above, Illinois law requires that the IPA develop a Long-Term Renewable Resources Procurement Plan to guide implementation of its renewable energy programs and procurements. ~~The Initial Plan was approved by the Commission on April 3, 2018 through Docket No. 17-0838 and a First Revised Long Term Renewable Resources Procurement Plan was approved by the Commission on February 18, 2020 through Docket No. 19-0995. This 2022 draft 2024~~ Long-Term Plan has been prepared, ~~and published, and filed~~ pursuant to Section 1-75(c)(1)(A) of the IPA Act, ~~as modified by Public Act 102-0662, and Section 16-111.5(b)(5) of the PUA. In accordance with the provisions of the PUA, and was approved by the Illinois Commerce Commission through Docket No. 22-0231 on July 14, 2022~~ Agency will revise this draft Plan following a 45-day public comment period and will file the 2024 Plan with the Commission for approval on or before October 20, 2023.

2.5.1.2.4.1. Plan Development and Filing Requirements

While Illinois law lacks any single list of required elements for the Plan, both Section 16-111.5(b) of the PUA and Sections 1-56 and 1-75 of the IPA Act contain discrete requirements for various elements of this Plan.

2.5.1.1. Section 16-111.5(b) Requirements

2.4.1.1. Elements Required Under the Public Utilities Act

Section 16-111.5(b)(5) of the PUA provides that “[t]he Agency shall prepare a long-term renewable resources procurement plan for the procurement of renewable energy credits under Sections 1-56

and 1-75 of the Illinois Power Agency Act for delivery beginning in the 2017 delivery year,”³³ with “delivery year” defined as “the consecutive 12-month period beginning June 1 of a given year and ending May 31 of the following year.”³⁴ The PUA also contains certain discrete requirements for what the Plan must contain or what the Commission must approve.

First, the Plan must “[i]dentify the procurement programs and competitive procurement events consistent with the applicable requirements of the Illinois Power Agency Act and shall be designed to achieve the goals set forth in subsection (c) of Section 1-75 of that Act.”³⁵ ~~While the term “competitive procurement event” is not defined in either the IPA Act or the PUA, the~~ The IPA understands the term “competitive procurement event” to be an element of, if not commensurate with, a “competitive procurement process” or “competitive bid process,” which the PUA describes as subject to the requirements of Section 16-111.5(e)-(i) where applicable (i.e., conducted in a manner consistent with the Agency’s prior competitive procurements).³⁶ The term “program” presumably refers to the programs specifically referenced in Section 1-56(b) and Sections 1-75(c)(1)(K) and (N) of the IPA Act. This Plan’s specific procurement programs and procurement events designed to meet the goals of Section 1-75(c) ~~can be found~~ are described in Chapters 4 through 10.

Second, the Plan must “[i]nclude a schedule for procurements for renewable energy credits from utility-scale wind projects, utility-scale solar projects, and brownfield site photovoltaic projects consistent with subparagraph (G) of paragraph (1) of subsection (c) of Section 1-75 of the Illinois Power Agency Act.”³⁷ This subparagraph concerns the quantitative procurement targets (as opposed to percentage-based targets) for RECs from new solar and wind facilities found in Section 1-75(c), and the schedule for those procurements can be found in Chapter 5.

Third, the Plan must “[i]dentify the process whereby the Agency will submit to the Commission for review and approval the proposed contracts to implement the programs required by such plan.”³⁸ Both REC delivery contracts and the IPA’s program administrator contracts³⁹ must be approved by the Commission prior to execution.⁴⁰ The IPA’s process for submitting contracts to the Commission for review and approval can be found in Chapters 7 and 8 of the Plan; it does not meaningfully differ from ~~that which was the process~~ proposed and approved by the Commission in previous iterations of the Initial Plan and First Revised Plan. As this requirement concerns only “the programs required by such plan,” this requirement does not impact the contract development process for the competitive procurements described in Chapter 5, although Commission approval is also required

³³ 220 ILCS 5/16-111.5(b)(5).

³⁴ 20 ILCS 3855/1-10.

³⁵ 220 ILCS 5/16-111.5(b)(5)(ii)(B)(aa).

³⁶ 220 ILCS 5/16-111.5(b)(5)(iii).

³⁷ 220 ILCS 5/16-111.5(b)(5)(ii)(B)(bb).

³⁸ 220 ILCS 5/16-111.5(b)(5)(ii)(B)(cc).

³⁹ For the Agency’s third-party program administrators, Section 16-111.5(b)(5)(iii) provides that “[t]hird parties shall not begin implementing any programs or receive any payment under this Section until the Commission has approved the contract or contracts under the process authorized by the Commission in item (D) of subparagraph (ii) of paragraph (5) of this subsection (b) and the third party and the Agency or utility, as applicable, have executed the contract.”

⁴⁰ In its Order approving the Initial Plan, the Commission held that under Section 16-111.5(b)(5)(iii)’s requirements, “it must review the individual [REC delivery] contracts between the utilities and Approved Vendors and “not just a master contract, although “a master contract that is updated by a confirmation agreement providing the batch details regarding seller, buyer, price, term, project location, etc. is a reasonable approach.” Final Order, ICC Docket No. 17-0838, ~~Final Order dated April at 116 (Apr. 3, 2018 at 116).~~

prior to the execution of contracts for competitive procurements under the process described in Section 16-111.5(e)-(i) ~~of the PUA.~~

~~Through changes enacted through P.A. 102-0662,~~ Section 16-111.5(b)(5)(ii)(D) of the PUA also ~~now~~ requires that the Commission “approve or modify the Agency’s proposal for minimum equity standards” developed pursuant to Section 1-75(c-10) of the IPA Act, and “consider any analysis performed by the Agency in developing its proposal, including past performance, availability of equity eligible contractors, and availability of equity eligible persons at the time the long-term renewable resources procurement plan is approved.” The Agency’s proposed approach to minimum equity standards and Section 1-75(c-10) implementation can be found in Chapter 10.

2.5.1.2.2.4.1.2. Elements Required Under Section 1-75 Requirements of the Illinois Power Agency Act

Section 1-75 of the IPA Act contains the most robust set of requirements for the long-term plan; those include the following:

First, the Plan must “attempt to meet the goals for procurement of renewable energy credits (“RECs”) to meet at least the following overall percentages: 13% by the 2017 delivery year; increasing by at least 1.5% each delivery year thereafter to at least 25% by the 2025 delivery year; increasing by at least 3% each delivery year thereafter to at least 40% by the 2030 delivery year, and continuing at no less than 40% for each delivery year thereafter” with an additional goal of 50% by delivery year 2040.”⁴¹ ~~These percentages are described as represent~~ a portion of each utility’s “load for all retail customers,” which includes load served by alternative retail electric suppliers. ~~The law also provides that “in the event of a conflict between these goals and the new wind-and, new photovoltaic and hydropower procurement requirements —“...the long-term plan shall prioritize compliance with the new wind-and, new photovoltaic and hydropower procurement requirements described in items (i) through (iii) of subparagraph (C) of this paragraph (1) over the annual percentage targets described in this subparagraph (B).”~~⁴²

In Docket No. 17-0838, the Commission’s Order approving the Initial Plan determined that any procurements originally proposed to meet annual percentage-based ~~renewable energy credit~~ REC procurement goals (i.e., 25% of retail customer load) should be cancelled to avoid any potential conflicts with meeting “statutory long-term new build requirements.”⁴³⁴⁴ (i.e., the total number of RECs procured from newly built projects). Public Act 102-0662 ~~appears to have~~ memorialized that ~~Commission directive, (and P.A. 103-0380 recently updated this approach),~~ with Section 1-75(c)(1)(B) now instructing that “[t]he Agency shall not comply with the annual percentage targets described in this subparagraph (B) by procuring renewable energy credits that are unlikely to lead to the development of new renewable resources.” or new, modernized, or retooled hydropower facilities.” This ~~new~~ language ~~would appear~~ appears to bar the Agency from ~~proposing RPS procurement approaches like the IPA’s prior proposed~~ continuing to perform “spot procurements,” which sought to fill RPS compliance gaps through one-year contracts for the delivery of RECs from existing projects. Further discussion about progress toward these RPS goals is covered in Chapter 3,

⁴¹ 20 ILCS 3855/1-75(c)(1)(B).

⁴² ~~Id.~~ Id., as amended by P.A. 103-0380 (eff. Jan. 1, 2024).

⁴³ Docket No. 17-0838, Final Order dated April 3, 2018 at 42.

⁴⁴ Final Order, ICC Docket No. 17-0838, 42 (Apr. 3, 2018).

and application of this new statutory provision in prohibiting program participation from photovoltaic systems energized after June 1, 2017 whose development had previously been supported through IPA-administered REC delivery contracts can be found in Chapter 7.

Second, the Plan “shall include the procurement of renewable energy credits in amounts equal to at least” the new wind and new photovoltaics targets found in Section 1-75(c)(1)(C) of the IPA Act. These targets are 10,000,000 RECs delivered annually by ~~the end of the 2021 delivery year,~~ increasing ~~notably to reach~~ 45,000,000 RECs delivered annually by ~~the end of the 2030 delivery year.~~ Of that amount, the Agency shall attempt to procure “45% from wind and hydropower projects and 55% from photovoltaic projects.”⁴⁵ Beginning on January 1, 2024, the Act also directs the Agency to “consider other approaches, in addition to competitive procurements, to procure renewable energy credits from new and existing hydropower facilities[.]”⁴⁶

~~Within the category of For~~ “new photovoltaic projects,” 50% of ~~photovoltaic~~ RECs are to be procured through the ~~Adjustable Block Program (and thus from Illinois Shines program (i.e., distributed generation or community solar projects),~~ 47% from utility-scale (above 5 MW) ~~photovoltaic~~ projects, 3% from brownfield site ~~photovoltaic~~ projects that are not community renewable generation projects. ~~To ensure success in meeting this brownfield site photovoltaic procurement requirement, Section 1-75(c)(1)(C)(i) also now directs the Long-Term Plan to “consider other approaches, in addition to competitive procurements, that can be used to procure renewable energy credits from brownfield site photovoltaic projects.”~~ Further discussion of these quantitative ~~new build~~ targets, including ~~a discussion of progress made toward meeting these targets~~ to date, can be found in Chapter 3, ~~while the IPA’s approach to brownfield site photovoltaic procurements can be found in Chapter 5.~~

Third, the law requires that, to the extent that annual RPS spending budgets⁴⁷ ~~for each utility become a binding constraint are limited,~~ the Plan “shall prioritize compliance with the requirements of this subsection (c) regarding renewable energy credits” ~~in the manner discussed in Section 1-75(c)(1)(F), which features according to~~ the following priority ranking: in Section 1-75(c)(1)(F):

- (i) renewable energy credits under existing contractual obligations as of June 1, 2021;
- (ii) funding for the Illinois Solar for All Program as described in Section 1-75(c)(1)(O);
- (iii) renewable energy credits necessary to comply with the new wind and new photovoltaic procurement requirements in Section 1-75(c)(1)(C); and
- (iv) renewable energy credits necessary to meet the remaining requirements of Section 1-75(c) (including the percentage-based delivery year goals in Section 1-75(c)(1)(B)).⁴⁸

This statutory language and related considerations were placed at issue in the Reopening of Docket No. 19-0995, the proceeding for Commission approval of the Revised Long-Term Plan. Through the IPA’s March 3, 2021 Petition to Reopen, the Agency sought for the Commission to approve a regime under which REC delivery contract payments would possibly be subject to deferral should expenses

⁴⁵ 20 ILCS 3855/1-75(c)(1)(C)(i), as amended by P.A. 103-0380 (eff. Jan. 1, 2024).

⁴⁶ See P.A. 103-0380, eff. Jan. 1, 2024, amending 20 ILCS 3855/1-75(c)(1)(C)(i).

⁴⁷ The statutory cost cap and resulting budgets for RPS spending, directed in Section 1-75(c)(1)(E) of the Act, are discussed in more detail in Chapter 3 of this 2022 Long-Term Plan.

⁴⁸ 20 ILCS 3855/1-75(c)(1)(F).

exceed collections for an upcoming delivery year, as the IPA then expected this would be the case for two of the three utilities in the 2021-22 delivery year. Relying in part on Section 1-75(c)(1)(F), the IPA argued that REC delivery contracts pre-dating Public Act 99-0906's passage and Illinois Solar for All contracts should be exempted from any payment deferrals, as those contracts feature statutory priority. In its May 27, 2021 Order on Reopening, the Commission agreed.⁴⁹

~~The IPA is very optimistic that~~ Changes made through ~~changes found in P.A. 102-0662 to~~ Section 16-108(k) of the PUA and Section 1-75(c)(1)(E) of the IPA Act ~~this prioritization becomes a less acute concern in future years. Specifically, more than double the changes to these sections of the PUA prior RPS budget and IPA Act under P.A. 102-0662 allow for prior years' collections to meet future years expenses on a first-in, first-out basis across a five-year period and more than double the size of the budget available to support RPS activities.~~ However, as separate language in Section 1-75(c)(1)(C)(ii) of the Act directs the IPA ~~to "continue to procure renewable energy credits until that budget is exhausted" exhaust the budget~~ even if RPS goals and targets are met, the statutory ~~directive from Public Act 102-0662~~ priority appears to be to maximize RPS ~~expenses~~ funds to the greatest extent possible. The Agency's approach to establishing ~~what budgets are available~~ for upcoming delivery years and how those budget projections inform procurement quantities can be found in Chapter 3.

Fourth, the law requires that ~~renewable energy credits~~ RECs procured under the Initial Forward Procurements⁵⁰ shall ~~be included in the Agency's long-term plan and shall~~ apply to Section 1-75(c)'s ~~REC procurement~~ goals.⁵¹ ~~While not so expressly stated in the law, the~~ The Agency ~~assumes that also includes~~ RECs procured under ~~activities envisioned under~~ Section 1-75(c)(1)(G)(iii) ~~(Subsequent Forward Procurements within 240 days of the effective date of P.A. 102-0662)~~ and (iv) ~~(ABP Illinois Shines program reopening within 90 days of the effective date of post-P.A. 102-0662)~~ are likewise ~~required to be included~~ in this Plan's accounting of progress toward RPS goals and targets. ~~The results of the Initial Forward Procurements, conducted in three events from August 2017 through April 2018, are reflected in the~~ The Agency's target procurement quantities ~~and number of RECs under contract can be~~ found in Chapter 3 of this 2022 Long-Term Plan; ~~the Agency has updated Chapter 3's tables related to RECs under contract for Adjustable Block Program reopening and subsequent forward procurements as that data is now available.~~

Fifth, in ~~transitioning to implementing~~ the ~~new~~ Indexed REC price structure for competitive procurements – under which REC prices rise as ~~assumed~~ energy revenues fall ~~through a reduction in~~ with wholesale energy prices, and vice versa – Section 1-75(c)(1)(G)(v)(4) allows ~~for~~ the Agency to “consider the institution of a price collar ~~on REC prices paid under indexed renewable energy credit procurements~~... establishing floor and ceiling REC prices applicable to indexed REC contract prices.” Any proposed Indexed REC price collars are ~~required to be filed by the Agency within its Long Term Plan; this issue is~~ discussed further in Chapter 5.

Sixth, the Plan must describe ~~in detail~~ how each “public interest factor” enumerated in Section 1-75(c)(1)(I) “shall be considered and weighted for facilities located in states adjacent to Illinois” ~~in determining whether those facilities' RECs may be considered “eligible” to satisfy the Illinois RPS.~~ The Agency's approach for applying these criteria can be found in Chapter 4; ~~while generally similar~~

⁴⁹ See Docket No. 19-0995, Order on Reopening dated JCC Docket No. 19-0995 at 26-28 (May 27, 2021 at 26-28).

⁵⁰ The Initial Forward Procurements are those conducted under Section 1-75(c)(1)(G)(i) and (ii) of the IPA Act.

⁵¹ 20 ILCS 3855/1-75(c)(1)(G)(i)-(ii).

~~to the content published in prior plans,~~ Chapter 4 also addresses ~~new statutory language related to~~ qualifying RECs associated with electricity transmitted to high-voltage direct current converter stations ~~introduced through Public Act 102-0662.~~

Seventh, pursuant to Section 1-75(c)(1)(J), the Plan shall provide that ~~renewable energy credits~~ RECs previously purchased from generating systems ~~previously understood not that turn out~~ to be rate-based for a state-regulated entity, ~~but which end up being so rate-based,~~ shall be made up through a procurement ~~conducted in the Agency's next event, with that~~ procurement event ~~and~~ funded through amounts returned under the terms of ~~the those~~ REC delivery ~~contract.~~ ~~This connects back to a statutory requirement that "renewable energy credits shall not be eligible to be counted contracts. The IPA Act prohibits counting RECs toward" the RPS targets "if they are sourced from a generating unit whose costs were being recovered through rates regulated by this State or any other state or states on or after January 1, 2017."~~⁵² ~~It appears that this could be accomplished through an adjustment in procurement volumes for subsequent procurement events, and the IPA commits to make any such adjustments.~~ To date, the IPA is unaware of any instances for which this provision ~~(which is reflected in all program and procurement contracts)~~ has needed to be enforced.⁵³

Eighth, the Plan "shall include an Adjustable Block program for the procurement of renewable energy credits from new photovoltaic projects that are distributed renewable energy generation devices or new photovoltaic community renewable generation projects."⁵⁴ ~~A detailed description of the Agency's Adjustable Block Program~~ Illinois Shines program⁵⁵ can be found in Chapter 7. That Program ~~now~~ features six project categories ~~rather than three,~~ with ~~a transition to~~ an annual block structure ~~also required by P.A. 102-0662's changes. Statutory, statutory~~ text establishing ~~each of the new newest~~ project categories also provides discrete requirements for Plan content:

- For the Public Schools category, the "proposed quantities or blocks, pricing, and contract terms" are to be included along with "the renewable energy credit price" and "payment terms," with those terms designed to "make it feasible and affordable for public schools to install photovoltaic distributed renewable energy devices."
- For the community-driven community solar project category, "the Agency shall develop selection criteria for projects participating in this category" and define "terms and guidance" for this selection criteria through the Plan.
- For the Equity Eligible Contractor category, the capital advancement structure (through which applicant projects may receive payment for anticipated REC delivery revenues predating project energization), including "[t]he amount or percentage of advanced capital" and how that advancement structure is informed by an applicant's demonstration of need, is to be established through the Plan.

Ninth, pursuant to Section 1-75(c)(1)(M) of the Act, the Long-Term Plan shall also include "the Adjustable Block program terms, conditions, and requirements, ~~including the prices to be paid for renewable energy credits, where applicable, and requirements...~~ applicable to participating entities

⁵² 20 ILCS 3855/1-75(c)(1)(J).

⁵³ The Agency understands that P.A. 102-0662's edits to Section 1-75(c)(1)(J) concerning HVDC converter stations are merely clarifying edits, and not intended to create any exception to this subparagraph's prohibition against utilizing RECs from rate-based projects.

⁵⁴ 20 ILCS 3855/1-75(c)(1)(K).

⁵⁵ While the IPA Act creates an "adjustable block program," the IPA has adopted a more consumer-friendly branding for the program of Illinois Shines. The Agency will use "Illinois Shines" throughout this Plan to refer to the Adjustable Block Program, except where quoting the statute.

and project applications.” –These “terms, conditions, and requirements” must ~~also now~~ include a ~~robust new~~ statutory list of consumer protection requirements—although many of these requirements mirror ~~the approach that the Agency has taken to existing~~ program implementation ~~since the Adjustable Block Program’s initial development.~~ The Agency’s approach for implementing these consumer protection requirements can be found in Chapter 9.

Tenth, under Section 1-75(c)(1)(N), the Plan “may consider whether community renewable generation projects utilizing technologies other than photovoltaics should be supported through State-administered incentive funding, and may issue requests for information to gauge market demand.” –The Agency’s prior efforts in this regard demonstrated scant interest in non-solar community renewable generation project development (at least without significantly higher REC prices),⁵⁶ ~~but with statutory changes to the definition of community renewable generation projects found in Section 1-10 of the IPA Act raising the minimum size of participating projects from 2 MW to 5 MW, the Agency is curious whether this change could spark renewed interest.~~⁵⁷ Additional discussion can be found in Chapter 7.

Eleventh, the Long-Term Plan must define “procedures established by the Agency” through which project labor agreements, ~~now required~~ for new utility-scale wind and solar and brownfield site photovoltaic projects ~~participating in IPA procurements pursuant to Section 1-75(c)(1)(Q)(2) of the Act,~~ “shall be filed with the Director.”⁵⁸ This project labor agreement requirement is described in more detail within Chapter 5 discussing competitive procurements.

Twelfth, ~~through new~~ Section 1-75(c)(1)(R) of the Act, ~~directs~~ the Agency ~~must now to~~ “establish a self-direct renewable portfolio standard compliance program for eligible self-direct customers that purchase renewable energy credits from utility-scale wind and solar projects through long-term agreements for purchase of renewable energy credits” through its Long-Term Plan. ~~As Details of the establishment of an entirely new program requires the development of significant amount of new Plan content, the Agency has devoted an entire chapter to this new large customer RPS self-direct program; that content~~ can be found in Chapter 6. ~~Under that Chapter’s schedule, applications for this new self-direct program are scheduled to be taken across early 2023 with program participation formally beginning for accepted applicants on June 1, 2023.~~⁵⁹

Lastly, ~~Section 1-75(c-10), (c-15), (c-20), (c-25), and certainly not least, many of the Agency’s new (c-30) establish~~ diversity, equity, and inclusion requirements ~~are statutorily required~~ to be addressed through the Agency’s Long-Term Plan. These include the “schedule of percentage increases to the minimum equity standards” to increase those standards from 10% to 30%, and “requirements for ensuring that competitive procurement processes, ~~including utility-scale solar, utility-scale wind, and brownfield site photovoltaic projects~~” advance equity goals, including through “bid application requirements” and “bid evaluation methodology” in competitive procurements.⁶⁰ ~~Under Section 1-75(c-10), the Agency’s next revised Long-Term Plan will also require significant new data reporting~~

⁵⁶ More information about the community renewable generation procurement can be found here: <https://www.ipa-energyvrfp.com/2019-community-renewable-generation-program-forward-procurement-aic-and-comed>.

⁵⁷ More information about the community renewable generation procurement can be found here: <https://www.ipa-energyvrfp.com/2019-community-renewable-generation-program-forward-procurement-aic-and-comed>.

⁵⁸ 20 ILCS 3855/-175(c)(1)(Q)(2).

⁵⁹ See 20 ILCS 3855/1-75(c)(1)(R).

⁶⁰ 20 ILCS 3855/1-75(c-10).

~~and potentially revisions to its equity accountability system. The Agency's full approach to implementing these provisions can be found in Chapter 10.~~

The Agency's approach for implementing numerous other requirements found in Section 1-75 of the IPA Act ~~must~~are also ~~be~~ included in the Long-Term Plan ~~by implication across the chapters that follow.~~

~~2.5.1.3. Illinois Solar for All Requirements~~

2.4.1.3. As discussed further below, in recognition that "the State should encourage . . . investment in renewable energy resources, including, but not limited to, photovoltaic distributed generation, which should benefit all citizens of the State, including low-income households," Elements Required Under Section 1-56 of the Illinois Power Agency Act

Section 1-56 of the IPA Act required the creation of "the Illinois Solar for All Program, which provides incentives for low-income distributed generation and community solar projects [. . .] to bring photovoltaics to low-income communities in this State."⁶¹ ~~In so doing, the Agency must "include a description of its proposed approach to the design, administration, implementation and evaluation of the Illinois Solar for All Program" in the Plan and "propose The Plan must include "the Illinois Solar for All Program terms, conditions, and requirements,"⁶² including REC prices (which may be through a formula).~~

The Illinois Solar for All ~~Program~~program began accepting project applications on May 15, 2019. ~~A more comprehensive description of~~More details on the Agency's Illinois Solar for All ~~Program, including any revisions made thereto,~~program can be found in Chapter 8.

~~In addition to describing what the Illinois Solar for All Program is and how it will be administered, the law also requires that, should the IPA~~Section 1-56 authorizes the IPA to hire a third-party program administrator (or administrators) to assist with the administration of the Illinois Solar for All ~~Program, the program. The~~ Plan shall identify how often that administrator must report to the Agency and the Commission ~~(provided that interval is at least quarterly). The Plan shall also and~~ provide for an independent evaluation of the program.

~~The Plan must also ensure that the Illinois Solar for All program is funded. Specifically, Section 1-75(c)(1)(O) of the Act now~~ provides that the Plan "shall allocate up to \$50,000,000 per delivery year to fund the programs, and the plan shall determine the amount of funding to be apportioned to the programs identified in subsection (b) of Section 1-56 of this Act." ~~The IPA understands that the intention of this language in Section 1-75(c)(1)(O) is this to authorize "up to \$50,000,000" is additive in addition~~ to whatever may be allocated in a given year through the RERF.

~~Notwithstanding the language discussed in the paragraph above, the~~The law also requires that "[f]or the delivery years beginning June 1, 2021, June 1, 2024, June 1, 2027, and June 1, 2030 and [sic] additional \$10,000,000 shall be provided to the Department of Commerce and Economic Opportunity

⁶¹ 20 ILCS 3855/1-56(b)(2).

⁶² 20 ILCS 3855/1-56(b)(4).

to implement the workforce development programs and reporting as outlined in Section 16-108.12 of the Public Utilities Act.”⁶³ ~~This constitutes a change from the regime in place prior to the enactment of P.A. 102-0662, which allocated those funds to ComEd for workforce development programs.~~

Additional Illinois Solar for All requirements to be outlined in this Plan include ~~the specific level of job trainee required to be used on ILSFA projects; a report on the “progress and requirements; barriers to participation of small and emerging businesses in the Illinois Solar for All Program”; consideration of “additional program and contract requirements to ensure faithful compliance by applicants benefiting from preferences for projects designated to; efforts to promote energy sovereignty”; reporting on; efforts to encourage “cross-participation” between the ABP Illinois Shines and ILSFA programs; if warranted, additional ILSFA programs that target distinct market segments and “consideration of “incentives targeted to increase the uptake of non-photovoltaic technologies by low income customers, including energy storage paired with photovoltaics”; and a determination as to whether “individual subprograms of the Illinois Solar for All Program, are better served by a different or separate Program Administrator” from the ABP Illinois Shines Program Administrator. Additionally, the Agency must include a plan for the following:~~

~~(A) actions to refer customers from the Illinois Solar for All Program to electric and natural gas income-qualified energy efficiency programs, and vice versa, with the goal of increasing participation in both of these programs;~~

~~(B) effective procedures for data sharing, as needed, to effectuate referrals between the Illinois Solar for All Program and both electric and natural gas income-qualified energy efficiency programs, including sharing customer information directly with the utilities, as needed and appropriate; and~~

~~(C) efforts to identify any existing deferred maintenance programs for which prospective Solar for All Program customers may be eligible and to connect such customers to those programs.~~

These and other items are addressed in Chapter 8 of the Plan.

2.5.2.4.2. Items Not Included in Long-Term Renewable Resource Procurement Plan

While the Plan sets forth the IPA’s proposed approach to meeting the state’s renewable energy resource procurement targets, it is not the sole mechanism for facilitating the development of renewable energy in Illinois or providing value for the environmental attributes of electricity generation. Thus, many items that may be of interest to readers of this Plan are not directly addressed in it. Below is a non-exhaustive list of those items not addressed in the Plan:

- Contracts or tariffs for the sale of energy from renewable energy generating facilities, whether through bilateral contracts, wholesale market sales, community renewable generation bill crediting, or net metering;
- Previously effective renewable energy resource procurement obligations applicable to alternative retail electric suppliers under Section 16-115D of the PUA;

⁶³ 20 ILCS 3855/1-75(c)(1)(O). See also Docket No. 17-0332, in which ComEd’s Workforce Development Implementation Plan was approved; this proceeding was reopened after passage of P.A. 102-0662 to reflect this shift in responsibilities.

- The procurement of zero emission credits from zero emission facilities under Section 1-75(d-5) of the IPA Act, or carbon mitigation credits from carbon-free energy resources under Section 1-75(d-10) of the IPA Act;
- Coal to Solar procurements conducted pursuant to Section 1-75(c-5) of the IPA Act.
- Workforce development plans produced by a utility pursuant to Section 16-108.12 of the PUA;
- Renewable energy generating device installer certification requirements developed pursuant to Section 16-128A of the PUA;
- Tariff filings or modifications for the collection of funds used by utilities to pay for renewable energy credit, zero emission credit, and carbon mitigation credit delivery contracts;
- Specific renewable energy generating projects, proposals, or sites, including any municipal, county, or state permitting (e.g., actions by Agencies other than the IPA) required;
- “Green” or “clean energy” retail supply products marketed and sold by alternative retail electric suppliers;
- Requirements and processes for the interconnection of new renewable energy generating facilities, including projects facilitated by IPA-administered programs and procurements;
- Broader decarbonization plans, including the closure of Illinois fossil-based energy facilities;
- Energy storage workshops led by the Illinois Commerce Commission;
- Integrated grid planning processes, or other attempts to modify the electric distribution system;
- Beneficial electrification initiatives, electric vehicle incentives, or electric vehicle infrastructure policy;
- Renewable energy access plan development.

These issues may be of significant interest to the Agency, and in some cases, their presence or resolution informed decisions made in this Plan. However, as they do not fall within the scope and jurisdiction of what the IPA may propose and the Commission may approve as part of this Plan, specific proposals related to the above-listed topics are not made within this document.

2.5.3.2.4.3. 2022 Long-Term Plan Development and Approval

~~A draft Second Revised Long-Term Plan was published on Monday August 16, 2021 (within two years of its First Revised Plan’s publishing), but ultimately withdrawn under direction provided by Section 1-75(c)(1)(A) of the Act through P.A. 102-0662. Instead, given that P.A. 102-0662’s changes in state law were sufficiently extensive to require the development of an entirely new Plan, a new draft Long-Term Plan was required to be developed and published within 120 days of the effective date of P.A. 102-0662—by January 13, 2022. Under the requirements of Section 16-111.5(b)(5)(ii) of the PUA, affected utilities and interested parties were allowed 45 days to provide comment, resulting in a comment deadline of Monday, February 28, 2022.⁶⁴~~

~~Forty one sets of written comments were received on the draft Plan.⁶⁵ During the comment period, the Agency was~~Throughout the spring of 2023, the Agency issued a series of stakeholder feedback requests seeking input on changes that may be necessitated on various topics related to the Long-

⁶⁴~~Forty five days from the date of publication of the draft 2022 Long-Term Plan was February 27, 2022, which falls on a Sunday. Pursuant to the Statute on Statutes, the deadline for comments was February 28, 2022.~~

⁶⁵~~Comments on the draft Plan can be found here: <https://ipa.illinois.gov/energy-procurement/comments-on-the-draft-2022-long-term-renewable-resources-procure.html>~~

~~Term Plan. The Agency reviewed that feedback and considered it against the backdrop of the experiences in implementing and administering its procurement events and incentive programs pursuant to the 2022 Plan.⁶⁶ This draft 2024 Long-Term Plan is being published in accordance with the provisions of Section 16-111.5(b) of the PUA on August 15, 2023. Under the requirements of Section 16-111.5(b)(5)(ii) of the PUA, a public comment period of 45 days will close on September 29, 2023.~~

~~During the 45-day comment period, the Agency is also required to hold public hearings for receiving public comment on the Plan in the service territory of each affected utility. Given the uncertainty around the ongoing COVID-19 global health pandemicAs has been done since 2020, the Agency conducted thosewill conduct virtual public hearings virtually on February 18, 2022 for all three affected utility service territories on September 15, 2023.~~

Pursuant to Section 16-111.5(b)(5)(ii), the IPA may then revise its draft ~~2022~~2024 Long-Term Plan based upon the comments received. ~~The filed version of and must file the 2022 Long-Term Plan reflected those revisions and was filed on March 21, 2022, 21 days afterwith the February 28, 2022 comment deadline.~~

~~The Commission'sCommission for approval ofwithin 21 days thereafter, or no later than October 20, 2023. The Commission must take action to either approve the filed 2022 Long-Term Plan took the form of a docketed proceeding conducted pursuant to the Commission's Rules of Practice.⁶⁷ The Commission approved the 2022or approve with modification within 120 days of filing. Assuming the Agency files its 2024 Long-Term Plan through its July 14, 2022 Final Order in ICC Docket No. 22-0231; this Final Plan reflects revisions necessitated by the Commission's Final Order in that proceeding (in addition to other updates where applicable) on October 20, 2023, the deadline for Commission action will fall on February 20, 2024.~~

2.5.4.2.4.4. Bi-Annual Plan Updates

~~While the Agency's long-term renewable resources procurement plan features a "long-term" focus, many elements informing future program and procurement decisions—technological progress, marketplace changes, the success or failure of work undertaken under a prior-approved approach—were unknowable at the time of the Initial Plan's publishing and are still unknowable as of today.~~

~~As described above, the~~The PUA provides that the Agency "shall review, and may revise, the plan at least every 2 years" ~~after the Initial Plan,~~ and "shall review and propose any revisions to the long-term renewable energy resources procurement plan in conjunction with the Agency's other Section 16-111.5 planning and approval processes."⁶⁸ At present, and absent a statutory change through new legislation, the Agency tentatively plans for its next revisions to its Long-Term Renewable Resources Procurement Plan to be proposed in ~~2023~~2025, as part of the development and approval process of the IPA's ~~2024~~2026 annual procurement plan.

⁶⁶ See: <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/20230526-430pm-2024ltp-first-stakeholder-request.pdf>, <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/20230608-2024ltp-second-stakeholder-request.pdf>, and <https://ipa.illinois.gov/energy-procurement/plans-under-development/stakeholder-feedback-for-long-term-plan-development.html>.

⁶⁷ 83 Ill. Adm. Code 200.

⁶⁸ 220 ILCS 5/16-111.5(b)(5)(ii)(B), as amended by P.A. 103-0380 (eff. Jan. 1, 2024).

The PUA also requires that “the Commission shall hold an informal hearing for the purpose of receiving comments on the prior year’s procurement process and any recommendations for change” on or before July 1 of each year.⁶⁹ This has taken the form of written recommendations, technical or substantive, being submitted to the Commission and posted publicly on the Commission’s website.⁷⁰

2.6.2.5. The RPS and Percentage-Based Goals of the RPS

The Illinois RPS ~~is similar to other state renewable portfolio standards, which require~~ requires that a certain percentage of electricity sales, increasing over time, be met with ~~a climbing percentage of~~ renewable energy or renewable energy credit procurement. For Illinois, this total is now “40% by 2030, climbing to 50% by 2040.”⁷¹

2.6.1.2.5.1. Load Applicable to RPS Goals

~~Prior to P.A. 99-0906, only “eligible retail customer” load—meaning load associated with utility default supply customers, and not customers taking supply through alternative retail electric suppliers (“ARES”) or through hourly pricing—was subject to this requirement. Changes to the~~ The RPS ~~arising from the enactment of P.A. 99-0906 transitioned renewable goals applicable only to “eligible retail customer” load to~~ establishes goals applicable to “all load for retail customers” by the 2019 delivery year, ~~and P.A. 102-0662 maintains that approach.~~

Certain exceptions exist to this load calculation: ~~load served by certain ARES-owned generating facilities and load from customers that participate in the Self-direct Program.~~ Under Section 1-75(c)(1)(H), if an ARES owned one or more renewable generating facilities that were not wind or photovoltaic as of December 31, 2015, then that ARES may elect “to supply its retail customers with renewable energy credits from the facility or facilities” so long as those facilities continued to be owned by that ARES. ~~This self-procurement from ARES-owned facilities thus serves to reduce the~~ The statutory renewable energy resource obligation ~~by the for the ARES would then be reduced by that~~ number of RECs ~~self-procured.~~⁷² Similarly, ~~successful customer participation through~~ in the self Self-direct RPS compliance program Program found in Section 1-75(c)(1)(R) of the Act ~~should result~~ results in that customer’s retail customer load no longer being ~~subject to~~ considered part of the denominator for RPS procurement requirements.

~~Further discussion of how these percentage-based multipliers apply to retail customer load to create actual REC procurement targets is presented in Chapter 3. As now expressly required under~~ Section 1-75(c)(1)(B), ~~provides that~~ “[t]he Agency shall not comply with the annual percentage targets described in this subparagraph (B) by procuring renewable energy credits that are unlikely to lead to the development of new renewable resources.”⁷³ or new, modernized, or retooled hydropower

⁶⁹ 220 ILCS 5/16-111.5(b)(5)(vi). Information about the Commission’s most recent informal hearing can be found here: <https://www.icc.illinois.gov/programs/Electricity-Procurement-Process-for-Plan-Years-Beginning-June-2022>.

⁷⁰ For example, see: <https://www.icc.illinois.gov/workshops/Electricity-Procurement-Process-for-Plan-Years-Beginning-June-2019>.

⁷¹ 20 ILCS 3855/1-75(c)(1)(B).

⁷² For the ~~2021-2022~~ 2023-2024 delivery year, see the following report on the RECs supplied under this provision: <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/20222023-report-of-aggregate-amount-of-recs-supplied-by-ares.pdf>. Tables describing progress toward RPS goals found in Chapter 3 account for these RECs.

⁷³ ~~20 ILCS 3855/1-75(c)(1)(B).~~

facilities.”⁷⁴ Further discussion of how RPS percentage goals for each year are multiplied by retail customer load to create annual REC procurement targets is presented in Chapter 3.

~~Notably, these~~The RPS goals only apply to load served by Illinois’ major electric distribution utilities: ComEd, Ameren Illinois, and that portion of MidAmerican load for which the IPA conducts procurements. ~~The~~ Illinois RPS goals do not apply to load served by municipal electric utilities, rural electric cooperatives, or Mt. Carmel Public Utility Company, and those entities do not have renewable energy procurement obligations under Illinois law.

2.6.2.2.5.2. Eligible Projects for the Illinois RPS

Not all renewable energy generating facilities are eligible to sell RECs into the Illinois RPS. -Changes made through P.A. 99-0906 significantly narrowed the universe of ~~facilities capable of generating RECs which qualify~~qualifying RECs for the RPS, and those changes were largely kept intact through P.A. 102-0662. ~~Specific criteria applicable to RECs or facilities producing those RECs are discussed further below.~~

2.6.2.1.2.5.2.1. Eligible Generating Technologies

~~The Illinois Power Agency~~Section 1-10 of the IPA Act’s definition of “renewable energy ~~resource~~” as set forth in Section 1-10 provides that the underlying ~~resources~~ includes energy ~~must be~~ generated “from wind, solar thermal energy, photovoltaic cells and panels, biodiesel, anaerobic digestion, crops and untreated and unadulterated organic waste biomass, and hydropower that does not involve new construction ~~or significant expansion of hydropower of~~ dams, waste heat to power systems, or qualified combined heat and power systems” as well as “landfill gas produced in the State.” ~~The IPA understands that only those generating technologies delineated in the definition may qualify.~~⁷⁵ Through P.A. 102-6662, this definition now ~~The definition~~ also expressly includes “high voltage direct current renewable energy credits and the associated energy converted to alternating current by a high voltage direct current converter station to the extent that: (1) the generator of such renewable energy resource contracted with a third party to transmit the energy over the high voltage direct current transmission facilities, and (2) the third-party contracting for delivery of renewable energy resources over the high voltage direct current transmission facilities have ownership rights over the unretired associated high voltage direct current renewable energy credit.”⁷⁶ ~~The IPA understands that only those generating technologies delineated in the definition may produce qualifying RECs.~~⁷⁷

The Act also sets forth certain generating technologies categorically ~~incapable of producing~~ineligible to produce qualifying RECs ~~eligible for under~~ the Illinois RPS, which include “the incineration or burning of tires, garbage, general household, institutional, and commercial waste, industrial

⁷⁴ 20 ILCS 3855/1-75(c)(1)(B).

⁷⁵ The Agency understands that hydropower facilities featuring new turbines added to existing non-hydropower dams would not be eligible to participate as these facilities would constitute a newly constructed “hydropower” dam, and would thus be prohibited under Section 1-10 of the IPA Act’s limitation of eligible hydropower only to “hydropower that does not involve new construction or significant expansion of hydropower dams.”

⁷⁶ 20 ILCS 3855/1-10, as amended by P.A. 103-0380 (eff. Jan. 1, 2024).

⁷⁷ The Agency understands that hydropower facilities featuring new turbines added to existing non-hydropower dams would not be eligible to participate as these facilities would constitute a newly constructed “hydropower” dam and would thus be prohibited under Section 1-10 of the IPA Act’s limitation of eligible hydropower only to “hydropower that does not involve new construction or significant expansion of hydropower dams.”

lunchroom or office waste, landscape waste, railroad crossties, utility poles, or construction or demolition debris, other than untreated and unadulterated waste wood.”⁷⁸

These requirements are merely threshold requirements for ~~a REC’s~~ technical eligibility for RECs within the Illinois RPS; specific programs, ~~such as the Adjustable Block Program, and specific and outlined procurement targets carry additional limitations on eligible generating technology. Thus, while Public Act 102-0662 expanded technologies. For example, recent modifications to~~ the definition of “renewable energy resource” ~~to~~ include technologies such as waste heat to power systems (“WHP”) and qualified combined heat and power systems (“CHP”), though Section 1-75(c) of the IPA Act contains no language authorizing ~~program~~ programs or procurement activity to procure RECs from WHP and CHP systems.⁷⁹ Instead, Section 1-75(c)(1)(C) establishes targets only for the procurement of RECs from “new wind and solar projects” with an express objective for “the goals in subparagraph (B) of this paragraph (1)” – the percentage-based RPS goals – be “met entirely by procurements of renewable energy credits from new wind and photovoltaic projects.” Amendments to Section 1-75(c)(1)(C)(i) under P.A. 103-0380, effective January 1, 2024, instruct the Agency to procure 45% of those RECs “from wind and hydropower projects[.]” As a consequence, this Plan seeks the procurement of RECs only from wind and photovoltaic projects, ~~while also exploring a Request for Information process around non-PV – as well as modernized or wind community renewable generation projects under Section 1-75(c)(1)(N)’s express authorization that the Agency “may consider whether community renewable generation retooled hydropower projects utilizing technologies other than photovoltaics should be supported, under revisions recently made to the IPA Act through State-administered incentive funding.”—P.A. 103-0380.~~

2.6.2.2.2.5.2.2. Eligible Projects—Locational

~~Under the regime introduced by P.A. 99-0906 through~~ Section 1-75(c)(1)(I), provides that a generating facility’s RECs are no longer prioritized based on location; instead, the facility either qualifies for the Illinois RPS, or it does not. ~~Outside of language specific to RECs associated with electricity transmitted to~~ qualifying Illinois-based high voltage direct current (“HVDC”) converter stations, this approach was maintained through P.A. 102-0662.

Section 1-75(c)(1)(I) provides that the Plan must be designed “to maximize the State’s interest in the health, safety, and welfare of its residents, including but not limited to minimizing sulfur dioxide, nitrogen oxide, particulate matter and other pollution that adversely affects public health in this State, increasing fuel and resource diversity in this State, enhancing the reliability and resiliency of the electricity distribution system in this State, meeting goals to limit carbon dioxide emissions under federal or State law, and contributing to a cleaner and healthier environment for the citizens of this State.” ~~While the statute determines that a facility located in-state provides those benefits at a sufficient level, does this,~~ the Agency also “may qualify renewable energy credits from facilities located in states adjacent to Illinois if the generator demonstrates and the Agency determines that the operation of such facility or facilities will help promote the State’s interest in the health, safety, and welfare of its residents” based on this public interest criteria. ~~As the law provides no discussion of~~

⁷⁸ Id.

⁷⁹ These changes to the definition of “renewable energy resource” may nevertheless be impactful in other contexts. For example, by expressly including CHP and WCP technologies in Section 1-10’s definition of “renewable energy resources,” RECs from those systems may be eligible for use by retail electric suppliers for “green” or “renewable” retail supply offers to Illinois businesses and residents.

~~potentially qualifying facilities located in states not “adjacent to Illinois,” facilities located in those~~ Facilities in non-adjacent states generally cannot produce RECs for satisfying the Illinois RPS.

The Agency’s discussion of how to apply these criteria to adjacent state facilities, as well as a listing of which states are considered “adjacent” to Illinois, can be found in Chapter 4.

~~2.6.2.3.~~ **2.5.2.3. Eligible Projects—Cost Recovery**

Through Section 1-75(c)(1)(J), RECs from “a generating unit whose costs were being recovered through rates regulated by this State or any other state or states on or after January 1, 2017” are ~~also considered non-compliant with~~ not eligible for the Illinois RPS.⁸⁰ The statute’s stated rationale behind this prohibition is to “promote the competitive development of renewable energy resources in furtherance of the State’s interest in the health, safety, and welfare of its residents.”

In application, the Agency understands this limitation does not apply to municipal utilities or rural cooperatives that effectively serve as vertically-integrated utilities (as ~~even insofar as while~~ they can achieve full cost recovery for ~~the development of renewable energy~~ generating facilities through rates, their rates are in most cases ~~still~~ not regulated by “this state or any other state or states”),⁸⁰ but would still apply to *non-electric* utilities (e.g., water, gas, telecommunications) regulated by the Illinois Commerce Commission (or by another state) for which rate recovery could be sought for a photovoltaic system participating in the Illinois RPS.

The law also offers more punitive consequences if a non-regulated rate facility becomes a regulated rate facility after the execution of an Illinois RPS contract. In such a situation, the contract must be terminated and “the supplier of the credits must return 110% of all payments received under the contract,” with those payments then being used for the procurement of additional RECs from new wind or photovoltaic generation in the Agency’s next procurement event.⁸¹ ~~Since the passage of P.A. 99-0906, contracts~~⁸² Contracts developed for the Agency’s programs and procurements have contained provisions reflecting this penalty.

The Agency’s approach to these issues is discussed in Chapter 4.

~~2.6.2.4.~~ **2.5.2.4. Installer & Labor Requirements**

Certain facilities seeking to participate in the RPS are also subject to an installer qualification requirement. Specifically, RECs from “new photovoltaic projects or new distributed renewable energy generation devices [. . .] must be procured from devices installed by a qualified person in compliance with the requirements of Section 16-128A of the Public Utilities Act and any rules or regulations adopted thereunder.”⁸³

~~In Docket No. 17-0268, the~~ The Illinois Commerce Commission has adopted ~~its Title 83, Part 461~~ administrative rules for the installation certification of ~~new~~ utility-scale ~~photovoltaic generating projects and distributed generation installers~~ under Section 16-128A of the PUA. ~~In that proceeding,~~

⁸⁰ 20 ILCS 3855/1-75(c)(1)(J).

⁸¹ ~~Id.~~

⁸² ~~Id.~~

⁸³ 20 ILCS 3855/1-75(c)(7). The “qualified person” requirement is expressly not applicable to the Illinois Solar for All Program (see 20 ILCS 3855/1-56(b)(2), final paragraph), although installers of ILSPA projects must, under state law, still have ICC certification under Part 468 as Distributed Generation Installers. 20 ILCS 3855/1-75(c)(7).

~~the~~⁸⁴ The Commission adopted~~has specifically defined~~ the following definition for the term~~terms~~ “qualified person” ~~for new utility-scale solar installations:~~

~~“Qualified person” means a person who performs installations on behalf of the certificate holder and who has completed at least one of the following programs requiring lab or field work and received a certification of satisfactory completion: an apprenticeship as a journeyman electrician from a USDOL-registered or an applicable state agency-registered electrical apprenticeship and training program; a North American Board of Certified Energy Practitioners (NABCEP) distributed generation technology certification program; an electrical training program for in-house employees established and administered by an electric utility regulated by the Commission; or an Associate in Applied Science degree from an Illinois Community College Board-approved community college program in solar generation technology.~~⁸⁵

The Part 461 rules also provide a definition of the term “install”:

~~“Install” means to perform the electrical wiring and connections necessary to interconnect the new solar project with the electric utility’s transmission or distribution system at the point of interconnection between the project and the utility. “Install” in this Part specifically does not mean:~~

- ~~• Electrical wiring and connections to interconnect the new solar project performed by utility workers;~~
- ~~• Electrical wiring and connections internal to the new solar project performed by the manufacturer;~~
- ~~• The on-site construction and installation of a solar panel or a collector substation; or~~
- ~~• Tasks relating to construction, planning and project management performed by individuals such as an inspector, management planner, consultant, project designer, or contractor for the project or their employees.~~

~~Definitions of these terms were initially approved by the Commission in a Second Notice Order on August 25, 2017 and approved with modification by the state’s Joint Committee on Administrative Rules (“JCAR”) on October 24, 2017 with an effective date of October 26, 2017.~~

~~” for both categories of projects.~~ Any ~~parties~~entity seeking to develop new photovoltaic projects in Illinois should be aware of the Commission’s Part 461 rules (governing installers of utility-scale photovoltaics)~~and~~, Part 468 rules (governing distributed generation installers) and the certification process more generally.

~~Through the addition of new~~Per Section 1-75(c)(1)(Q)(1) of the Act and Section 1-56(b-15) newly enacted under P.A. ~~102-0662~~103-0188, most new projects supported under the Illinois RPS must ~~also now~~ meet Prevailing Wage Act requirements including, but not limited to, paying the prevailing wage to workers engaged in the construction of new renewable energy facilities. ~~Exceptions to these requirements exist for~~ previously-waitlisted Large DG projects applied to the Illinois Shines program

⁸⁴ 83 Ill. Adm. Code § 461.468.

⁸⁵ ~~83 Ill. Adm. Code § 461.10.~~

~~prior to the enactment of P.A. 102-0662, “houses of worship” where aggregated co-located~~ project capacity would not exceed 100 kilowatts, and “projects that serve single-family or multi-family residential buildings.” ~~Section 1-75(c)(1)(G)(iv)(ii) provided an additional exemption for previously waitlisted Large DG ABP projects in the ABP reopening prior to the publication of this Plan.~~ Additional information on the IPA’s approach to ensuring Prevailing Wage Act compliance can be found in Chapter 7 and Chapter 8.

Under Section 1-75(c)(1)(Q)(2) of the Act, new utility-scale wind, utility-scale solar, and brownfield site photovoltaic ~~produced RECs~~ projects that receive incentives must also ~~“be from facilities”~~ built by general contractors that must enter into a project labor agreement, as defined by this Act, prior to construction.” Section 1-10 of the Act defines a project labor agreement as “a pre-hire collective bargaining agreement that covers all terms and conditions of employment on a specific construction project,” and ~~outlines specific elements required to be included in that agreement:~~

- ~~(1) includes~~ provisions establishing on the minimum hourly wage ~~for each class of labor organization employee;~~
- ~~(2) provisions establishing the and~~ benefits and ~~other compensation for each class of labor organization employee;~~
- ~~(3) provisions establishing that no strike, barring strikes or disputes will be engaged in by the labor organization employees;~~
- ~~(4) provisions establishing that no lockout or disputes will be engaged in by the general contractor building the project; and~~
- ~~(5) provisions for minorities lockouts, and women, as defined under the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, setting forth goal targets for apprenticeship and total work hours to be performed by minorities women and women and setting forth goals for total hours to be performed by underrepresented minorities and women.~~

~~Project labor agreements must be filed with the Agency Director and must “provide the names, addresses, and occupations of the owner of the plant and the individuals representing the labor organization employees participating in the project labor agreement consistent with the Project Labor Agreements Act,” as well as specifying “the terms and conditions as defined by this Act.” A labor organization and the general contractor building the project shall have the authority to include other terms and conditions as they deem necessary. Additionally, as proposed by the IPA in Docket No. 22-0231 and affirmed by the Commission in approving the Plan, project labor agreement submittals must also include a description of the efforts the entity will take or has taken to achieve such goals, including recruitment of minorities and women into apprenticeship roles.⁸⁶ minorities.~~

Additional information on the submission of project labor agreements for projects participating in the IPA’s competitive procurements can be found in Chapter 5.

⁸⁶ See Docket No. 22-0231, Final Order dated July 14, 2022 at 7.

2.6.3.2.5.3. Compliance Mechanism: RECs vs. “Renewable Energy Resources”

~~An additional change to the Illinois RPS originally made through P.A. 99-0906 and maintained through P.A. 102-0662 was a focus on the use of only RECs as the compliance mechanism for meeting Illinois renewable energy procurement targets. Prior to P.A. 99-0906, Section 1-75(c) required renewable energy procurement targets to be met through the procurement of “renewable energy resources” either a REC, or the REC and its underlying energy. While most IPA procurement activities focused only on the procurement of RECs, the 2010 long-term power purchase agreements are 20-year contracts for the delivery of a “bundled” REC and energy product.~~

~~Rather than using the term “renewable energy resources,” Section 1-75(c)(1)(B) of the IPA Act requires that the Plan “shall include the goals for procurement of renewable energy credits”⁸⁷, and not the energy itself, to meet the statute’s targets. Focusing only on “RECs” procurement targets. Using RECs as a compliance mechanism for Illinois renewable energy procurement targets makes intuitive sense: while the IPA now conducts renewable energy planning and procurement processes to meet goals and targets applicable to all retail customer load,⁸⁸ its energy procurements still focus only on “eligible retail customer” load—thus creating a disconnect between the universes of supply requirements served by these two exercises planning processes.~~

~~Over time, the IPA has become aware of concerns held by developers of utility-scale renewable energy projects that there may be a shallow market for long-term bilateral energy off-take agreements for geographically qualifying new projects, which developers believe are necessary for providing the revenue certainty required for financing new facility construction. The Agency understands that these concerns informed changes to the REC pricing structure for projects supported under competitive procurements found in Section 1-75(c)(1)(G)(v) of the Act, with a shift to an Indexed REC pricing structure under which, as wholesale energy prices fall, REC prices rise commensurately and vice versa. By allowing bidders to bid in a “strike price” reflecting both required REC and energy revenues, the Agency understands that this model—if interpreted and implemented in a manner faithful to the spirit of ensuring that project developers are made whole at that strike price—will functionally serve the same end as a bundled REC and energy contract for developers of new utility-scale wind and solar projects and their financiers. This new Indexed REC price structure is described in more detail in Chapter 5.~~

2.6.4.2.5.4. RPS Funding and Rate Impact Cap

~~The procurement of renewable energy credits RPS budget to procure RECs is limited by an annual procurement budget established through a rate impact cap, which prohibits increases on retail customers’ electricity bill rate above a certain threshold. Specifically, “the total of renewable energy resources procured under the procurement plan for any single year . . . shall be reduced for all retail customers based on the amount necessary to limit the annual estimated average net increase due to the costs of these resources included in the amounts paid by eligible retail customers in connection with electric service to no more than 4.25% of the amount paid per kilowatthour by those customers during the year ending May 31, 2009.”⁸⁹ This amount then “shall be applied to the actual amount of~~

⁸⁷ ~~Emphasis added.~~

⁸⁸ Specifically, the IPA’s long-term renewable resources procurement plan shall include renewable resource procurement for 100% of retail customer load beginning with the delivery year beginning June 1, 2019, after procuring for an increasing portion of retail customer load for the prior two delivery years. See 20 ILCS 3855/1-75(c)(1)(B).

⁸⁹ 20 ILCS 3855/1-75(c)(1)(E).

~~kilowatthours of electricity delivered, or applicable portion of such amount [...] by the electric utility in the delivery year immediately prior to the procurement to all retail customers in its service territory.” This~~ That resulting rate impact cap “produces an annual REC procurement budget for the “costs of those resources” in a given year.”⁹⁰

Through the budgets established under the rate impact cap and the associated tariffs for the collection of funds, the applicable electric utility “shall be entitled to recover all of its costs associated with the procurement of renewable energy credits” under the Plan, including “associated reasonable expenses for implementing the procurement programs, including, but not limited to, the costs of administering and evaluating the Adjustable Block program.”⁹¹ ~~As a result, annual procurement budgets based only on REC costs would be inaccurate, and some estimate of associated administrative expenses must be~~ ~~included and~~ taken into account.

~~Through changes introduced by P.A. 102-0662, Section 16-108(k) of the PUA now require~~ requires utility tariffs, which authorize ~~funding collection for the RPS~~ charges on ratepayers, to allow for a given delivery year’s unspent budget amounts to be “rolled over” for later delivery years’ expenditures. ~~Rather than requiring the refund of any unspent amounts, RPS collections under Section 16-108(k) now provides that RPS collections~~ in a given year “may be spent by the utility for the procurement of renewable resources over any of the following 5 delivery years,” with first priority in expenditure assigned to “money collected in earlier delivery years that has not yet been returned to customers.” Relatedly, ~~additional changes to Section 16-108(k) ensure that~~ any amounts eligible for refund “shall be reduced by ~~an amount equal to~~ the payment obligations required by any existing REC contracts ~~entered into by an electric utility . . . even if such payments have not yet been made and regardless of the delivery year in which those payment obligations were incurred.” The Agency believes that these new safeguards should help. These provisions~~ ensure that the full amount of collections authorized under Section 1-75(c)(1)(E) are ~~ultimately~~ leveraged to support new renewable energy ~~project development~~ projects and should help address the RPS budget “cliff” problems experienced across 2021. Further discussion of how these changes impact the Agency’s annual estimates of RPS budgets can be found in Chapter 3.

2.7.2.6. Quantitative New Build Targets of the RPS

Section 1-75(c)(1)(B) of the IPA Act ~~provides~~ sets percentage ~~based umbrella~~ goals for RECs ~~required to be procured based on~~ a percentage of applicable retail customer load. ~~But, and~~ within those umbrella requirements sets more specific requirements ~~must also be met—and indeed based on type of generating technology, which are~~ prioritized above ~~those~~ the percentage-based goals.

~~One such requirement is~~ Section 1-75(c)(1)(C) requires the procurement of ~~RECs~~ a minimum number of RECs delivered annually from “new wind projects” and “new photovoltaic projects” ~~found in Section 1-75(c)(1)(C). Rather than expressed as a percentage of load, these requirements are expressed on a quantitative basis (i.e., a statutorily defined minimum number of RECs delivered~~

⁹⁰ The exception referenced above in Section 1-75(c)(1)(H) serves to reduce available budgets, as “the charges that would otherwise be applicable to the retail customers of the alternative retail electric supplier . . . shall be reduced by the ratio of the quantity of renewable energy credits supplied by the alternative retail electric supplier compared to that supplier’s target renewable energy credit quantity.” Similarly, bill crediting under Section 1-75(c)(1)(R)’s large customer self-direct RPS compliance program serves to reduce available budgets as well.

⁹¹ 20 ILCS 3855/1-75(c)(6).

annually) while still counting toward the overall renewables percentage-based procurement goals.
"

2.7.1.2.6.1. Quantitative Procurement Requirements

~~As modified by P.A. 102-0662,~~ Section 1-75(c)(1)(C)(i) establishes aggressive ~~new~~ targets for the quantity of RECs procured from "new" solar and wind projects: "10,000,000 renewable energy credits delivered annually by the end of the 2021 delivery year, and increasing ratably to reach 45,000,000 renewable energy credits delivered annually from new wind and solar projects by the end of delivery year 2030." ~~The relative proportions of those amounts are~~ Of that 10 million RECs, 45% shall come from wind and, effective January 1, 2024 under P.A. 103-0380, hydropower projects and; the remaining 55% shall come from photovoltaic projects. Of the photovoltaic project portion, the Agency shall procure "at least 50%" from the ~~Adjustable Block Program~~ Illinois Shines program, "at least 47%" from utility-scale solar projects, and "at least 3%" from non-community solar brownfield site photovoltaic projects.

Consistent with RPS implementation across 2017-2021 and previous iterations of the Long-Term Plan, the Agency interprets this "at least 50%" concept to be in terms of RECs (as opposed to budget or installed capacity), and ~~out of as applied to~~ the quantitative target amounts listed in the law—and not necessarily 50% of the overall number of RECs procured. ~~In Docket No. 17-0838 approving the IPA's Initial Long-Term Plan, the Illinois Commerce Commission authorized utility-scale photovoltaic procurements resulting in significantly more utility-scale photovoltaic RECs under contract than the Adjustable Block Program could possibly sustain given budget limitations, further reinforcing that these proportions are intended to establish minimum amounts of totals rather than proportionate overall percentages.~~

The Agency has made meaningful progress toward meeting these totals through prior RPS procurement activity from "new" projects, with millions of RECs already under contract to be delivered annually from new wind and new photovoltaic projects. Further discussion of this progress can be found in Chapter 3 of this Plan, while the Agency's discussion of competitive procurements for meeting these targets can be found in Chapter 5.

2.7.2.2.6.2. Definitions of "New wind project" and "new photovoltaic project" **Definition**

The statute provides definitions of a "new wind project" and a "new photovoltaic project." A "new photovoltaic project" is a "photovoltaic renewable energy facilit[y] that [is] energized after June 1, 2017."⁹² Projects developed under Section 1-56 of the IPA Act (i.e., supplemental photovoltaic and Illinois Solar for All projects) are not eligible to meet quantitative "new photovoltaic project" targets.⁹³ A "new wind project" under P.A. 102-0662 is defined as a "wind renewable energy facility[y] that [is] energized after June 1, 2017 for the delivery year commencing June 1, 2017."⁹⁴

~~The definition of a "new wind project" was revised through P.A. 102-0662. Previously, Section 1-75(c)(1)(C)(iii) defined new wind projects" as "wind renewable energy facilities that are energized after June 1, 2017 for the delivery year commencing June 1, 2017 or within 3 years after the date the~~

⁹² 20 ILCS 3855/1-75(c)(1)(C)(iii).

⁹³ Id.

⁹⁴ 20 ILCS 3855/1-75(c)(1)(C). (Emphasis added.)

~~Commission approves contracts for subsequent delivery years.”⁹⁵ Through P.A. 102-0662, the underlined phrasing of “within 3 years after the date...” has been stricken from statute, thus no longer establishing a minimum delivery timeline requirement for a project to be considered “new”. The IPA thus now understands that the “new wind project” definition essentially mirrors the “new photovoltaic project” definition, with the “for the delivery year commencing June 1, 2017” remaining within that definition referring to each delivery year thereafter as well (as, otherwise, there would be no applicable definition for a “new wind project”).~~

Both definitions raise the question of what constitutes a facility being “energized.” ~~Unlike interconnection, where official approval, which is required and associated forms are produced and executed on a specific date, “energized” is more nebulous and, unfortunately, not defined through the law. Faced with a similar quandary in developing its Supplemental Photovoltaic Procurement Plan Previously, the Agency settled on a definition of “energized” as being “the date by which the System has been turned on for a period of 24 consecutive hours and is operational for purposes of generating electricity regardless of whether the system has registered with a REC tracking system.” Parties could then substantiate a system’s energization through a certification accompanied by the submission of various forms establishing a system’s energization timeline. The Agency notes that unlike the Supplemental Photovoltaic Procurement process, in which payment for RECs was made after REC generation and only upon delivery and invoice to the Agency, the Adjustable Block Program the Illinois Shines program and the Illinois Solar for All Program program feature prepayment for some, or all, of the RECs from a system upon energization. Therefore, as discussed in Chapters 7 and 8, consideration is also given to a system being registered in a tracking system to generate RECs in addition to the date on which interconnection to the utility was approved.~~

2.6.3. Definition of “Hydropower”

Public Act 103-0380, effective January 1, 2024, amended the IPA Act to expand the scope of the required procurement of RECs from new renewable energy sources to include RECs from hydropower electric generation sources. Specifically, Section 1-20(a)(2.15) now authorizes the IPA to “[o]versee the procurement by electric utilities of renewable energy credits from newly modernized or retooled hydropower dams or dams that have been converted to support hydropower generation.” Notably, this new directive is limited to RECs from “newly modernized or retooled hydropower;” P.A. 103-0380 removed the language in Section 1-10 excluding hydropower from “significant expansion” of existing dams from the IPA Act’s definition of “renewable energy resources,” but maintained the exclusion of hydropower from “new construction of dams.” Section 1-10 as amended by P.A. 103-0380 now defines “modernized” or “retooled” as “the construction, repair, maintenance, or significant expansion of turbines and existing hydropower dams.”

2.7.3.2.6.4. Forward Procurements Conducted Outside of This Plan

Independent of (and, in some cases, prior to) the development of the Initial Plan, P.A. 99-0906 required the IPA to conduct “initial forward procurements” of RECs ~~from~~ “from new utility-scale wind projects” and “from new utility-scale solar projects and brownfield site photovoltaic projects.”⁹⁶ Conducted through competitive procurement processes subject to applicable requirements of Section 16-111.5 of the PUA, the Initial Forward Procurement sought 15-year REC delivery contracts

⁹⁵ 20 ILCS 3855/1-75(c)(1)(C). (Emphasis added.)

⁹⁶ 20 ILCS 3855/1-75(c)(1)(G)(i), (ii).

set to begin delivery on June 1, 2019 at the earliest and—initially—June 1, 2021 at the latest (that deadline has since been extended to June 1, 2022 through Public Act 101-0113 in the case of certain development risks). For both wind and solar, the targeted overall REC procurement quantities were 1,000,000 RECs delivered annually from each generating technology, with a single wind procurement event required to take place within 160 days of June 1, 2017 and the solar procurement potentially conducted across multiple procurement events up to one year ~~from~~after June 1, 2017.⁹⁷

In a similar manner, Section 1-75(c)(1)(G)(iii) required that the Agency “conduct at least one subsequent forward procurement for renewable energy credits from new utility-scale wind projects, new utility-scale solar projects, and new brownfield site photovoltaic projects within 240 days” after the effective date of P.A. 102-0662. The statutory requirement for completion of this procurement event was May 13, 2022 ~~—well before the Commission’s deadline for approval of this Plan.~~ The procurement quantity for this “subsequent forward procurement” is “quantities necessary to meet the requirements of subparagraph (C) of this paragraph (1) through the delivery year beginning June 1, 2021,” which required certain interpretive decisions around what REC quantities are required from which project categories through this subsequent forward procurement event to meet Section 1-75(c)(1)(C)’s “10,000,000 renewable energy credits delivered annually by the end of the 2021 delivery year” target quantity. As those decisions establishing procurement quantities for this procurement could not be made through this Plan from a timing standpoint, they are outside of the scope of the Plan.

Section 1-75(c)(1)(G)(i) and (ii) of the Act expressly provide that RECs procured through the Initial Forward Procurement “shall be included in the ~~Agency’s~~Agency’s Long-Term Renewable Resources Procurement Plan and shall apply to all renewable energy goals”⁹⁸ found in Section 1-75(c) of the IPA Act, including the quantitative “new wind” and “new photovoltaic” targets discussed above. While not expressly stated, the same must be true for those procurement events conducted pursuant to Section 1-75(c)(1)(G)(iii), as those procurements are required to be sized so as to meet Section 1-75(c)(1)(C)’s requirements. The Agency’s procurement quantities for the initial forward procurements and for this pre-Plan/post-P.A. 102-0662 subsequent forward procurement event are reflected in Chapter 5.

~~New~~ Section 1-75(c-5) of the Act also requires the Agency to “conduct procurement events . . . of renewable energy credits from new renewable energy facilities to be installed at or adjacent to the sites of electric generating facilities that, as of January 1, 2016, burned coal as their primary fuel source” and meet other specified criteria (including the development of on-site storage projects). While this “coal-to-solar” procurement is not covered by this Long-Term Plan, RECs procured by Illinois electric utilities serving more than 300,000 customers through REC delivery contracts resulting from coal-to-solar procurements “may be included or counted for purposes of compliance with the amounts of renewable energy credits required to be procured” pursuant to Section 1-75(c) “to the extent that there are otherwise shortfalls in compliance with such requirements.” Additional information about the coal-to-solar procurement process can be found on the IPA Procurement Administrator’s website: <https://www.ipa-energyrfp.com/coal-to-solar/>.

⁹⁷ Id.

⁹⁸ Id.

2.7.4.2.6.5. Competitive Procurements Proposed Through This Plan

To meet the aggressive targets set forth by Section 1-75(c)(1)(C) of the Act for wind ~~and hydropower~~, utility-scale solar, and brownfield site photovoltaic projects, additional procurement events will need to be scheduled in the years ahead.

RECs under contract from ~~Subsequent Forward Procurements~~ competitive procurements conducted to date are included in tables found in Chapter 3, while further discussion of competitive procurement events including ~~any~~ proposed ~~Subsequent Forward Procurements~~ future competitive procurements can be found in Chapter 5.

2.7.4.1.2.6.5.1. Indexed REC Price Structure

~~Changes to~~ Section 1-75(c)(1)(G)(v) of the Act ~~enacted through P.A. 102-0662 now require~~ requires that “for all competitive procurements and any procurements of renewable energy credit [sic] from new utility-scale wind and new utility-scale photovoltaic projects,” an Indexed REC price structure must be used. ~~Under this structure, bidders offer a “strike price” defined as “a contract price for energy and renewable energy credits,” akin to an all-in price for RECs and energy. Under the Indexed REC pricing structure, a~~ The resulting REC price constitutes “the difference resulting from subtracting the strike price from the index price for that settlement period,” with the index price representing “the real-time energy settlement price at the applicable Illinois trading hub.” ~~Under the law, “[i]f this difference results in a negative number, the [buyer] shall owe the seller the absolute value multiplied by the quantity of energy produced in the relevant settlement period.” But [i]f this difference results in a positive number, the seller shall owe the [buyer] this amount multiplied by the quantity of energy produced in the relevant settlement period.”⁹⁹~~

~~Thus, if real-time energy settlements yielded a \$40 energy settlement price, the resulting REC price under a contract featuring a \$45 strike price would be \$5 per REC for that settlement period. However, if real-time energy settlements yielded a \$50 energy settlement price, a \$45 strike price would result in a \$5 per REC payment from Seller (the bidder in competitive procurements) back to the Buyer (the counterparty electric utility). To ensure that prices remain predictable and affordable, the Agency may also propose a price collar through this Plan to place boundaries around REC price volatility.~~

~~The Agency understands this new Indexed REC pricing approach to offer revenue certainty back to renewable energy project developers in a manner that functions similarly to a bundled fixed price REC + energy off-take agreement. In times when energy revenues are low, REC prices are high; in times when energy revenues are high, REC prices adjust downward accordingly. The end result is revenue certainty regardless of wholesale energy market conditions, hopefully solving financing and development barriers for entities seeking to develop new utility scale wind and utility scale solar projects under the Illinois RPS.~~

Additional discussion of the Indexed REC price structure is presented in Chapter 5.

⁹⁹ 20 ILCS 3855/1-75(c)(1)(G)(v)(1).

2.7.4.2.2.6.5.2. Bid Evaluation in Competitive Procurements

~~P.A. 102-0662 includes two new provisions that may impact bid evaluation in competitive procurement events.~~ Section 1-75(c)(1)(P) requires the Agency to develop “a method to optimize procurement of renewable energy credits from proposed utility-scale projects that are located in communities eligible to receive Energy Transition Community Grants pursuant to Section 10-20 of the Energy Community Reinvestment Act.” ~~Under the Energy Community Reinvestment Act, communities eligible to receive Energy Transition Community Grants must meet one or more of the following criteria:~~

- ~~(1) the area contains a fossil fuel or nuclear power plant that was retired from service or has significantly reduced service within 6 years before the application for designation or will be retired or have service significantly reduced within 6 years following the application for designation;~~
- ~~(2) the area contains a coal mine that was closed or had operations significantly reduced within 6 years before the application for designation or is anticipated to be closed or have operations significantly reduced within 6 years following the application for designation; or~~
- ~~(3) the area contains a nuclear power plant that was decommissioned, but continued storing nuclear waste before the effective date of this Act.~~

If the need to optimize selection of projects in Energy Transition Community Grant eligible communities “conflicts with other provisions of law,” or if ~~the IPA determines that~~ compliance “would be unreasonably costly or administratively impractical,” the Agency may a) propose alternative approaches to achieve the same ends or b) seek an exemption from this requirement from the ICC, presumably through this Plan approval process. ~~Additional discussion of this Energy Transition Community Grant optimization requirement can be found in Chapter 5.~~

Section 1-75(c-10)(3) requires that, through this Plan, the Agency “develop requirements for ensuring that competitive procurement processes, including utility-scale solar, utility-scale wind, and brownfield site photovoltaic projects, advance the equity goals” of subsection (c-10). ~~To comply with this Section 1-75(c-10)(3) objective, the Agency must “develop bid application requirements and a bid evaluation methodology for ensuring that utilization of equity eligible contractors . . . is optimized.”~~ ~~Application requirements may include requiring “that winning or successful applicants for utility-scale projects are or will partner with equity eligible contractors,” while bid evaluation may require “giving preference to bids through which a higher portion of contract value flows to equity eligible contractors.”~~ ~~Additional discussion of competitive procurements can be found in Chapter 5, while the Agency’s approach to implementation of subsection (c-10) can be found in Chapter 10.~~

2.7.4.3.2.6.5.3. Alternatives for Brownfield Site Photovoltaic Projects

Section 1-75(c)(1)(C)(i) ~~now~~ authorizes the Agency to “consider other approaches, in addition to competitive procurements, that can be used to procure renewable energy credits from brownfield site photovoltaic projects.” ~~The Agency understands this language to allow~~ This allows for a shift away from competitive procurements and to an alternative structure – whether through a fixed-price, open-enrollment program akin to the ~~Adjustable Block Program~~ Illinois Shines program; an application process with qualitative criteria utilized to score projects similar to how community-

driven community solar operates; or something else altogether – to award REC delivery contracts to proposed brownfield site photovoltaic projects. Further discussion of this language is found in Chapter 5; ~~for purposes of this first Plan developed pursuant to P.A. 102-0662, and especially in light of the changes offered through the shift to an Indexed REC pricing structure,~~ this Plan will continue utilization of competitive procurements for supporting brownfield site photovoltaic projects. Future plans may ~~then~~ evaluate the success of the competitive procurement approach relative to “other approaches” and propose modifications to this model.

~~2.8.2.7. Adjustable Block~~ Illinois Shines Program & Community Renewable Generation

As referenced above, at least 50% of the quantitative new photovoltaic project target found in Section 1-75(c)(1)(C) of the IPA Act shall be procured “from solar photovoltaic projects using the program outlined in subparagraph (K) of this paragraph (1) from distributed renewable energy generation devices or community renewable generation projects”—i.e., using the Adjustable Block Program Illinois Shines program.

~~2.8.1. Adjustable Block Program~~

At its core, the Adjustable Block Program Illinois Shines program is perhaps most notable for what it is not: it is not a “competitive procurement event” using “pay as bid” pricing with selection of bids based on price, as discussed in the Section above. ~~Nor is it a project selection process through which the winning bidder is determined by public interest criteria, such as those set forth in Section 1-75(c)(1)(I) or used in the selection of winning bids under the Zero Emission Standard found in Section 1-75(d-5) or under the Carbon Mitigation Credit procurement found in Section 1-75(d-10) of the Act.~~

~~Instead,~~ the Adjustable Block Program Illinois Shines program provides “a transparent annual schedule of prices and quantities to enable the photovoltaic market to scale up and for renewable energy credit prices to adjust at a predictable rate over time.”¹⁰⁰ Stated differently, a party seeking a REC contract—such as a ~~photovoltaic distributed generation or community~~ solar project developer—knows the REC price in advance and generally when and how that price may change.

~~The law sets forth other requirements of the Adjustable Block Program: it~~ The Illinois Shines program must include “a single block of nameplate capacity, a price for renewable energy credits within that block, and the terms and conditions for securing a spot on a waitlist once the block is fully committed or reserved.”¹⁰¹ ~~Each block constitutes a quantity of nameplate capacity with a REC price¹⁰² attached to that block.~~ Through changes made via P.A. 102-0662, transitions between blocks now occur on an annual basis, rather than through one block opening automatically at a different price after the prior block’s capacity is filled.

Thus, “for each category” (of which there are ~~now~~ six) and “for each delivery year,” the Agency is required to determine “the amount of generation capacity in each block, and the purchase price for

¹⁰⁰ 20 ILCS 3855/1-75(c)(1)(K).

¹⁰¹ Id.

¹⁰² Prices can be a set value, or established as the product of a formula.

each block”—with those blocks priced and sized to ensure that Section 1-75(c)’s REC procurement goals are met.

~~Pursuant to Section 1-75(c)(1)(G)(iv) of the Act as modified by P.A. 102-0662, the Adjustable Block Program reopened for REC delivery contract awards and the receipt of new project applications on December 14, 2021—90 days after the effective date of P.A. 102-0662. Decisions made for ABP reopening occurred outside of this Planning process and are not outlined here. To the extent those decisions are memorialized as program requirements on a going forward basis, those requirements are further discussed in Chapter 7.~~

2.8.2.2.7.1. Adjustable Block Illinois Shines Program—Projects

~~Even with six separate project categories, the Adjustable Block Program~~The Illinois Shines program broadly supports only two project types: photovoltaic distributed renewable energy generation ~~devices~~ (i.e., solar DG), and photovoltaic community renewable generation projects (i.e., community solar¹⁰³).

Under Illinois law, a photovoltaic distributed renewable energy generation device must be:

- (1) Powered by photovoltaics;
- (2) interconnected at the distribution system level of either an electric utility as defined in this Section, a municipal utility as defined in this Section that owns or operates electric distribution facilities, or a rural electric cooperative as defined in Section 3-119 of the Public Utilities Act (and thus, must be located in Illinois to be interconnected to such an entity); and
- (3) located on the customer side of the customer's electric meter and is primarily used to offset that customer's electricity load.¹⁰⁴

~~In preparing this Plan, the~~The Agency previously received inquiries from representatives of public university “utilities” (which also serve as retail customers of electric utilities) about whether a distributed renewable energy device technically interconnected to that university utility system, but offsetting the electricity load from a university building that would otherwise need to be purchased by the university as a distribution customer of an electric utility, would qualify for the Adjustable Block Program-Illinois Shines program. Under the Illinois Commerce Commission’s Order in Docket No. 22-0231,¹⁰⁵ assuming the public university is indeed a retail customer of an electric utility (or otherwise takes retail electric service from a municipal utility or rural electric cooperative), a system interconnected in this manner may qualify for the Adjustable Block Program-Illinois Shines program under the above definition.¹⁰⁵

Under Illinois law, a photovoltaic community renewable generation project ~~is a generation facility that:~~

¹⁰³ There are other forms of community solar recognized by Illinois law, including (A) properties owned or leased by multiple customers that contribute to the operation of an eligible renewable electrical generating facility, and (B) individual units, apartments, or properties located in a single building that are owned or leased by multiple customers and collectively served by a common eligible renewable electrical generating facility. 220 ILCS 5/16-107.5(l)(1). These forms of community solar are not eligible for the Adjustable Block Program-Illinois Shines program.

¹⁰⁴ 20 ILCS 3855/1-10.

¹⁰⁵ See Final Order, ICC Docket No. 22-0231, ~~Final Order dated July at 4 (Jul. 14, 2022 at 4-).~~

- (1) is powered by photovoltaics;
- (2) is interconnected at the distribution system level of an electric utility as defined in this Section, a municipal utility as defined in this Section that owns or operates electric distribution facilities, a public utility as defined in Section 3-105 of the Public Utilities Act, or an electric cooperative, as defined in Section 3-119 of the Public Utilities Act (and thus, must be located in Illinois to be interconnected to such an entity);
- (3) credits the value of electricity generated by the facility to the subscribers of the facility; and
- (4) is limited in nameplate capacity to less than or equal to 5,000 kilowatts.¹⁰⁶

Only new projects—those “energized on or after June 1, 2017”—are eligible for ~~the Adjustable Block Program~~ participation in the Illinois Shines program.

~~More specifically, in terms of what project types participate at what level within the Adjustable Block Program, the ABP now~~ The Illinois Shines program provides for six separate project categories at the following levels:

- (1) At least 20% from distributed renewable energy generation devices with a nameplate capacity of no more than 25 kilowatts;
- (2) At least 20% from distributed renewable energy generation devices with a nameplate capacity of more than 25 kilowatts and no more than 5,000 kilowatts;¹⁰⁷
- (3) At least 30% from ~~photovoltaic~~ community ~~renewable generationsolar~~ projects;¹⁰⁸
- (4) At least 15% from distributed renewable generation devices or ~~photovoltaic~~ community ~~renewable generationsolar~~ projects installed at public schools;¹⁰⁹
- (5) At least 5% from community-driven community solar projects intended to provide more direct and tangible connection and benefits to the communities which they serve ~~or in which they operate and, additionally, to increase the variety of community solar locations, models, and options in Illinois;~~
- (6) At least 10% from distributed renewable energy devices ~~with a nameplate capacity under 5,000 kilowatts or photovoltaic~~ or community ~~renewable generationsolar~~ projects submitted by applicants that are equity eligible contractors.¹¹⁰

~~Over time, Section 1-75(c)(1)(K)(vi) requires~~ the Agency ~~shall, over time, to~~ propose to increase the percentage in the ~~equity eligible contractor~~ Equity Eligible Contractor category to 40% based on factors including the number of equity eligible contractors and capacity used in that category in previous delivery years. That 40% is achieved through a commensurate reduction in the percentage shares applicable to other categories. ~~–The allocation to the Equity Eligible Contractor category for the years governed by this Plan is outlined in Section 7.3.3.~~

¹⁰⁶ Id.

¹⁰⁷ The Agency may create sub-categories within this category to account for the differences between projects for small commercial customers, large commercial customers, and public or non-profit customers.

¹⁰⁸ This category shall open “[s]tarting in the third delivery year after the effective date of this amendatory Act of the 102nd General Assembly or earlier if the Agency determines there is additional capacity needed for to meet previous delivery year requirements.” 20 ILCS 3855/1-75(c)(1)(K)(iii).

¹⁰⁹ The Agency may also create subcategories within this category to account for the differences between project size or location, and projects located within environmental justice communities or within Organizational Units that fall within Tier 1 or Tier 2 shall be given priority.

¹¹⁰ 20 ILCS 3855/1-75(c)(1)(K).

~~Should any given category not be fully subscribed within a given year, the Agency is now required to redistribute that capacity by giving priority to those categories featuring waitlisted projects. The REC price applicable to those projects supported by redistributed capacity is required by law to be the price applicable to that subsequent year (and not the prior year in which waitlisted projects may have originally applied).~~

~~Additional information on project qualification for these categories, including definitions and criteria applicable to “public schools,” “community driven community solar,” and “equity eligible contractors,” and selection for each of the six categories of the Illinois Shines program can be found in Chapter 7. That Chapter also outlines what selection criteria will be applied to select community-driven community solar projects.~~

~~Section 1-75(c)(1)(Q) provides that certain projects receiving a REC contract through the Illinois Shines program “shall be subject to the prevailing wage requirements included in the Prevailing Wage Act.” Exceptions include projects serving “single-family or multi-family residential buildings” or “houses of worship where the aggregate capacity including collocated projects would not exceed 100 kilowatts.”¹¹¹~~

~~The law also provides that the Adjustable Block Program Illinois Shines program shall ensure that RECs are procured from “projects in diverse locations and are not concentrated in a few geographic areas.”¹¹² -The Agency has spent time reviewing the geographic distribution of projects supported thus far through the Adjustable Block Program and has found that the Program generally features very strong geographic diversity. -Some exceptions certainly exist – for instance, while community solar projects facilitated through the program look well-dispersed on a map of the state, development has almost exclusively occurred in less populated rural areas featuring lower land cost – but the IPA has generally been pleased with the degree to which the tens of thousands of projects supported to date through the Adjustable Block Program more broadly demonstrate geographic diversity.~~

~~Moving forward, the Agency commits to continue monitoring the locations of proposed and completed projects. -The Agency publishes a map on its Adjustable Block Program Illinois Shines program website providing a visual display of project location by zip code,¹¹³ and in recognition of increased interest in monitoring the location (and program compliance) of supported projects, is planning a comment process for publishing additional information on project location.¹¹⁴ Further discussion of the geographic diversity of Adjustable Block Program Illinois Shines program projects is found in Chapter 7.~~

2.8.3.2.7.2. Adjustable Block Illinois Shines Program—Contracts

~~Section 1-75(c)(1)(L) sets forth certain requirements applicable to REC delivery contracts entered into through the Adjustable Block Program, with those requirements having been modified extensively through P.A. 102-0662. In accordance with changes in law and depending on ABP category, the Illinois Shines program. The delivery term for a REC delivery contract may now be under the Program is 15 years or 20 years in length. As the Buyer counterparty, payment depending~~

¹¹¹ 20 ILCS 3855/1-75(c)(1)(Q)(1)(vii).

¹¹² 20 ILCS 3855 1/75(c)(1)(K).

¹¹³ See: <https://illinoisabp.com/project-map/>.

¹¹⁴ See: <https://illinoisabp.com/project-map/>.

on Illinois Shines program category. Payment for RECs is made by (and RECs are delivered to) the applicable electric utility, as the Buyer counterparty (which must then retire the RECs), and payment must occur according to the following schedule:

- ~~For~~ DG systems of no more than 25 kW, ~~the~~ full contract value ~~“shall be paid in full, based on the estimated generation during the first 15 years of operation”~~ upon verification by the Program Administrator of energization.¹¹⁵ ~~The contract length (delivery term) of these contracts is for 15 years.~~¹¹⁶
- ~~For both large~~ Large DG systems (~~more than 25 kW but less than~~ 5MW) and community-driven community solar projects, 15% of the contract value ~~shall be~~ paid upon verification of energization by the program administrator, with the remaining portion ~~“paid ratably over the subsequent 6-year period years.”~~ The contract ~~length (delivery term) of these contracts is likewise for~~ 15 years.¹¹⁷
- ~~For both the non-community driven (traditional)~~ Traditional community solar projects and public school projects, ~~“the renewable energy credit delivery: a 20-year contract length shall be 20 years and shall be~~ paid over the delivery term, “not to exceed during each delivery year the contract price multiplied by the estimated annual renewable energy credit generation amount.”¹¹⁸ ~~This “paid upon delivery” structure resembles utility-scale contracts more so than prior ABP contracts.~~
- ~~For the equity eligible contractor~~ Equity Eligible Contractor category, contract contains the payment terms applicable to the category in which the system would otherwise fall ~~generally apply.~~ For example, a Small DG system ~~participating in the equity equitable contractor block~~ would receive a 15-year REC delivery contract with full payment upon energization. However, these contracts ~~under the equity eligible contractor category~~ may also feature a ~~payment structure through which “applicant firms are advanced an advance of capital disbursed after contract execution but before the contracted project’s energization”~~ based on a demonstration of qualification or need.¹¹⁹ ~~This capital advancement would not serve to increase the overall contract value, but would allow prepayment of a share of expected contract revenues to assist with predevelopment activities. Qualification requirements for pre-energization capital and the amount or percentage of pre-energization~~ Details on the advance of capital available to qualified applicants is outlined in Chapter 7.

Prepayment poses unique challenges. ~~While~~ RECs are required to be delivered when generated to meet annual utility compliance obligations, prepayment reduces the incentive to actually deliver RECs. ~~On~~ this point, the law requires that each contract “shall include provisions to ensure the delivery of the estimated quantity of renewable energy credits and ongoing collateral requirements and other provisions deemed appropriate by the Agency.”¹²⁰

¹¹⁵ 20 ILCS 3855/1-75(c)(1)(L)(ii). The Agency understands this provision to mean that a system of exactly 25 kW in size would be included in this category.

¹¹⁶ All prepayment remains subject to the amounts collected by the utilities under its Section 16-108(k) tariffs, however, and other available funds (such as alternative compliance payments). (See Section 1-75(c)(1)(L)(vii)).

¹¹⁷ 20 ILCS 3855/1-75(c)(1)(L)(iii).

¹¹⁸ 20 ILCS 3855/1-75(c)(1)(L)(iv).

¹¹⁹ 20 ILCS 3855/1-75(c)(1)(K)(vi).

¹²⁰ 20 ILCS 3855/1-75(c)(1)(L)(v).

This Plan's approach to ~~Adjustable Block Program~~ Illinois Shines program contracts generally, as well as to the clawback provisions, collateral requirements, and other contract elements intended to ensure REC delivery, can be found in Chapter 7.

2.8.4.2.7.3. Adjustable Block Illinois Shines Program—Midstream Changes

Unlike a competitive procurement process, through which changes in market conditions may be reflected in bidders' bids, the ~~Adjustable Block Program~~ Illinois Shines program requires that the Agency project future market conditions through establishing annual block sizes and prices.

~~The Outside of biennial Long-Term Plan revisions, the~~ law envisions ~~these~~ changes to block pricing and capacity potentially occurring in two ways: first, the Agency "may periodically review ~~its prior decisions establishing...~~ the amount of generation capacity in each block, and the purchase price for each block, and may propose, on an expedited basis, changes to these previously set values" subject to the Section 16-111.5 plan revision process.¹²¹

Second, "[p]rogram modifications to any block price that do not deviate from the Commission's approved value by more than 10% shall take effect immediately and are not subject to Commission review and approval."¹²² ~~To prevent the requirement that the~~ The Agency ~~seek formal administrative approval for large modifications from being effectively ignored, the Agency believes~~ interprets this threshold ~~should be understood~~ as a 10% change based on the last formally approved (i.e., through revision of the Plan ~~via Commission's Section 16-111.5 approval process~~) price for that particular annual block.

Section 1-75(c)(1)(M) of the Act requires that the Agency "consider stakeholder feedback when making adjustments to the Adjustable Block design" and "notify stakeholders in advance of any planned change." Likewise, the law requires that "[t]he Agency and its consultant or consultants shall monitor block activity, share program activity with stakeholders and conduct quarterly meetings to discuss program activity and market conditions." ~~In implementing the program~~ To date, the Agency has ~~to date attempted to seek~~ sought stakeholder feedback for the development of key program requirements or new forms and documents; such documents are published on the program website (~~www.illinoisabp.com~~) (https://illinoisshines.com/) and new requirements are incorporated into the ~~Adjustable Block Program~~ Illinois Shines program Guidebook.¹²³ The program website also features a program dashboard updated daily to provide stakeholders with daily data on block activity,¹²⁴ ~~project information spreadsheets to provide increased transparency about photovoltaic projects supported through the Adjustable Block Program,~~¹²⁵ and a map of projects supported through the program to date.¹²⁶

¹²¹ 20 ILCS 3855/1-75(c)(1)(K).

¹²² 20 ILCS 3855/1-75(c)(1)(M).

¹²³ Both the presently effective Guidebook can be found here: https://illinoisshines.com/wp-content/uploads/2023/06/Current-Program-Guidebook_May_31_2023.pdf and prior editions of the Guidebook can be found here: <http://illinoisabp.com/program-guidebook> <https://illinoisshines.com/program-documents/>.

¹²⁴ The ~~Adjustable Block Program~~ Illinois Shines program block capacity dashboard can be found here: <https://illinoisabp.com/block-capacity-dashboard-2/> <https://illinoisshines.com/project-status-and-capacity-dashboard/>.

¹²⁵ Project application disclosure information can be found here: <http://illinoisabp.com/project-information-disclosure-process>.

¹²⁶ The ~~ABP~~ Illinois Shines project map can be found here: <https://illinoisabp.com/project-map/> <https://illinoisshines.com/project-map/>.

2.8.5.2.7.4. Adjustable Block Illinois Shines Program—Consumer Protection

In its Initial Plan, the Agency proposed and the Commission approved several consumer protection measures constituting terms, conditions, and requirements for the receipt of state-administered incentive funds under the ~~Adjustable Block Program~~ Illinois Shines program and Illinois Solar for All ~~Program-program~~. The Agency then developed an Approved Vendor registration and approval process, standardized disclosure forms, ~~a standardized program brochure~~ brochures, minimum contract requirements, and marketing requirements ~~across 2017 and 2018, with those items, all~~ updated periodically since.

Revisions made to Section 1-75(c)(1)(M) of the Act ~~now memorialize, reinforce~~ memorialized, reinforced, and ~~expand~~ expanded the Agency's consumer protection responsibilities. ~~In addition to those items proposed through this Long-Term Plan or developed thereafter, these~~ new-to-statute terms, conditions, and requirements include the following:

- (i) A registration process ~~for entities seeking to qualify for program-administered incentive funding~~ and baseline qualifications for vendor approval, with a list of approved entities on each program's website. ~~The agency may also revoke a vendor's ability to receive program-administered incentive funding~~ participate upon a determination that the vendor failed to comply with contract terms, the law, or other program requirements.
- (ii) Program requirements and minimum contract terms to ensure projects are properly installed and produce their expected amounts of energy, including on-site inspections and photo documentation. ~~The Agency may require repairs, alterations, or additions to remedy any material deficiencies discovered, and~~ The Agency may bar Approved Vendors with a disproportionately high number of deficient systems from program participation.
- (iii) Standardized disclosures to a customer prior to ~~that customer's execution of a contract for the development of a distributed generation system or a subscription to a community solar project~~ contract execution.
- (iv) Establishment of Consumer Complaints Centers to accept complaints connected with the programs and a public database of complaints.
- (v) An annual written report to the ICC documenting the frequency and nature of complaints and any enforcement actions taken in response to those complaints.
- (vi) Regular meetings with the Office of the Attorney General, the ICC, consumer protection groups, and other interested stakeholders regarding consumer protection matters.
- (vii) Referrals of complaints to the Office of the Attorney General, the Illinois Commerce Commission, or local, State, or federal law enforcement where appropriate.

~~As the requirement to establish these consumer protection items applies to the "program administrators for both the Adjustable Block program and the Illinois Solar for All Program," the~~ The Agency understands these items to be minimum statutory consumer protection requirements applicable to the Illinois Solar for All ~~Program~~ program as well. ~~The additional requirements found in Section 1-56(b) for ILSFA projects, sites, applicants, and customers create consumer protection requirements for the Illinois Solar for All~~ Program ~~beyond those applicable to the~~ ABP Illinois Shines program.

2.8.6.2.7.5. Community Renewable Generation Projects

Section 1-75(c)(1)(N) ~~as modified by P.A. 102-0662 of the IPA Act~~ requires that the Agency “establish the terms, conditions, and program requirements for photovoltaic community renewable generation projects with a goal to expand renewable energy generating facility access to a broader group of energy consumers, to ensure robust participation opportunities for residential and small commercial customers and those who cannot install renewable energy on their own properties.”¹²⁷ ~~While only solar community renewable generation projects are supported through the Adjustable Block Program,~~ Section 1-75(c)(1)(N) allows the IPA to “consider whether community renewable generation projects utilizing technologies other than photovoltaics should be supported through State-administered incentive funding” and the Agency “may issue requests for information to gauge market demand.”

Additional considerations applicable to community renewable generation projects and subscriptions are outlined below.

2.8.6.1.2.7.5.1. Portability and Transferability of Subscriptions

Section 1-75(c)(1)(N) provides that “subscriptions” to community renewable generation projects must be “portable” (i.e., retained by the subscriber even if the subscriber relocates within the same utility service territory) and “transferable” (i.e., a subscriber may assign or sell subscriptions to another person within the same utility service territory).

~~During the implementation of the Adjustable Block Program, some entities have raised questions regarding the scope of the portability and transferability of community solar subscriptions. It seems clear that the law did not envision completely unconditional portability or transferability: if a resident holding a community solar subscription were to move from a large house to a small apartment, the resultant drop in energy consumption may necessitate downsizing the subscription. Likewise, a transferee may be an unworkable recipient of an existing subscriber’s community solar subscription for many reasons, from being legally ineligible (outside of that utility’s service territory) to posing a more significant non-payment risk than the transferor. At the same time, allowing unbounded Approved Vendor-imposed restrictions on portability or transferability could defeat the spirit of the law’s requirement that subscriptions be portable and transferable.~~

~~Through revisions to Section 1-75(c)(1)(N) provided by P.A. 102-0662, the law clarifies that), though~~ these concepts shall be “subject to reasonable limitations.”- As additional projects energize and begin to cycle through subscribers, the Agency hopes to learn more about what considerations should inform the parameters of portability and transferability requirements.

2.8.6.2.2.7.5.2. Opt-Out Municipal Aggregation

~~Certain stakeholders have raised the question of whether community renewable generation project subscriptions (specifically, community solar subscriptions) may be eligible for execution via opt-out municipal aggregation authorized under Section 1-92 of the IPA Act. Under opt-out municipal aggregation, municipalities (after passing authorizing referenda) Under opt-out municipal aggregation, municipalities may aggregate their residential and small commercial customer load and contract with an alternative retail electric supplier to supply those customers with “energy and~~

¹²⁷ 20 ILCS 3855/1-75(c)(1)(N).

related services” at a negotiated supply rate unless that customer expressly chooses to “opt-out” of the transaction. ~~-In the past, stakeholders have raised the question of whether community solar subscriptions may be eligible for execution via opt-out municipal aggregation authorized under Section 1-92 of the IPA Act. Under opt-out aggregation, the customer would be enrolled in the project without ever having offered its express consent to enrollment, potentially including never having received and executed required Program documents (such as the standard Disclosure Form outlining subscription terms and other crucial information about community solar).~~

For the ~~IPA, in Agency, its~~ role as the entity charged with administering the Adjustable Block Program and Illinois Solar for Program, this raises, at minimum, two questions:

~~First, is the enrollment of a customer into a subscription for a community solar project without their direct authorization or consent (i.e., on an “opt-out” basis) legally authorized by Section 1-92 of the IPA Act’s governmental aggregation provisions?~~

~~Second, even if legally authorized, would that relieve Approved Vendors from program-related responsibilities with respect to individual subscribers, including the requirement that each customer complete a disclosure form acknowledging participation in the program?~~

~~As to the first question, the IPA is highly skeptical that opt-out municipal aggregation could legally cover community solar subscriptions, which were not contemplated anywhere in Illinois law when Section 1-92 was enacted via Public Act 96-0176 in 2009 (and notes that countless implementation issues would be raised under such an approach).¹²⁸ However, only the second of these questions falls within the scope of this Plan. On that question, the Agency’s disclosure form Disclosure Form requirements discussed above, and now expressly required under changes to Section 1-75(c)(1)(M) of the Act, are fundamental to subscribers receiving standardized information. Those requirements constitute the backbone of the Agency’s efforts to deliver uniform content about the rights and obligations under a ratepayer-funded program to everyday citizens. That standardized information and express acknowledgment by a subscriber is an essential form of education that must be provided to each individual participant to produce a transparent, positive experience in IPA programs. Thus, even if some colorable argument could be made that community solar subscribers could be enrolled without each individual subscriber providing direct consent to a given subscription, the Agency would not waive its program-specific consumer protection requirements including its standardized brochure and the receipt and execution of a disclosure form.~~

In Docket No. 19-0995, the Illinois Commerce Commission ~~agreed, determining~~ determined that any community solar subscription aggregation program (if legally possible) for a project participating in the ABP Illinois Shines program or ILSFA would be required to ensure that every individual subscriber receives and executes an individualized standard ~~disclosure form~~ Disclosure Form.¹²⁹ The Commission likewise agreed with the Agency that the question of whether opt-out municipal aggregation for community solar subscriptions is legally authorized under Section 1-92 of the IPA Act is an issue outside the scope of Plan approval, finding that “this proceeding is not the forum for the Commission to decide the legality of opt-out municipal aggregation for community solar

¹²⁸ ~~Any community renewable generation project that does not participate in an IPA administered program or procurement may freely operate outside of this Plan’s requirements. However, given the Agency’s express statutory role (separate from its role administering renewable resources programs under this Plan) assisting governmental aggregation programs under Section 1-92(g) of the Act, the Agency’s perspective should carry advisory authority.~~

¹²⁹ Final Order, ICC Docket No. 19-0995, Final Order dated at 7 (Feb. 18, 2020 ~~at 7~~).

subscriptions, as numerous interested stakeholders - such as the many municipalities that might be interested and the private brokers that might assist them in soliciting bids - would not be on notice that the issue is being decided.”¹³⁰

2.9.2.8. Illinois Solar for All Program

As described in Section 1-56(b) of the IPA Act, the Illinois Solar for All ~~Program~~program “provides incentives for low-income distributed generation and community solar projects, and other associated approved expenditures” in order “to bring photovoltaics to low-income communities ~~in this State in a manner that maximizes the development of new photovoltaic generating facilities,...~~ to create a long-term, low-income solar marketplace throughout this State, ~~to integrate, through interaction with stakeholders, with existing energy efficiency initiatives, and to minimize administrative costs.~~” Further, the program shall be “designed to grow the low-income solar market.”¹³¹

The Program shall also “maximize efficiencies and synergies available through coordination with similar initiatives, including the Adjustable Block program . . . energy efficiency programs, job training programs, and community action agencies.” -The Agency shall strive to ~~ensure that~~ support ~~is provided~~ to “projects across the breadth of low-income and environmental justice communities in Illinois, including both urban and rural communities,” and “not concentrated in a few communities” ~~or excluding any “particular low-income or environmental justice communities.”~~

~~A statutory overview of the Illinois Solar for All Program (which began accepting project applications on May 15, 2019), as well as the individual sub-programs under the Illinois Solar for All banner, is below.~~

2.9.1.2.8.1. Illinois Solar for All—Overview

~~At its core, the Illinois Solar for All Program is an incentive program through~~By offering more generous REC prices ~~than Illinois Shines program~~, the Illinois Solar for All ~~Program~~program incents low-income ~~residents~~ (as well as non-profit and public facility) ~~participation to participate~~ in solar ~~photovoltaic~~ projects, whether as a system owner, community solar project subscriber, or system host. -Those RECs are retired by ~~the counterparty Buyer~~ (either the Agency or a utility) to satisfy Section 1-75(c) compliance obligations just as with the other procurements and programs described above, while the ~~additional premium~~higher incentive helps grow the low-income solar marketplace and ensure more equitable access to the benefits of clean energy. ~~Thus, structurally, the law envisions the Solar for All Program’s incentive being offered through contracts for the delivery of RECs at a premium price, supplying the higher incentive necessary to ensure low-income participation.~~ The Agency also may offer full contract prepayment or otherwise relax (or enhance) requirements in recognition of the unique challenges facing low-income project development.

While the program features no hard targets or goals for the quantity of RECs procured, it does feature defined funding sources. First, Illinois Solar for All is funded through the Renewable Energy Resources Fund. ~~At the time of finalization~~As of this ~~draft~~ Plan ~~publishing date~~ (August ~~2022~~15, 2023), the balance of the RERF was ~~\$128.9~~\$121.4 million. The \$108.5 million balance of funds that had been transferred to the state’s General Revenue Fund (\$98.5 million) and Health Insurance Reserve Fund (\$10 million) for liquidity purposes was fully repaid by late March 2022. The IPA

¹³⁰ Id.

¹³¹ ~~20 ILCS 3855/1-56(b)(2).~~

considers any contractual obligations from the RERF pre-dating Illinois Solar for All (specifically, Supplemental Photovoltaic Procurement contracts) to be senior to any new obligations entered into through the Illinois Solar for All Programprogram,¹³² and as of August ~~2022~~2023, approximately ~~\$2-50.33~~ million in such prior obligations remain outstanding.¹³³ No additional Alternative Compliance Payments are due to be made into the RERF.

Second, Illinois Solar for All is funded through a portion of funds collected by the utilities under their Section 16-108(k) RPS tariffs for purchases made under Section 1-75(c) of the IPA Act. Under Section 1-75(c)(1)(O) ~~as revised by P.A. 102-0662,~~ the Plan “shall allocate up to \$50,000,000 per delivery year to fund the programs, and the plan shall determine the amount of funding to be apportioned to the programs.” ~~This \$50 million cap constitutes a nearly five-fold increase from the utility collections previously authorized to support the ILSFA Program. For the delivery years beginning June 1, 2021, June 1, 2022, and June 1, 2023, that total amount may be reached by averaging, such that a lower budget in an earlier year could be made up for through a larger budget in a later year.~~ Every three years, an additional \$10,000,000 shall also be provided to DCEO to implement workforce development programs authorized under Section 16-108.12 of the PUA; this also constitutes a change, as that funding had previously been allocated to ComEd for those programs (and on four-year intervals).

Under the Illinois Solar for All Programprogram, payments ~~“shall be in exchangeare made for all renewable energy credits generated by the system during the first 15 years of operation”~~ and shall be structured to overcome barriers to participation in the solar market by the low-income community.”¹³⁴ The IPA Act authorizes a contract “may pay for such renewable energy credits throughfeaturing an upfront payment ~~per installed kilowatt of nameplate capacity paid once the device is interconnected at the distribution system level of the interconnecting utility and verified as energized,”~~ for all REC upon energization, giving the Agency flexibility in proposing contract structures.¹³⁵

The counterparty to Illinois Solar for All contracts executed using RERF funds is the Agency, while the counterparty to contracts executed using utility funds is the applicable utility.

While the Act does not require an annual RERF budgetary allocation to ILSFA, the Agency continues to propose to allocate funds and consider project applications based on “program years,” which track the same period of time as energy delivery years (June 1st of one year to May 31st of the following year). The Agency’s budget allocations to individual ILSFA subprograms by program year are described in detail in Chapter 8.

In addition to payments for REC delivery contracts, the law provides that “[t]he Agency shall direct up to 5% of the funds available under the Illinois Solar for All Program to community-based groups and other qualifying organizations to assist in community-driven education efforts related to the Illinois Solar for All Program.” ~~Authorized grassroots education activities include “general energy~~

¹³² This appears to be the intent evident in Section 1-56(b) as well, as that section prefaces the percentage-based allocation of RERF funds with the qualifier “monies available in the Illinois Power Agency Renewable Energy Resources Fund and not otherwise committed to contracts executed under subsection (i) of this Section.” (emphasis added)

¹³³ Supplemental Photovoltaic Procurement contracts were for the delivery of RECs for 5 years, with payment for RECs made upon delivery; the procurement’s original budget was \$30 million.

¹³⁴ 20 ILCS 3855/1-56(b)(3).

¹³⁵ Id.

education, job training program outreach efforts,” and “other activities deemed to be qualified by the Agency,” but “shall not be used to support the marketing by solar project development firms and organizations, unless such education provides equal opportunities for all applicable firms and organizations.”¹³⁶ ~~Notably, for grassroots education efforts this amount is not based only on the balance of the RERF; it is instead~~ This funding of “up to 5% of the funds available under the Illinois Solar for All Program,” ~~and thus also inclusive of~~ includes any ~~Section 1-75(c) or 16-108(k) utility-~~ ~~collected~~ funds. In implementation, the Agency has decided to award grassroots education contracts through a competitive RFP process, with those entities serving as subcontractors to the Agency’s Illinois Solar for All Program Administrator and performing grassroots education activities under that master contract.¹³⁷

In addition to grassroots education, “costs associated with procuring experts, consultants, and the program administrator . . . and related incremental costs, costs related to income verification and facilitating customer participation in the program, and costs related to the evaluation of the Illinois Solar for All Program” may be paid out of the RERF.¹³⁸ ~~New proposals for how best to leverage grassroots education funding for solving barriers to ISLFA participation can be found in Chapter 8.~~

2.9.2.2.8.2. Illinois Solar for All—Sub-programs

~~Illinois Solar for All is designed to support specific defined project types, and to this end, Illinois~~ Illinois Solar for All features four sub-programs ~~with percentage-based funds allocations applicable to (similar to the “categories” within the Illinois Shines program), each. As clarified through P.A. 102-0662, these receiving statutorily determined portions of the Program budget. These~~ percentages apply to both support from the RERF and from utility collections, although these allocations are merely initial percentages and may be altered “if the Agency, after receiving input through a stakeholder process,” determines that any individual sub-program has not ~~been adequately subscribed~~ received sufficient project applications to fully utilize ILSFA funds.

~~For the purposes~~ The requirements of this Plan subsection, ~~an individual sub-program may be referred to as a “program” (as is done within Section 1-56(b)(2) of the Act) or a “sub-program” (which is more intuitive, as these sub-programs are programs within the Illinois Solar for All Program). Regardless of verbiage, each constitutes an initiative operating inside the Illinois Solar for All Program structure and is subject to its general requirements, including Approved Vendor qualification requirements, but with separate program year budgets and project application requirements included below.~~

In addition to these four sub-programs, the Agency or a party may propose additional sub-programs through this Long-Term Plan. ~~Such new~~ sub-programs “may target market segments not specified above and may also include incentives targeted to increase the uptake of nonphotovoltaic technologies by low-income customers, including energy storage paired with photovoltaics”—but only if “the Commission determines that ~~the Illinois Solar for All Program~~ [they] would provide

¹³⁶ Id.

¹³⁷ More information on the Illinois Solar for All grassroots education process can be found here: <https://www.illinoisfsfa.com/grassroots-education> and in Section 8.15.5.

¹³⁸ 20 ILCS 3855/1-56(b)(3).

greater benefits to the public health and well-being of low-income residents ~~through also supporting that additional program versus~~ [than] supporting programs already authorized.”¹³⁹

Through P.A. 102-0662, the Low-Income Community Solar Pilot Project Program was struck from Section 1-56(b) (previously subparagraph (D)), while a new Low-Income Large Multifamily Solar Incentive Program took its place (within subparagraph (E)). ~~REC delivery contracts, program requirements, and statutory requirements applicable to projects having successfully participated under subparagraph (D) participating in that Pilot Project Program~~ remain in effect, but the Agency ~~may no longer will not~~ conduct additional Low-Income Community Solar Pilot Project procurements.

~~2.9.2.1. Low-Income Single-Family and Small Multifamily Solar Incentive~~

The Low-Income Single-Family and Small Multifamily Solar Incentive (“Residential Solar (Small)”) sub-program “provide[s] incentives to low-income customers, either directly or through solar providers, to increase the participation of low-income households in photovoltaic on-site distributed generation at residential buildings containing one to 4 units.”¹⁴⁰ ~~Used for this sub-program and others, the term “solar provider” has no definition in the statute; to allow the market to determine appropriate models, the Agency has determined that “solar providers” can refer to any entity which has a contractual relationship with the low-income customer in connection with the underlying photovoltaic system (whether in the form of purchase, leasing, installation, aggregation, or financing). Section 1-56(b) combines the funding allocation for the Residential Solar (Small) sub-program and the corresponding Low-Income Large Multifamily Solar Incentive Program (described below), with the two sub-programs together allocated 35% of available funds.~~

~~The law also requires that “an administrator shall facilitate partnering the companies that install solar panels with entities that provide solar panel installation job training.”¹⁴¹ The IPA understands this to mean its third-party Program Administrator engaging in such facilitation, and this is presently part of the ILSFA Program Administrator’s scope of work.~~

~~The IPA Act~~ Section 1-56(b)(2)(A) also includes a provision that “[c]ontracts entered into under this paragraph may be entered into with an entity that will develop and administer the program.”¹⁴² It is unclear how the administrator could leverage state funds for this use, and at present, all such contracts will be entered into between Approved Vendors (Sellers) and the State of Illinois or a participating utility (Buyers).

~~Through P.A. 102-0662, this~~ The Residential Solar (Small) sub-program also ~~now~~ contains ~~extensive support for provisions on~~ projects that demonstrate energy sovereignty (see Section 2.8.3.3 below), which ~~is intended to support~~ supports “ownership of projects by low-income households, not-for-profit organizations providing services to low-income households, affordable housing owners, community cooperatives, or community-based limited liability companies providing services to low-income households” that “ensure that local people have control of the project and reap benefits from the project over and above energy bill savings.” ~~Program~~ The Agency has developed program and contract requirements ~~may be developed~~ to ensure faithful compliance with these objectives ~~by~~

¹³⁹ 20 ILCS 3855/1-56(b)(4).

¹⁴⁰ 20 ILCS 3855/1-56(b)(2)(A).

¹⁴¹ ~~Id.~~

¹⁴² ~~Id.~~

~~entities benefitting from additional energy sovereignty support (whether through reserved program capacity or higher REC prices).~~ Additional discussion of energy sovereignty can be found below, in Chapter 8, and in Appendix G.

The Agency shall also “make every effort” to ensure that ~~ABP~~Illinois Shines program solar providers can “easily participate” in ~~this program.~~ ~~According to Section 1-56(b)(2)(A)(ii) such efforts could include “utilizing similar or the same application systems and processes, similar or the same forms and formats of communication, and providing active outreach to companies participating in one program but not the other.”~~ Illinois Solar for All. The Agency’s strategies for encouraging increased participation in the two low-income distributed generation sub-programs can be found in Chapter 8.

~~Along with the Low Income Large Multifamily Solar Incentive Program, these two sub-programs are allocated 35% of available funds.~~

2.9.2.2.—The Low-Income Community Solar Project Initiative

~~Through the Low Income Community Solar Project Initiative, “[i]ncentives shall be offered to low-income customers, either directly or through developers, to increase (“Community Solar”) incentivizes “the participation of low-income subscribers of community solar projects.”¹⁴³ Again, the term “developer” is undefined in the law. As community solar project subscriptions may be actively marketed by entities other than the photovoltaic project “developers,” no guidance is provided as to whether this phrasing is intended to include all entities marketing such subscriptions or only the project’s actual developer.~~

~~The This sub-program is allocated 40% of available funding and requires that each participating project’s developer “shall identify its partnership with community stakeholders regarding the location, development, and participation in the project.”¹⁴⁴ Undefined in this phrasing is what constitutes a “community stakeholder,” or whether the project itself must include “community stakeholders” from the community in which the project is located (presumably so), the community of any subscribers (unclear), or both (also unclear).~~

~~Pre P.A. 102-0662 statutory language stating that “[i]ncentives should also be offered to community solar projects that are 100% low-income subscriber owned, which includes low-income households, not-for-profit organizations, and affordable housing owners” has been struck from the law and replaced by energy sovereignty language found elsewhere Section 1-56(b)(2);¹⁴⁵ the Agency’s approach to energy sovereignty under the ILSFA Program is discussed more extensively below, in Chapter 8, and in Appendix G.~~

~~The law also provides that “[c]ontracts entered into under this paragraph may be entered into with developers,”¹⁴⁶ which the IPA has interpreted to mean that a project developer, upon a sufficient showing of low-income participation, may qualify for a contract award.~~

~~This sub-program is allocated 40% of available funding.~~

¹⁴³ 20 ILCS 3855/1-56(b)(2)(B).

¹⁴⁴ *Id.*

¹⁴⁵ *Id.*

¹⁴⁶ *Id.*

~~2.9.2.3. Incentives for Non-profits and Public Facilities~~

The third Illinois Solar for All sub-program ~~provides that funding “shall be used to support funds “on-site photovoltaic distributed renewable energy generation devices to serve the load associated with not-for-profit customers and to support photovoltaic distributed renewable energy generation that uses photovoltaic technology to serve the load associated with...~~ public sector customers taking service at public buildings.”¹⁴⁷ ~~Stated differently, the The Non-Profit and Public Facilities sub-program operates similarly to the first sub-program—Residential Solar (Small)—an incentive for on-site DG through a higher-priced REC contract—only with different eligibility requirements (not-for-profit customers and public sector customers taking service at public buildings). -This sub-program is allocated 25% of available funding. As discussed further in Chapter 8, the IPA believes the spirit of the law requires a connection between eligible non-profits and public facilities and low-income communities. The Agency therefore requires that non-profits and public facilities be sited within and provide critical services to low-income or environmental justice communities in order to be eligible under ILSFA.~~¹⁴⁸

~~This limited statutory guidance raises the question of whether all non-profits and all public sector entities may qualify for the sub-program, or whether some nexus with the broader “low-income” intent of Illinois Solar for All is required. As discussed further in Chapter 8, the IPA believes that some level of community involvement may be required to maintain consistency with the spirit of the law.~~¹⁴⁹

~~This sub-program also combines referenced elements of each of the prior programs, stating that “[c]ontracts may be entered into with an entity that will develop and administer the program or with developers,”¹⁵⁰ which carries similar challenges to those referenced above.~~

~~This sub-program is allocated 25% of available funding.~~

~~2.9.2.4. Low-Income Large Multifamily Solar Incentive~~

The fourth sub-program, ~~now outlined through~~ as listed in subparagraph (E) to Section 1-56(b), is the Low-Income Multifamily Solar Incentive—~~(“Residential Solar (Large)”)~~. This sub-program provides incentive funding ~~“to low-income customers, either directly or through solar providers,~~ to increase the participation of low-income households in photovoltaic on-site distributed generation at residential buildings with 5 or more units.” ~~-This new~~ sub-program in one sense replaces the Low-Income Community Solar Pilot Project program previously offered under subparagraph (D), but can also be viewed as an expansion of the previous Low-Income Distributed Generation Incentive program—with that program now split into two separate sub-programs for residential projects (one for single family/small multifamily; one for large multifamily). ~~-As stated above, the funding for this sub-program is combined with the Residential Solar (Small) sub-program, together allocated 35% of available funds.~~

¹⁴⁷ 20 ILCS 3855/1-56(b)(2)(C).

¹⁴⁸ More information on what is presently required from qualifying non-profits and public facilities can be found here: <https://www.illinoisfa.com/programs/nonprofit-organizations-and-public-agencies>.

¹⁴⁹ More information on what is presently required from qualifying non-profits and public facilities can be found here: <https://www.illinoisfa.com/programs/nonprofit-organizations-and-public-agencies>.

¹⁵⁰ *Id.*

~~Additional requirements applicable to this new multifamily building subprogram include job trainee, energy sovereignty, and environmental justice community requirements discussed further below.~~

~~Along with the Low-Income Single Family and Small Multifamily Solar Incentive Program outlined in subparagraph (A), these two sub-programs are allocated 35% of available funds.~~

2.9.3.2.8.3. Illinois Solar for All—Additional Requirements

Section 1-56(b) also ~~provides~~requires that, ~~under Illinois Solar for All, “[e]ach contract that provides for the installation of solar facilities shall provide that the solar facilities will produce REC contracts ensure “energy and economic benefits, at a level determined by the Agency to be reasonable, for the participating low income customer.”~~¹⁵¹ The Agency believes that this requirement is ~~in part met~~accomplished through multiple processes, in part through the ~~premium attached to the higher~~ REC price under Illinois Solar for All ~~(and. The “energy benefits” for community solar and distributed generation projects are already handled~~addressed though bill crediting and net metering provisions, over which the Agency ~~lacks~~has no jurisdiction), ~~and provides support for. The~~ consumer protections that apply to ILSFA ensure that low-income-eligible customers ~~indeed in fact~~ receive the benefits ~~in entering into contractual arrangements with~~promised them by installers, project developers, aggregators, or other intermediaries. ~~Those specific requirements are discussed in more detail in Chapters 8 and 9.~~

Illinois Solar for All contracts must also “ensure the wholesale market value of the energy is credited to participating low-income customers or organizations,”¹⁵² ~~which, again, is an issue handled through net metering, but can be emphasized in resulting contracts. Contracts must also ensure~~and that “tangible economic benefits flow directly to program participants, except in the case of low-income multi-family housing where the low-income customer does not directly pay for energy.”¹⁵³ While the law does not define “tangible economic benefit” (or, for that matter, a “program participant”), the Agency will continue to require, consistent with the Commission Order approving the Initial Plan,¹⁵⁴ that ~~ongoing annualized total annual~~ payments by the customer ~~(if any) must be equal~~ less than 50% of the annual first year estimated ~~production and/or utility default service net metering energy~~ value to be received by the customer. ~~via net metering or bill crediting.~~

The ~~tangible benefits language~~law also ~~provides further reason to ensure~~requires that ~~marketing practices are standardized~~“an administrator shall facilitate partnering the companies that install solar panels with entities that provide solar panel installation job training.”¹⁵⁵ The IPA understands ~~this to mean its third-party Program Administrator should engage in such that low-income customers receive clear, standardized information about the benefits~~facilitation, and this is presently part of the ILSFA Program Administrator’s scope of work.

Pursuant to be expected from an P.A. 103-0188, projects submitted to Illinois Solar for All project must now comply with the Prevailing Wage Act, mirroring the requirements in the Illinois Shines program. Section 1-56(b-15) of the IPA Act establishes exceptions for the same categories of projects exempt from the prevailing wage requirements of the Illinois Shines program serving residential

¹⁵¹ 20 ILCS 3855/1-56(b)(2).

¹⁵² Id.

¹⁵³ Id.

¹⁵⁴ Final Order, ICC Docket No. 17-0838, ~~Final Order dated April 3, 2018~~ at 150-151-(Apr. 3, 2018).

¹⁵⁵ 20 ILCS 3855/1-56(b)(2)(A),(B),(C), and (E).

buildings and "projects with an aggregate capacity of less than 100 kilowatts that serve houses of worship."

The law also directs that priority to be given to projects that "demonstrate meaningful involvement of low-income community members in designing the initial proposal."¹⁵⁶ Here again, the law provides no definition of "meaningful involvement" nor does it define a "low-income community member," and it is unclear whether this would be distinct from an "environmental justice community" or what constitutes a community "member." The law further provides that "[a]cceptable proposals to implement projects must demonstrate the applicant's ability to conduct initial community outreach, education, and recruitment of low-income participants in the community;" again, the term "participants in the community" is undefined and entirely unclear, but the Agency does understand this language as providing that entities seeking to market installations or community solar subscriptions using Illinois Solar for All contracts must, at a minimum, be certified by the Agency and possess some baseline level of demonstrated competency. ~~The Agency's approach to vendor certification through its Approved Vendor process is discussed further in Chapters 7 and 8.~~

2.9.3.1.2.8.3.1. Environmental Justice Communities

All four sub-programs also contain "a goal . . . that a minimum of 25% of the incentives for this program be allocated to community photovoltaic projects in environmental justice communities."¹⁵⁷ ~~Through changes to Illinois law made by P.A. 102-0662, other~~ Other programs and state agencies now rely on ~~this~~ the IPA's "environmental justice community" definition for their determinations of program and funding eligibility.

The Agency's ~~definition of the term~~ approach to identifying "environmental justice community~~communities~~" is discussed further in Chapter 8 ~~and, at present, is described more comprehensively on the Illinois Solar for All website, which allows for users to search qualification status by address.~~¹⁵⁸

2.9.3.2.2.8.3.2. Trainee Requirements

As growing the low-income solar market involves more than just ~~REC delivery contracts~~ making photovoltaic solar more affordable, the law also requires that projects "include job training opportunities if available," and ~~provides that such job training opportunities should occur through coordination that project developers coordinate~~ with the job training programs proposed in the Workforce Development Plan produced through Section 16-108.12 of the PUA and through the Energy Transition Act.

~~Through P.A. 102-0662, Section 1-56(b)(2) now~~ requires that, for all sub-programs, "the specific level of trainee usage" is to be determined through the Long-Term Plan. ~~Previously, a baseline minimum level of trainee usage applied only to the Low Income Distributed Generation subprogram; through this change the IPA understands Section 1-56(b)(2) to now require minimum trainee usage levels for all four sub-programs (with the availability for waivers where appropriate), and not only for the subprogram referenced within subparagraph (A) (the scope of which has itself now changed).~~

¹⁵⁶ 20 ILCS 3855/1-56(b)(2).

¹⁵⁷ 20 ILCS 3855/1-56(b)(2)(A), (B), (C), and (E).

¹⁵⁸ See: <https://www.illinoisfa.com/environmental-justice-communities>.

The Agency's approach to encouraging that projects use job trainees to help build the low-income solar marketplace is discussed further in Chapter 8.

2.9.3.3.2.8.3.3. Energy Sovereignty

~~New language found throughout~~ Section 1-56(b)(2) ~~is intended to encourage~~ encourages participation from more ~~project proposals which projects that~~ demonstrate "energy sovereignty," which is not defined by the statute. ~~Express~~ The Residential Solar (Small) and (Large) and Community Solar sub-program provisions contain express language requiring ~~support that the Agency reserve a "portion" of incentives~~ for projects that facilitate energy sovereignty ~~can be found in subparagraphs (A), (B), and (E); subparagraph (C) includes language about necessary safeguards through; the provision describing the Non-Profit and Public Facility sub-program directs the Agency to "consider additional program and contract requirements, but not specific language about providing support for projects demonstrating energy sovereignty (and from a public policy perspective, the energy sovereignty concept would appear to be a less acute concern for non-profits and public facilities). to ensure faithful compliance [with] preferences for projects designated to promote energy sovereignty."~~

As the Agency understands it, the primary objective in ~~providing dedicated support for~~ prioritizing projects that promote energy sovereignty is to ensure wealth-building for low-income communities. Energy sovereignty allows program participants to access project benefits above and beyond the financial savings and other direct benefits that ~~more detached participation~~ traditional projects may offer to low-income Illinois residents. Section 1-56(b)(2) envisions two primary means for promoting energy sovereignty: 1) ~~dedicated~~ portions of a sub-program budget reserved for projects that promote energy sovereignty; and 2) ~~heightened incentive levels (i.e., higher REC prices)~~ for projects that promote energy sovereignty. ~~Given the full prepayment model used for ILSFA REC delivery contracts coupled with the reality that accomplishing energy sovereignty may entail confirmation of progress well after the project's energization, certain subparagraphs within Section 1-56(b)(2) also expressly reference "additional program and contract requirements to ensure faithful compliance" with energy sovereignty standards.~~

Appendix G contains an analysis of the energy sovereignty concept, including what businesses models could be utilized to accomplish energy sovereignty and how those and other models may work within individual ILSFA sub-programs. ~~Additional discussion of energy sovereignty requirements for Illinois Solar for All sub-programs can be found in Chapter 8.~~

2.9.3.4.2.8.3.4. Small and Emerging Businesses

~~P.A. 102-0662 introduced new language into~~ Section 1-56(b)(2) ~~encouraging~~ encourages the Agency to "make every effort to ensure that small and emerging businesses, particularly those located in low-income and environmental justice communities, are able to participate in the Illinois Solar for All Program." ~~This language provides no definition for what constitutes a "small" or "emerging" business, but does list activities that would constitute such efforts: proactive support from the program administrator~~ Program Administrator; different or preferred access to subprograms and ~~administrator customers identified customers by the administrator~~ or grassroots ~~education provider identified customers~~ educators, and different incentive levels. This Plan's approach to supporting small and emerging businesses under Illinois Solar for All can be found in Chapter 8.

~~This new language contains a reporting requirement, through which the IPA “shall~~ Section 1-56(b)(2) ~~requires that the IPA “report on progress and barriers to participation of small and emerging businesses in the Illinois Solar for All Program at least once a year.” –That report must be made available on the IPA’s website and included with the Long-Term Plan in applicable years. The Agency plans to report on this information beginning in 2024.~~

2.9.4.2.8.4. Illinois Solar for All—Third-party Program Administrator

~~To assist the Agency in its administration of the Illinois Solar for All Program,~~ Section 1-56(b)(5) permits the Agency to retain a third-party program administrator (or administrators) through an RFQ/RFP solicitation and competitive bid process. The selection criteria and requirements must include, but are not limited to, “experience in administering low-income energy programs and overseeing statewide clean energy or energy efficiency services.”

~~Through revisions to Section 1-56(b)(2)(5), Illinois law now provides that the~~ The Illinois Solar for All program administrator “may be, but need not be, the same administrator as for the Adjustable Block Program.”¹⁵⁹ Through this Plan the Agency shall also determine “if individual subprograms of the Illinois Solar for All Program are better served by a different or separate Program Administrator.” ~~As a public body, however, retention of any such new or different Program Administrators could only be accomplished through a process otherwise consistent with state law.~~

In addition to the day-to-day administration of the Illinois Solar for All ~~Program~~ program (which includes review and approval of Approved Vendor and project applications, development and enforcement of program requirements, development of program materials and communications, interfacing with potential applicants, and related activities), the Program Administrator’s responsibilities ~~now~~ also include the following:

- Facilitating placement for graduates of Illinois ~~-based renewable energy-specific~~ job training programs, including the Clean Jobs Workforce Network Program and the Illinois Climate Works Pre-apprenticeship Program administered by the DCEO ~~Department of Commerce~~ and programs administered under Section 16-108.12 of the Public Utilities Act;
- Developing a web-based clearinghouse for ~~information available to both~~ job training program graduates and firms participating ~~-directly or indirectly,~~ in Illinois solar incentive programs; and
- Coordinating its activities with entities implementing electric and natural gas income-qualified energy efficiency programs, including customer referrals to and from such programs and sharing data, and connecting prospective low-income solar customers with any existing deferred maintenance programs where applicable.

~~In September 2018, after the conclusion of its RFQ and RFP process, the Agency contracted with Elevate Energy (“Elevate”) to serve as the third-party program administrator for the Illinois Solar for All Program.~~

2.9.5. Illinois Solar for All—Referrals

New paragraph (8) of Section 1-56(b) requires that, as part of the IPA’s Long-Term Plan development and update, the Agency develop plans for three additional sets of referral activities:

¹⁵⁹ 20 ILCS 3855/1-56(b)(5).

- ~~(A) Actions to refer customers from the Illinois Solar for All Program to electric and natural gas income-qualified energy efficiency programs, and vice versa, with the goal of increasing participation in both programs;~~
- ~~(B) Effective procedures for data sharing, as needed, to effectuate referrals between the Illinois Solar for All Program and both electric and natural gas income-qualified energy efficiency programs, including sharing customer information directly with the utilities, as needed and appropriate; and~~
- ~~(C) Efforts to identify any existing deferred maintenance programs for which prospective Solar for All Program customers may be eligible and connect prospective customers for whom deferred maintenance is or may be a barrier to solar installation to those programs.~~

~~The Agency's approach for these activities can be found in Chapter 8.~~

2.10.2.9. Diversity, Equity, and Inclusion Requirements

~~Public Act 102-0662 created new requirements and authorities for the IPA designed~~ Section 1-75(c-10) directs the IPA to ensure "priority access to the clean energy economy for businesses and workers from communities that have been excluded from economic opportunities in the energy sector, have been subject to disproportionate levels of pollution, and have disproportionately experienced negative public health outcomes." ~~To advance that objective, Section 1-75 now includes five new subparagraphs.~~

The first element of the diversity and equity framework, Section 1-75(c-10), directs the Agency to develop an equity accountability system, which shall include: minimum equity standards applicable to all applicants to the Agency's renewable energy procurements under Section 1-75(c); the Equity Eligible Contractor category within the ABP Illinois Shines program (see Chapter ~~107~~); and "equity prioritization for noncompetitive procurements" that advance the equity goals of the Act.

All applicants ~~for to~~ the ~~Agency's renewable energy~~ Illinois Shines program, the Self-direct Program, and bidders in the competitive Indexed REC procurements must meet a ~~new minimum equity standard, defined in the law as Minimum Equity Standard ("MES"), such that~~ "at least 10% of the project workforce for each entity" ~~qualifying participating in a procurement program~~ qualify as equity eligible persons. The law requires that this percentage ~~increase to a statewide average of increases to~~ 30% by 2030, with the annual increase ~~in that interim~~ determined by the Agency in this ~~plan~~ Plan. The law prohibits participation in Agency ~~procurement procurements and~~ programs by an ~~approved vendor or designee entity~~ that failed to meet the ~~minimum equity standard~~ MES in the prior delivery year, and Section 1-75(c-30) provides explicit authority for the Agency to deny participation or withhold certification as an ~~approved vendor~~ Approved Vendor or ~~designee~~ Designee to enforce this standard.

The Agency interprets sub-section (c-10) and the Minimum Equity Standard as only applying to those renewable energy procurements and programs established through Section 1-75(c) of the Act, not to include the Illinois Solar for All program. Section 1-75(c-10) does not define "renewable energy procurements" ~~as used in this section~~ but does specify that the ~~10% minimum equity standard~~ MES applies to "each entity participating in a procurement program outlined in this subsection (c-10)." ~~Other requirements under this subsection, such as an annual compliance plan, are only required from~~ Elsewhere in (c-10), the law refers to "each entity participating in a procurement program of subsection (c) of this Section," and Section 1-75(c-30) provides that the penalty for non-compliance with (c-10) shall be to "deny the entity's ability to participate in procurement programs in subsection (c)." ~~The Agency therefore interprets this section as~~ Therefore, only ~~applying to those renewable~~

~~energy procurement~~ programs ~~established through and procurements listed in~~ Section 1-75(c) ~~of the Act, not to include the Illinois Solar for All Program. are subject to Section 1-75(c-10).~~

For competitive procurements, Section 1-75(c-10)(3) requires that the Agency “develop requirements for ensuring that competitive procurement processes, including utility-scale solar, utility-scale wind, and brownfield site photovoltaic projects, advance the equity goals” of the ~~new provisions of the~~ Act. Specifically, the Agency shall, through this Long-Term Plan, create “bid application requirements and a bid evaluation methodology” to ~~ensure that applicants engage equity eligible contractors and to~~ optimize the amount of contract value flowing to equity eligible contractors. Further details on this process may be found in Chapter 5. ~~The law~~ Section 1-75(c-10)(3) provides that the 10% ~~minimum equity standard~~ MES and other equity accountability requirements in Section 1-75(c-10) also apply to entities ~~participating in~~ competitive procurements “to the extent practicable.” ~~The Agency understands this to mean that~~ Therefore, bidders in competitive procurements will be required to ~~file compliance plans in a similar manner to Approved Vendors. As meet the concept of designees as used in the Adjustable Block Program (to identify entities working with an approved vendor on customer-facing activities such as sale, marketing, MES and installation) does not translate to the process of developing utility-scale projects, the entity that is the bidder for the project will be responsible for the submittal of the compliance plan. the associated reporting requirements.~~

Section 1-75(c-10)(4) ~~creates~~ requires that the Agency include several ~~new requirements to be included elements~~ in each revision to the ~~long-term renewable resources procurement plan~~ Long-Term Plan, which can be seen in full detail in Chapter 10, all of which provide ~~the infrastructure to facilitate and monitor transparency into~~ the success of the equity accountability system. These include:

1. A mechanism for measuring and reporting project workforce profiles at the ~~approved vendor~~ Approved Vendor or ~~designee~~ Designee level;
2. Training, guidance, and other support for ~~approved vendors, designees~~ Approved Vendors, Designees, eligible contractors, and other stakeholders related to the EEC category within ~~ABP the Illinois Shines program~~ and the ~~percentage minimum equity standards~~; MES;
3. An application process for a waiver of the ~~minimum equity standard~~ MES, which the Agency shall grant only in “rare circumstances” where the applicant provides evidence of “significant efforts” toward meeting the standard. Waivers are project-specific and only valid for a single delivery year.

The second ~~pillar~~ major element of the equity provisions ~~of P.A. 102-0662~~ empowers the Agency to ~~proactively~~ assess and attempt to ameliorate existing racial discrimination or disparities in ~~access to and rates of participation~~ in the clean energy economy. Section 1-75(c-15)(2) directs the Agency to publish a report assessing the efficacy of the equity accountability system ~~set out in subsection (c-10) described above~~ one year after ~~that system is implemented~~ implementation. The Agency subsequently must commission and publish a racial disparity study to “measure the presence and impact of discrimination on minority businesses and workers in Illinois’ clean energy economy” as a whole. ~~This study is to be conducted in collaboration~~ The Agency shall collaborate with other relevant state agencies, including the Department of Commerce and Economic Opportunity and the Department of Labor, in conducting the disparity study.

~~As demonstrated by the required studies in subsection (c-15), P.A. 102-0662 explicitly recognizes that “data collection, data analysis, and reporting are critical to ensure that the benefits of the clean energy economy ... are equitably distributed across the State” in Section 1-75(c-20). The third pillar of the new diversity and equity framework~~ Section 1-75(c-20) directs the Agency to “collect data from

program applicants in order to track and improve equitable distribution of benefits across Illinois communities for all procurements the Agency conducts.” Along with the assessment and disparity study described above, Section 1-75(c-20) embodies the statutory claim that “data collection, data analysis, and reporting are critical to ensure that the benefits of the clean energy economy ... are equitably distributed across the State.” Specifically, the law requires that the Agency collect demographic and geographic data, including racial and ethnic identity, from program applicants ~~and participants~~ regarding their employees, contractors, and subcontractors. Notably, the ~~agency~~ Agency must collect this information from each entity “awarded contracts under any Agency-administered program,” which is a wider universe of entities than those subject to the minimum equity standards, as that is limited to programs in Section 1-75(c). The Agency understands this distinction to require that the Agency collect demographic and geographic data from applicants to the ILSFA Program as well. That data shall be aggregated and published annually, ensuring transparency and public accountability.

Finally, Section 1-75(c-25) ~~establishes~~ requires that the ~~fourth pillar of the diversity and equity framework~~ Agency create an Energy Workforce Equity Database. ~~This Database, to be created~~ in consultation with the Department of Commerce and Economic Opportunity, This Database will facilitate the engagement of equity eligible contractors and persons on clean energy projects by serving as an easy to use, publicly available, and “searchable database of suppliers, vendors, and subcontractors for clean energy industries.” This subsection also directs the Agency to “create an easily accessible, public facing online tool using the database information,” within which the Agency ~~understands~~ has elected to be a separate resource from ~~house~~ the Energy Workforce Equity Database, ~~as its content is laid out in a separate subparagraph.~~

~~As described in the law, this~~ The online tool, branded as the Energy Workforce Equity Portal, shall include a broader set of capabilities and information, including:

1. “a map of environmental justice and equity investment eligible communities;
2. job postings and recruiting opportunities;
3. a means by which recruiting clean energy companies can find and interact with current or former participants of clean energy workforce training programs;
4. information on workforce training service providers and training opportunities;
5. renewable energy company diversity reporting;
6. a list of equity eligible contractors;
7. reporting on outcomes of the workforce programs of the Energy Transition Act; and
8. information about the Jobs and Environmental Justice Grant Program, the Clean Energy Jobs and Justice Fund, and other sources of capital.”

~~Additional features may also be considered to ensure that this online tool effectively accomplishes desired engagement and facilitation, and the Agency plans to take additional feedback on its design. The law does not provide a specific timeline for the Energy Workforce Equity Database or the related online tool. The Agency will collaborate with DCEO to develop these resources in an expeditious manner.~~

The Agency launched the Energy Workforce Equity Portal on January 31, 2023.

2.11.2.10. Self-direct Renewable Portfolio Standard Compliance Program

~~Also added through P.A. 102-0662 is subparagraph (R) of Section 1-75(c)(1); under this new subparagraph, (R) directs~~ the IPA ~~must to~~ “establish a self-direct renewable portfolio standard compliance program for eligible self-direct customers that purchase renewable energy credits from

utility-scale wind and solar projects through long-term agreements.” —Chapter 6 outlines requirements applicable to ~~this new self~~the Self-direct ~~program, and a brief overview of the program can be found below~~Program.

~~This new self~~The Self-direct ~~program~~Program has three main components ~~for determining eligibility for successful participation to participate~~: customer requirements; project requirements ~~applicable to~~for the ~~renewable energy~~ project from which that customer retires RECs or has RECs retired on its behalf; and contract requirements applicable to the contract through which the customer receives those RECs.

~~A qualifying~~An eligible self-direct customer must be a retail customer of an Illinois electric utility with a peak demand of at least 10,000 kilowatts. ~~Thus, this program is intended to provide self-direct RPS benefits back to only large customers, although customers~~Customers with the same corporate parents may aggregate account demands to meet this 10,000-kilowatt threshold.

That customer must have a contract ~~for the delivery of RECs~~ with a renewable energy project ~~for the delivery of RECs~~. That project must be a “new” utility-scale wind or utility-scale solar project ~~which that~~ meets the locational requirements of Section 1-75(c)(1)(R)(2)(ii) of the Act (or that were otherwise in place at the time of the contract’s execution). ~~If those contracts were entered into after the effective date of Public Act 102-0662, that project must also meet applicable labor and diversity, equity, and inclusion requirements that would otherwise be applicable to new utility-scale wind and utility-scale solar projects.~~

~~Certain requirements also apply to the contract instrument itself—mainly, that it~~The contract for RECs must be a long-term contract, which Section 1-75(c)(1)(R)(2) defines as “at least 10 years” in length, ~~and that it, RECs retired~~ must “be equivalent in volume to at least 40% of the eligible self-direct customer’s usage, ~~determined annually by the eligible self-direct customer’s usage during the previous delivery year, measured to the nearest megawatt-hour.~~” ~~This volumetric,~~ although a participating customer may meet this 40% requirement may be met through ~~multiple~~ contracts with multiple qualifying new utility-scale wind or solar projects.

The benefit back to a customer successfully participating in the self-direct program is a reduction in charges levied (or “credit”) to support the RPS pursuant to Section 16-108(k) of the PUA. ~~That credit is calculated as “the anticipated cost of renewable energy credit deliveries under contracts for new utility-scale wind and new utility-scale solar entered for each delivery year after the large energy customer begins retiring eligible new utility scale renewable energy credits for self-compliance.”~~ Notably, that credit back to participating customers cannot include “(i) costs associated with any contracts entered into before the delivery year in which the customer files the initial compliance report to be eligible for participation in the self-direct program, and (ii) costs associated with procuring renewable energy credits through existing and future contracts through the Adjustable Block Program, subsection (c-5) of this Section 1-75, and the Solar for All Program.”¹⁶⁰ ~~In its Final Order approving the Plan in Docket No. 22-0231, the Illinois Commerce Commission determined that “a three-year rolling average of eligible utility-scale REC delivery contracts” be used to establish the self-direct credit value.~~¹⁶¹ Thus, Section 1-75(c)(1)(R) lacks a single known, discrete credit level back

¹⁶⁰ 20 ILCS 3855/1-75(c)(1)(R)(4).

¹⁶¹ Final Order, ICC Docket No. 22-0231, ~~Final Order dated July at 40 (Jul. 14, 2022 at 40).~~

to qualifying self-direct customers (as the cost of utility-scale contracts in future years is not yet knowable and will change over time).

For RPS goals, targets, and budgets, Section 1-75(c)(1)(R)(3) provides that each REC procured pursuant to the self-direct program “shall reduce the total volume of renewable energy credits the Agency is otherwise required to procure from new utility-scale projects on behalf of contracting utilities where the eligible self-direct customer is located.” ~~–~~Additionally, the “reduction in the volumetric charges collected pursuant to Section 16-108 of the Public Utilities Act for approved eligible self-direct customers” reduces the available RPS budget—although the amount of that reduction is dependent on the level of the credit back to approved customers, and as outlined above, those credit amounts will vary over time.

More information about ~~this new~~ the self-direct program, including initial analysis on the potential program size, can be found in Chapter 6. ~~The self-direct RPS compliance program is scheduled to begin receiving initial applications in February 2023, with customer participation beginning June 1, 2023.~~

3. REC Portfolio, RPS Goals, Targets, and Budgets

3.1. Background

~~In 2007,~~ Illinois ~~originally~~ established the state's Renewable Portfolio Standard ~~in 2007~~ through Public Act 95-0481, ~~which became effective on June 1, 2008.~~ The annual percentage goals set for the RPS were calculated relative to ~~the~~ "eligible retail load," which ~~was~~ defined as the load of residential and small commercial customers ~~that received~~ receiving fixed-price bundled service from their utility ~~rather than instead of~~ service from an ARES, or real-time pricing. Beginning ~~within~~ the 2008-2009 delivery year, the procurement of renewable energy resources for Illinois RPS compliance ~~started~~ with targeted at least 2% of the "eligible retail load" with a ~~targeted~~ schedule to increase to 25% ~~of the load of eligible retail customers~~ by the 2025-2026 delivery year. ~~Surcharges~~ Tariffs were assessed to those default supply customers (and only those customers) to support renewable energy resource procurements intended to meet these RPS goals.

In 2009, Public Act 96-0033 added Section 16-115D to the Public Utilities Act, ~~which created~~ creating separate RPS obligations for ARES. ARES RPS compliance was based on the total metered electricity delivered by the ARES to retail customers in Illinois, ~~but with very different compliance mechanisms as explained in Section 2.1.3 above—namely,~~ This compliance mechanism differed from compliance for default service supply, as ARES compliance was effectuated through the payment of Alternative Compliance Payments and the self-procurement/retirement of RECs from a broad geographic footprint.

In 2017, Public Act 99-0906 significantly revised ~~the Illinois~~ RPS goals ~~by phasing. P.A. 99-0906 phased out the~~ ARES compliance obligations over a two-year period ending on May 31, 2019, and established goals for ~~the entire~~ retail customer load in Illinois (see Appendix B and, Section 2.2.2.3 for more information). Just as goals ~~are now~~ applied applicable to all retail customer load, ~~so did rather than just the eligible retail load,~~ the applicable funding mechanism ~~—also changed: with RPS goals now applicable to all retail customer load,~~ P.A. 99-0906 authorized non-bypassable charges ~~began being levied~~ applicable to all retail customers, regardless of supply source, ~~to support RPS activities intended to meet RPS goals now applicable to all retail customer load. Likewise, these. These~~ revisions ~~also~~ consolidated the RPS into a single, centralized planning mechanism for procurements and programs as described in this Plan.

~~In 2021, with~~ With the enactment of Public Act 102-0662 on September 15, 2021, the Illinois RPS was further revised and expanded ~~through changes,~~ including new more aggressive RPS goals. These included increasing ~~by 3% each year after the 2025-2026 delivery year (by which "25% by 2025" would be reached) to reach RPS goal to reach a target of~~ 40% by the 2030-2031 delivery year ~~and,~~ with a further goal to reach 50% by the 2040-2041 delivery year. These percentages reflect the ~~amount~~ quantity of RECs required to be procured for a given delivery year ~~as a percentage of divided by the~~ delivery year load; ~~thus,~~ An illustrative example of this calculation: if statewide retail customer load in 2040 is 120 million MWh, then under a 50% RPS goal, 60 million RECs would need to be procured for annual delivery ~~to meet this goal.~~ P.A. 102-0662 ~~also~~ additionally enacted substantial changes to specific quantitative targets for new wind and solar projects – 45 million RECs delivered annually by 2030 ~~from new wind and solar projects—and a significant expansion of RPS budgets, including additional.~~ P.A. 102-0662 also substantially expanded the RPS budget and provided added budget management flexibility around through rolling over prior years' collections to meet future years' expenses ~~—with the intent to prevent budgetary shortfalls.~~

~~As the~~ Under the Illinois RPS, Illinois electric utilities serve as the counterparty ~~Buyers to buyers of~~ RECs under REC delivery contracts (with those REC purchases ~~then~~ funded through non-bypassable charges assessed to those utilities' ratepayers), ~~this compliance is also assessed at the utility level. outlined in the paragraph above).~~¹⁶² The ~~resulting analysis includes a determination of what quantity in this chapter outlines the quantities of RECs presently is, and ultimately needs to be, under contract, and the remaining quantities needing to be brought under contract,~~ to meet the applicable RPS percentage goal of each utility's retail customer load. ~~Many of the~~ The graphs and tables ~~herein in this chapter~~ outline RPS progress by RECs under contract for Commonwealth Edison Company, Ameren Illinois, and MidAmerican Energy Company.

As used in this ~~brief explanation and throughout this Plan, the Agency considers~~ Chapter, a "goal" ~~is intended to be mean~~ an overall percentage of load to be procured in the form of RECs for a given year based upon that year's mandated RPS requirement.¹⁶³ By contrast, a "target" is the number of RECs for a specific procurement event or program based upon a specific goal or numerical mandate.

The Tables and Figures contained in this chapter of the draft 2024 Long-Term Plan will be updated ~~by the when this plan is filed for ICC Approval, and again when the final 2024 Long-Term Plan is published. The Agency on a intends to begin releasing quarterly basis updated REC and will be published Budget forecasts on the Agency's website. As this Plan was finalized beginning in August 2022 and reflects updated inputs where available, the Agency expects the first standalone update to be published by November 2022 2024.~~

3.2. REC Portfolio

For the planning and development of the ~~various~~ procurements and programs under this ~~2022 draft~~ 2024 Long-Term Plan, the Agency ~~has~~ aggregated the utility-level portfolios of all existing RECs under contract, ~~which includes all expected including~~ RECs under the ~~Adjustable Block Program Illinois Shines~~ and ~~all expected Illinois Solar for All Programs~~¹⁶⁴ and RECs under contract through competitive procurements, into a single, statewide portfolio ~~of including both 1) projects energized and delivering RECs, and 2) projects under development that are projected to begin delivering RECs in the future.~~ The statewide portfolio can then be examined against REC goals and targets mandated in the Act to ~~estimate gaps that need determine the "REC shortfall." That shortfall then informs the quantity of RECs proposed to be filled procured through future procurement of RECs. Indexed REC procurements, the Illinois Shines Program, and the Illinois Solar for All Program during the time period applicable to this plan (the 2024-2025 and 2025-2026 program years).~~

The following sections examine existing REC portfolios and the resulting statewide REC Portfolio after accounting for expected deliveries of RECs resulting from REC delivery contracts executed to date.¹⁶⁵

¹⁶² As discussed in Chapter 8, a portion of contracts for the Illinois Solar for All Program feature the Illinois Power Agency as the counterparty buyer rather than one of the utilities.

¹⁶³ For example, the RPS "goal" for the 2022-2023 delivery year is 19% of the retail load.

¹⁶⁴ As discussed in Chapter 8, the Adjustable Block Program is now referred to as the Illinois Shines Program.

¹⁶⁵ Appendix B-1 contains breakdowns of RPS goals and budget by each utility.

3.2.1. Existing REC Portfolios – RECs Already Under Contract

Figure 3-1 and Table 3-1 ~~show~~shows the aggregated statewide portfolio and the existing REC portfolio of each utility as of August ~~23, 2022~~1, 2023. This includes RECs from the following categories:

- RECs procured under the Long-Term Power Purchase Agreements (LTPPAs”) entered into in 2010 (20~~-~~year contracts);
- RECs procured under the Distributed Generation procurement events conducted by the IPA in 2015, 2016, and 2017 (5-year contracts that, in some cases, expire during the period outlined below);
- RECs procured under the initial forward procurements ~~the~~and additional competitive procurement events conducted ~~to date~~ by the IPA pursuant ~~to the Initial Plan, and the Spring 2022 between 2017 and 2019~~;¹⁶⁶
- Indexed REC ~~procurement~~procurements conducted in 2022 and Spring 2023;
- RECs procured and under contracts resulting from the Adjustable Block Illinois Shines Program and the Illinois Solar for All Program, ~~which includes the~~;
- RECs ~~associated with the reopening of the Adjustable Block Program in December 2021. procured under the Coal to Solar and Energy Storage Initiative in the spring of 2022.~~¹⁶⁷

~~As discussed further below, the Total RECs under contract has declined slightly relative to the IPA’s April 20, 2020 Final First Revised Plan, as this figure now accounts for project attrition (i.e., projects under REC delivery contracts not planning to be developed, or otherwise not planning to perform under REC delivery contracts) from projects receiving REC delivery contracts under the IPA’s Forward Procurement events.~~

The ~~utilities’ existing REC portfolios can be assembled to produce the Statewide REC Portfolio is presented in Figure 3-1. This Figure provides an overview of~~ Figure 3-1. Figure 3-1 shows the volume of RECs ~~presently~~ expected to be delivered ~~to meet the various RPS goals and targets mandated in the Act. Table 3-1 provides a breakdown of under existing contracts. Table 3-1 shows the Statewide REC Portfolio by utility and by technology. The decline in RECs over time reflects the end of delivery terms from the 2010 Long-Term Power Purchase Agreements, the 2017-19 Forward Procurements, and Illinois Shines and Illinois Solar for All projects. Data sources used to generate these figures in Figure 3-1 and Table 3-1 are provided in Appendix B to this Plan, including a breakdown by utility.~~

¹⁶⁶ Quantities have been adjusted to account for project attrition (i.e., projects that were awarded REC delivery contracts but were not completed under the terms of those contracts).

¹⁶⁷ RECs procured under this initiative are not funded by the RPS collections of the utilities, rather are funded by a separate Coal to Solar and Energy Storage Initiative Charge. These RECs are only allocated to Ameren Illinois and ComEd, not MidAmerican. A second procurement occurred in the fall of 2022 and no projects were selected. See: 20 ILCS 3855/1-75(c-5) and <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/public-notice-of-spring-2022-c2s-procurement-results-2022-4-29.pdf>.

Figure 3-1: Current Statewide REC Portfolio (By Expected Delivery Year)

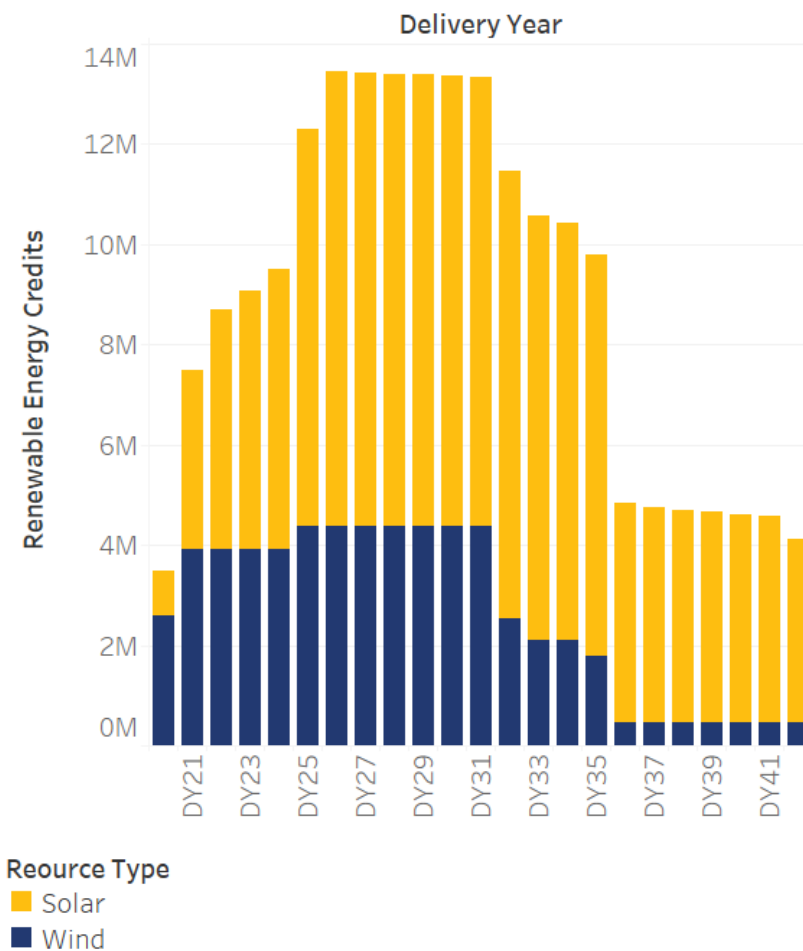
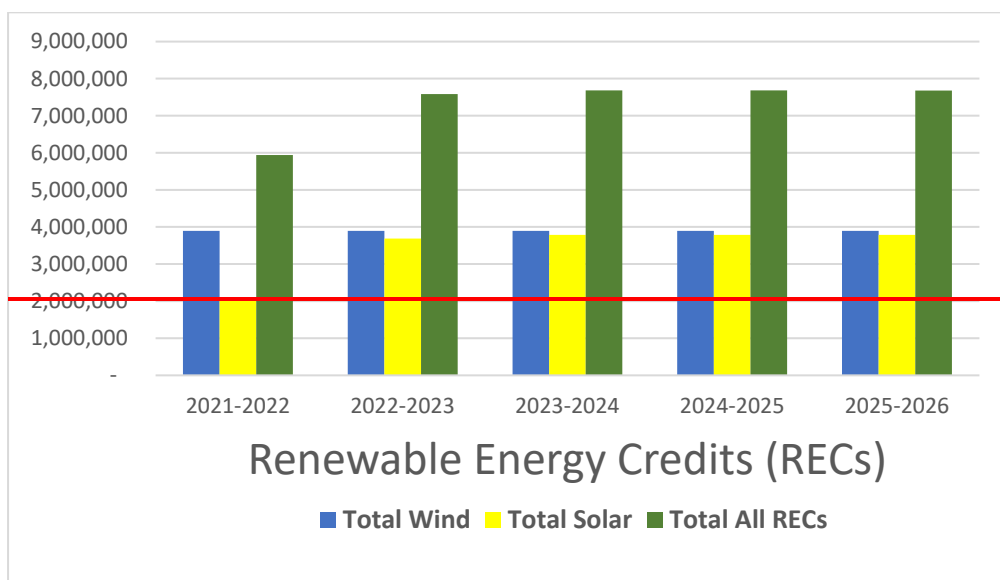


Table 3-1: Current REC Portfolio by Utility (By Expected Delivery Year)

Delivery Year	Ameren		ComEd		MidAmerican	
	Total Wind RECs	Total Solar RECs	Total Wind RECs	Total Solar RECs	Total Wind RECs	Total Solar RECs
2020-21	810,680	228,778	1,747,320	516,265	2,409	426
2021-22	1,202,387	562,473	2,686,725	1,494,514	6,816	7,452
2022-23	1,202,387	1,117,201	2,686,725	2,859,966	6,816	13,382
2023-24	1,202,387	1,308,924	2,686,725	3,172,893	6,816	14,321
2024-25	1,202,387	1,302,379	2,686,725	3,170,142	6,816	14,259
2025-26	1,461,386	1,557,185	3,019,972	3,860,406	7,906	16,466
2026-27	1,460,092	1,549,398	3,019,972	3,854,211	7,906	16,395
2027-28	1,458,803	1,541,650	3,019,972	3,848,054	7,906	15,725
2028-29	1,457,521	1,533,941	3,019,972	3,841,937	7,906	15,555
2029-30	1,456,245	1,526,270	3,019,972	3,835,876	7,906	15,158
2030-31	1,454,976	1,518,638	3,019,972	3,829,846	7,906	15,061

These totals

Delivery Year	Utility					
	Total Solar RECs			Total Wind RECs		
	Ameren	ComEd	MidAmerican	Ameren	ComEd	MidAmerican
DY23	1,493,353	3,630,518	22,513	1,198,204	2,718,704	10,336
DY24	1,591,099	3,946,745	25,612	1,198,204	2,718,704	10,336
DY25	2,325,756	5,554,220	35,346	1,331,426	3,043,180	12,638
DY26	2,652,391	6,349,691	40,991	1,331,426	3,043,180	12,638
DY27	2,646,856	6,336,105	40,897	1,331,426	3,043,180	12,638
DY28	2,641,357	6,322,639	40,801	1,331,426	3,043,180	12,638
DY29	2,635,840	6,309,148	40,707	1,331,426	3,043,180	12,638
DY30	2,630,348	6,295,757	40,609	1,331,426	3,043,180	12,638
DY31	2,624,936	6,282,493	40,518	1,331,426	3,043,180	12,638
DY32	2,619,349	6,269,151	40,427	731,426	1,781,455	12,638
DY33	2,487,856	5,953,517	38,910	606,892	1,478,141	10,486
DY34	2,435,192	5,847,574	38,818	606,892	1,478,141	10,486
DY35	2,336,199	5,618,518	37,735	520,008	1,266,526	8,985
DY36	1,282,349	3,070,774	24,221	133,223	324,476	2,302
DY37	1,261,488	2,991,137	24,143	133,223	324,476	2,302
DY38	1,250,808	2,953,969	23,273	133,223	324,476	2,302
DY39	1,237,140	2,941,799	23,195	133,223	324,476	2,302
DY40	1,232,721	2,902,175	23,116	133,223	324,476	2,302
DY41	1,219,207	2,868,807	23,040	133,223	324,476	2,302
DY42	1,095,217	2,545,911	17,574	133,223	324,476	2,302

Figure 3-1 and Table 3-1 do not ~~account for the additional forecast future~~ procurements quantities or program capacity proposed in this and future Long-Term Plans. ~~Consequently, these totals do not constitute the IPA's projections of progress toward meeting RPS goals in upcoming delivery years; they merely reflect the~~ These tables are meant to serve as a snapshot reflecting the current Statewide REC Portfolio given REC delivery contracts ~~presently in place~~ currently active as of the ~~finalization~~ release of this ~~2022~~ draft 2024 Long-Term Plan ~~and serve as a snapshot of the current status of the RPS portfolio. Table 3-5. Similarly, Figure 3-3 and Figure 3-2 below which describe the gap in RECs remaining to be procured, include estimates of how the REC portfolio will grow with additional RECs associated with the actual volumes from the Adjustable Block Program reopening, and the results of the May 2022 procurement for RECs from utility-scale wind, solar, and brownfield site photovoltaic projects. Table 3-5 show current RECs under contract if there were no future procurements or program activities.~~

As available annual RPS budgets have increased ~~significantly~~ through P.A. 102-0662's changes to Section 1-75(c)(1)(E) of the IPA Act (increasing the statutory rate impact cap) and Section 16-108(k) of the PUA (allowing for prior years' collections to be rolled over to meet future years' expenses over a 5-year period on a "first in, first out" basis), ~~additional~~ increased funds ~~are now~~ were made available to support procurement activity toward meeting RPS targets and goals. The IPA is thus proposing

additional program activity and procurement events ~~that would serve~~ to significantly increase the balance of RECs under contract in future delivery years. Section ~~3.4.6~~ 3.4.6 below provides an overview of how the REC portfolio (and associated budget impacts) would change as a result of these proposed activities. ~~However, as discussed in that section and in Sections 3.4.7, 3.4.8, and 3.4.9 future costs and resultant budget impacts are highly uncertain. While the budget forecast contained later in this Chapter anticipates a funding shortfall in the 2030s, future Long-Term Plans will provide opportunities to alter proposed procurement volumes and update forecasts to better align activities with available funding.~~

3.3. RPS Goals and Targets

Developing the ~~2022~~2024 Long-Term Plan ~~first~~ involves ~~calculation of~~calculating the annual REC targets and goals required by statute, and ~~next then~~ determining the quantities of RECs ~~that need~~ to be procured to fill ~~identified gaps~~the shortfall between RECs under contract and RECs needed to ~~be procured. In the prior Section, a statewide current REC portfolio was presented reach the statutory targets and goals.~~ The REC quantities ~~shown in that portfolio will be~~ Figure 3-1 are used ~~in conjunction~~along with the REC targets and goals outlined in this Section to estimate REC “~~gap~~sshortfall” that need to be filled ~~over time~~ to meet statutory RPS goals and targets. ~~Filling the shortfall will be addressed both through this Long-Term Plan and future Long-Term Plans.~~

The volume of RECs ~~that need~~ to be procured ~~throughby~~ the Agency’s procurements and programs can be viewed in two ways. First, as the “REC Target ~~REC Gap~~”Shortfall,” which is the quantity needed to meet the specific quantitative targets found in Section 1-75(c)(1)(C) of the Act (e.g., 45 million RECs from new wind and solar by 2030); and second, as the “REC Goal ~~REC Gap~~”Shortfall” which is quantity needed to meet the annual percentage based goals found in Section 1-75(c)(1)(B) of the Act (which could include RECs that are not from “new” wind or solar, such as RECs delivered under the LTPPAs). As described below, the REC Target ~~REC Gap~~Shortfall has only two milestone check-ins under statute: a 2020-2021 delivery year target (10 million RECs delivered annually) and a 2030-2031 delivery year target (45 million RECs delivered annually). In contrast, as Section 1-75(c)(1)(B) assigns specific percentage ~~increases off of~~escalator from a baseline to each individual delivery year, the REC Goal ~~REC Gap~~Shortfall can be calculated on an annual basis.

3.3.1. RPS Goals

RPS annual goals are expressed as percentages in Section 1-75(c)(1)(B) of the Act. To determine the number of RECs required to meet the goals (the “Overall RPS Target”), the delivery year RPS goal is applied to the reference year applicable retail customer load (“Applicable Load”) as shown in ~~the following equation (1).~~

$$\text{Delivery Year Equation 3-1: Overall RPS Target} = \frac{\text{Delivery Year RPS Goal} * \text{Reference Year}}{\text{Applicable Load}}$$

~~This Chapter contains calculations of REC Portfolio, RPS goals and targets, and summaries of RPS budgets for delivery years 2021-2022 through 2026-2027. Additional details are available in Appendix B.~~¹⁶⁸

¹⁶⁸ Appendix B-1 contains breakouts of the information contained in this chapter by utility. Appendix B-2 is the full spreadsheet model used to generate the tables and figures contained herein. The spreadsheet is available on the Agency’s website in Excel format at <https://ipa.illinois.gov/energy-procurement/2022-ltrpp-appendices.html>.

Through changes to the RPS made via P.A. 99-0906, the annual RPS percentage goal is applied to the total retail electricity load rather than the “eligible retail load.” These goals were further extended by P.A. 102-0662 to increase by 3% after the 2025-2026 delivery year.

$$\text{Overall RPS Target}_{\text{Delivery Year}} = \text{RPS Goal}_{\text{Delivery Year}} * \text{Reference Year Applicable Load}$$

Table 3-2: Annual RPS Goals

<u>Delivery Year</u>	<u>Goal (% of total retail electricity sales)</u>
2021-2022	19.0%
2022-2023	20.5%
2023-2024	22.0%
2024-2025	23.5%
2025-2026	25.0%
2026-2027	28.0%
2027-2028	31.0%
2028-2029	34.0%
2029-2030	37.0%
2030-2031	40.0%

As a result of the funding challenges that constrained RPS activities in previous years, meeting the current RPS goals of the IPA Act would require procuring approximately 17 million additional RECs for the 2022-2023 delivery year and increasing to the forecasted procurement of an additional 40 million RECs for the 2031-2032 delivery year. Achieving these goals would require a substantial increase in new renewable energy generation under contract, likely requiring well over 10,000 MW of new renewable energy generation.

~~This 2022~~

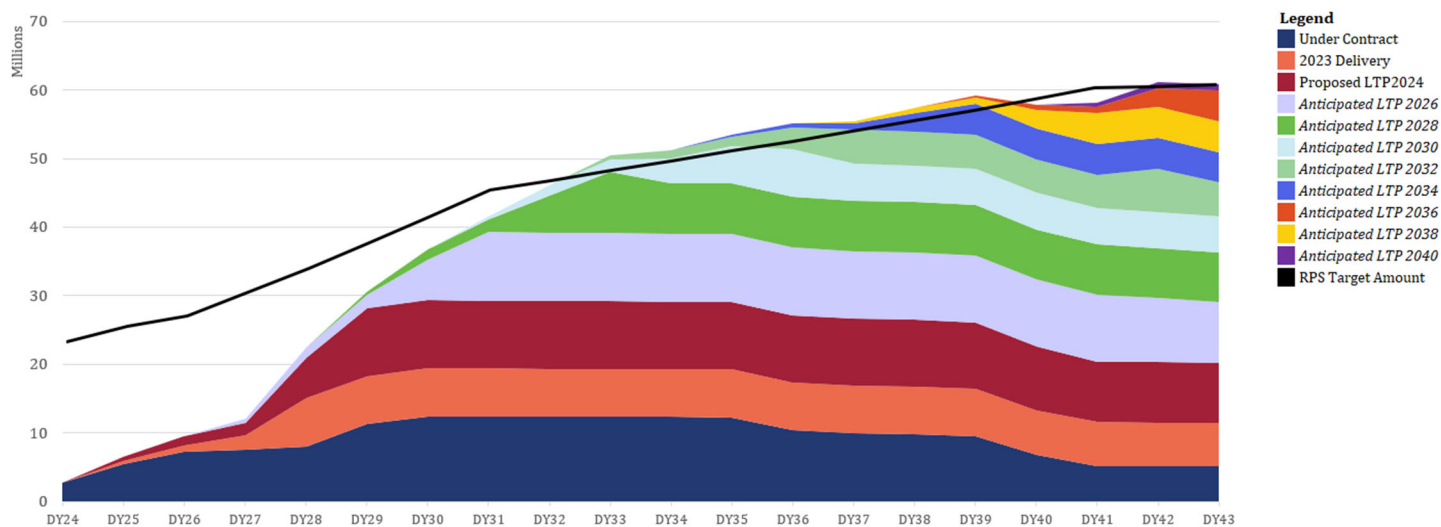
Delivery Year	Goal (% of total retail electricity sales)
2023-2024	22%
2024-2025	24%
2025-2026	25%
2026-2027	28%
2027-2028	31%
2028-2029	34%
2029-2030	37%
2030-2031	40%
2031-2032	41%
2032-2033	42%
2033-2034	43%
2034-2035	44%
2035-2036	45%
2036-2037	46%
2037-2038	47%
2038-2039	48%
2039-2040	49%
2040-2041	50%
2041-2042	50%
2042-2043	50%

The 2024 Long-Term Plan presents the start of a ramping up of proposed procurement and program activities towards meeting these annual percentage goals. However, given the present gaps building off those proposed and implemented through the 2022 Long-Term Plan. However, targets and goals contained in the IPA Act, paired with challenges related to supply chains, length of time needed for construction activities, and ongoing interconnection delays, create a significant challenge. Actual project energization and REC delivery commencement often occurs years after when RECs are brought under contract, especially for larger projects. Given this lag, it will take several many years of procurements to catch up on compliance with these annual RPS goals.

illustrates how RECs already under contract (either from projects currently delivering RECs, or expected to deliver RECs once completed), RECs from activities underway pursuant to the 2022 Long-Term Plan,¹⁶⁹ RECs from procurements and programs proposed in this draft 2024 Long-Term Plan, and estimates of RECs that could be on that procurement trajectory, with additional time required for project development and construction for procured from programs and procurements proposed in future Long-Term Plans can meet these REC delivery goals to be achieved.

¹⁶⁹ This includes 2023-2024 program year blocks for Illinois Shines, and procurement volumes for the Fall 2023 Indexed REC Procurement. That procurement includes ambitious wind targets. As discussed in Section 5.5.1 recent Indexed REC procurements have not successfully procured RECs from utility-scale wind projects and the Agency is endeavoring to address the challenges faced by wind developers. If these procurement targets are not met, targets for future year procurements could be adjusted accordingly.

Figure 3-2: Current and Future Expected REC Procurement Volumes



3.3.2. RPS Targets

As amended by P.A. 102-0662, Section 1-75(c)(1)(C) of the Act ~~now~~ requires the procurement of RECs “from new projects” in an amount equal to at least “10,000,000 renewable energy credits delivered annually by the end of the 2021 delivery year, and increasing ratably to reach 45,000,000 renewable energy credits delivered annually from new wind and solar projects by the end of delivery year 2030” such that the percentage-based RPS goals outlined above “are met entirely by procurements of renewable energy credits from new wind and photovoltaic projects.”¹⁷⁰

Of the target amount, 45% is required to be procured from wind projects and 55% from photovoltaic projects. Of the amount to be procured from photovoltaic projects, 50% is to be procured through the ~~Adjustable Block~~ Illinois Shines Program, 47% from utility-scale solar projects, and 3% from brownfield site photovoltaic projects.¹⁷¹ ~~These percentages are minimums of a whole, thus creating individual targets within broader targets, which~~ Targets may be exceeded in given categories even if doing so leaves overall proportions aligned differently from those percentages. ~~Table 3-3, given the carveouts are minimums required.~~ Table 3-3 summarizes these targets by resource type.

Table 3-3: New Wind and Solar Targets

Resource Category	2020-2021 Target	2030-2031 Target
New Wind	4,500,000	20,250,000
New Solar	5,500,000	24,750,000
Adjustable Block Program	2,750,000	12,375,000
Utility-Scale Solar	2,585,000	11,632,500

¹⁷⁰ 20 ILCS 3855/1-75(c)(1)(C)(i).

¹⁷¹ Id.

Brownfield Site Solar	165,000	742,500
Total	10,000,000	45,000,000

Resource Category	2020-2021 Target	2030-2031 Target
New Wind	4,500,000	20,250,000
New Solar	5,500,000	24,750,000
Illinois Shines Program	(2,750,000)	(12,375,000)
Utility-Scale Solar	(2,585,000)	(11,632,500)
Brownfield Site Solar	(165,000)	(742,500)
Total	10,000,000	45,000,000

3.3.3. Applicable Retail Customer Load Used to Calculate RPS Goals

Based on forecasts received from the utilities, ~~Table 3-4~~ Table 3-4 shows the forecasted retail customer load subject to RPS compliance through the ~~2030-2031~~ 2042-2043 delivery year.¹⁷²

Table 3-4: Forecast Retail Customer Load Applicable to the Compliance Year (MWH)

Compliance Year	Ameren	ComEd	MidAmerican
2020-2021	35,620,835	84,760,183	471,451
2021-2022	35,458,611	83,931,773	533,051
2022-2023	35,074,493	84,697,302	530,533
2023-2024	34,924,843	85,136,939	530,949
2024-2025	34,518,654	85,134,247	530,479
2025-2026	34,329,725	84,907,691	530,299
2026-2027	34,329,725	85,035,977	530,381
2027-2028	34,329,725	85,385,509	530,798
2028-2029	34,329,725	85,957,787	531,105
2029-2030	34,329,725	86,103,305	531,451
2030-2031	34,329,725	86,473,068	531,835

¹⁷² As customary, in support of the IPA procurement processes, in the ~~fall~~ spring of ~~2024~~ 2023 the utilities provided the actual and forecast loads used in this ~~2022~~ 2024 Long-Term Plan.

Compliance Year	Ameren	ComEd	MidAmerican
2023-2024	34,318,519	83,656,064	526,943
2024-2025	33,963,265	82,956,872	528,398
2025-2026	33,546,578	81,934,523	528,060
2026-2027	33,164,502	81,560,529	529,850
2027-2028	32,936,208	81,592,931	530,429
2028-2029	32,936,208	81,884,475	531,365
2029-2030	32,936,208	81,977,065	531,528
2030-2031	32,936,208	82,659,806	532,426
2031-2032	32,936,208	83,303,405	533,005
2032-2033	32,936,208	84,058,940	533,755
2033-2034	32,936,208	84,423,663	533,928
2034-2035	32,936,208	85,015,848	534,300
2035-2036	32,936,208	85,450,293	534,645
2036-2037	32,936,208	85,967,286	534,964
2037-2038	32,936,208	86,216,092	535,259
2038-2039	32,936,208	86,766,903	535,529
2039-2040	32,936,208	87,214,468	535,776
2040-2041	32,936,208	87,748,951	536,002
2041-2042	32,936,208	88,116,802	536,207
2042-2043	32,936,208	88,491,503	536,391

For the forecast quantity used for the ~~2022-2023~~ 2024 delivery year, the Ameren Illinois load declined ~~0.04~~ 1.7% from the forecast numbers included in the ~~First Revised 2022~~ Long-Term Plan; for ComEd, it declined by ~~0.03~~ 5%; and for MidAmerican it ~~increased~~ decreased by ~~2.01~~ 0.8%. These ~~small~~ changes in forecasted load will have a corresponding ~~minor~~ impact on estimated annual RPS goals and budget collections. The impact of variations in load forecasts is discussed further in Section 3.4.8.

The retail customer load serves as the denominator in calculating RPS Goals. ~~In other words~~ illustratively, if retail load were 100,000,000 million MWH in a year where the goal was 25%, then the REC Goal would be 25% of 100,000,000 million—or 25,000,000 million RECs delivered annually. If, for that given year, 10,000,000 million RECs had been procured ~~for that year~~, then the resulting REC Goal ~~REC Gap~~ Shortfall for that given year would be 15,000,000 million RECs.

~~Over time~~ As the, the Large Customer Self-Direct Program described in Chapter 6 expands, it will also serve to reduce that denominator, as Section 1-75(c)(1)(R)(2)(vii) states that “[e]ach renewable energy credit procured pursuant to this subparagraph (R) by a self-direct customer shall reduce the total volume of renewable energy credits the Agency is otherwise required to procure from new utility-scale projects pursuant to subparagraph (C) of paragraph (1) of this subsection (c) on behalf of contracting utilities where the eligible self-direct customer is located.” While this portion of the Self-Direct Program statute addresses only Section 1-75(c)(1)(C)’s targets, because Section 1-75(c)(1)(C)’s quantitative targets are a subset of Section 1-75(c)(1)(B)’s percentage-based goals, the IPA understands that any reduction in targets and load resultant from self-direct customer REC retirements would also necessitate an adjustment percentage-based REC Goal progress. ~~As these~~

~~Self-Direct Program-related adjustments have not yet been established or determined, no adjustments have been made for this 2022 Long-Term Plan. The Agency will update applicable figures in tables in the future as that information becomes available. For the 2023-2024 program year, the size of the Large-Customer Self-Direct Program is between 500,000 and 1 million RECs based two participating companies.¹⁷³ Additionally, the Large Customer Self-Direct Program will reduce RPS collections from customers. The RPS amounts listed in this Plan are adjusted for the current level of program participation and crediting rate, which are both anticipated to increase in future years.~~

3.3.4. Overall REC Procurement Targets and Goals ~~--REC Gap~~ **Shortfall**

The overall number of RECs ~~needed~~ needing to be procured ~~for~~ each year to meet annual ~~Goal~~ REC Gaptargets is the difference between the RPS Target RECs from ~~Table 3-5~~ Table 3-5 and the total number of current contracted RECs in the Statewide REC Portfolio as shown in ~~Figure 3-1~~ Figure 3-1. RECs currently under contract come from several sources. First, ~~are~~ are RECs from Long-Term Power Purchase Agreements ("LTPPAs") for utility-scale wind and solar ~~from a~~ procurement conducted in 2010; ~~second,~~ Second are RECs contracted from utility-scale wind, solar, and brownfield site photovoltaics from forward procurements conducted in 2018 through 2019 ~~and the first Indexed REC procurement conducted in Spring 2022; and under changes enacted through P.A. 99-0906.~~¹⁷⁴ The third, are RECs contracted through IPA Programs ~~which include~~ including RECs from the ~~Adjustable Block Program~~ Illinois Shines and RECs from the Illinois Solar for All Program. Fourth are RECs procured under the Coal to Solar Procurement events authorized under Section 1-75(c-5) of the IPA Act.¹⁷⁵ And fifth are RECs procured from three Indexed REC procurements across 2022 and the first half of 2023. For additional information on the LTPPAs ~~and~~ and forward procurements and Indexed REC procurements, please see Chapter 5. For additional information on the ~~Adjustable Block~~ Illinois Shines Program and the Illinois Solar for All, please see Chapters 7 and 8, respectively. Please note that the table below reflects the timing of expected *deliveries* from existing contracts resultant from procurement activity already conducted, ~~and. These are~~ not procurement event dates; as explained above, REC deliveries may lag ~~REC delivery~~ contract execution by 1-5 years depending on project size and complexity.

¹⁷³ See: <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/42023/self-direct-participant-announcement-41923.pdf>. The exact quantity is not released to protect confidential REC retirement quantities.

¹⁷⁴ These quantities are adjusted for project attrition as not all projects that participated in these procurements were completed under the terms of the REC delivery contracts.

¹⁷⁵ This procurement was not conducted under the auspices of a Long-Term Plan, rather was a standalone procurement process as defined in Section 1-75(c-5) of the IPA Act.

Table 3-5: Statewide ~~Overall Goal REC Gap~~ REC Shortfall, Current REC Portfolio ^{176, 177}

Delivery Year	2010 LTPPAs	ABP Under Contract	FEJA Forward Procurements	Coal to Solar	CEJA Indexed REC Procurements	ILSFA	Total RECs Under Contract	Overall RPS Target	REC Shortfall From Target
DY20	1,861,725	162,380	753,341	0	0	58,272	2,835,718	21,149,182	-13.41%
DY21	1,861,725	548,672	3,005,403	0	0	65,182	5,480,981	22,785,453	-24.05%
DY22	1,861,725	761,948	4,576,762	0	0	64,856	7,265,290	24,661,977	-29.46%
DY23	1,861,725	1,145,236	4,571,149	0	0	64,531	7,642,641	25,480,828	-29.99%
DY24	1,861,725	1,562,308	4,571,149	0	0	64,209	8,059,390	27,600,406	-29.20%
DY25	1,861,725	1,964,782	4,571,149	464,564	2,409,391	63,888	11,335,498	29,002,290	-39.08%
DY26	1,861,725	1,960,710	4,571,149	464,564	3,541,214	63,568	12,462,930	32,271,367	-38.62%
DY27	1,861,725	1,956,901	4,571,149	464,564	3,525,808	63,250	12,443,397	35,668,466	-34.89%
DY28	1,861,725	1,953,169	4,571,149	464,564	3,510,479	62,934	12,424,020	39,219,697	-31.68%
DY29	1,861,725	1,949,320	4,571,149	464,564	3,495,227	62,619	12,404,604	42,714,577	-29.04%
DY30	1,861,725	1,945,515	4,571,149	464,564	3,480,050	62,306	12,385,309	46,451,376	-26.66%
DY31	1,861,725	1,941,848	4,571,149	464,564	3,464,950	61,995	12,366,231	47,763,046	-25.89%
DY32	0	1,937,854	4,571,149	464,564	3,449,925	61,685	10,485,177	49,157,149	-21.33%
DY33	0	1,934,159	4,141,149	464,564	3,434,976	61,376	10,036,224	50,422,454	-19.90%
DY34	0	1,790,334	4,141,149	464,564	3,420,101	61,070	9,877,217	51,819,399	-19.06%
DY35	0	1,776,003	3,841,149	464,564	3,405,300	60,764	9,547,780	53,183,158	-17.95%
DY36	0	1,446,770	1,587,478	464,564	3,390,574	60,460	6,949,846	54,619,816	-12.72%
DY37	0	1,360,847	0	464,564	3,375,921	60,158	5,261,490	55,968,808	-9.40%
DY38	0	1,326,708	0	464,564	3,361,341	59,857	5,212,471	57,495,270	-9.07%
DY39	0	1,315,299	0	464,564	3,346,835	59,558	5,186,256	59,011,627	-8.79%
DY40	0	1,285,612	0	464,564	3,332,401	59,260	5,141,837	60,610,591	-8.48%
DY41	0	1,253,015	0	464,564	3,318,039	58,964	5,094,581	60,794,608	-8.38%
DY42	0	814,954	0	464,564	3,303,748	58,669	4,641,935	60,982,051	-7.61%

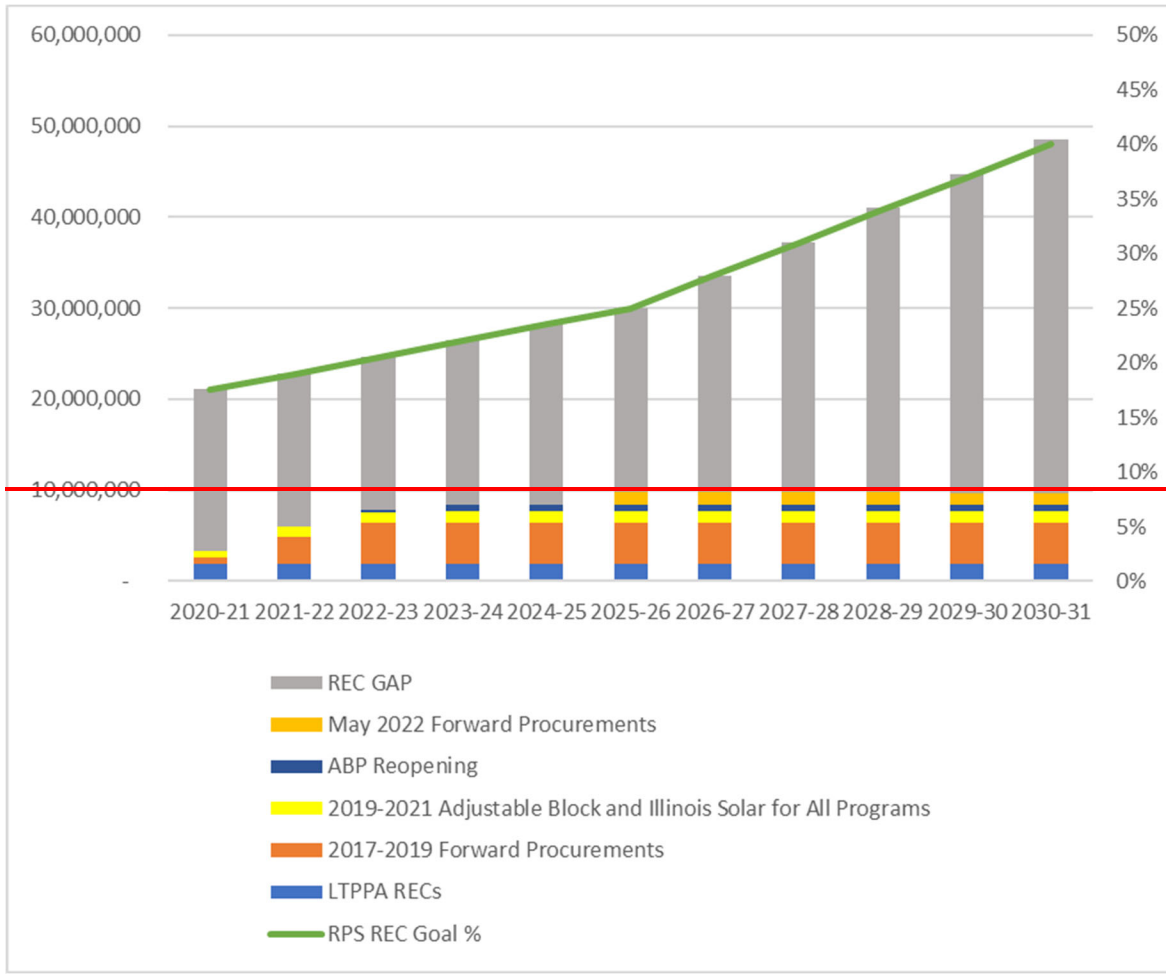
Delivery Year	2010 LTPPAs	Legacy DG	2017-2019 Forward Procurements	2019-2021 Adjustable Block and Illinois Solar for All Programs	ABP Reopening	May-2022 Forward Procurements	Total	Overall RPS Target	Goal REC Gap
2020-21	1,861,725	-3,273	730,000	-710,880	-	-	-3,305,878	-21,149,182	-17,843,305
2021-22	1,861,725	21,732	2,983,671	-1,093,239	-	-	-5,960,367	-22,785,453	-16,825,086
2022-23	1,861,725	-5,613	4,571,149	-1,177,058	-270,933	-	7,886,477	24,661,977	16,775,500
2023-24	1,861,725	-	4,571,149	-1,314,907	-644,285	-	8,392,066	26,530,401	18,138,335
2024-25	1,861,725	-	4,571,149	-1,308,770	-641,064	-	8,382,707	28,243,094	19,860,387
2025-26	1,861,725	-	4,571,149	-1,302,669	-637,858	1,416,584	9,789,985	29,941,929	20,151,943
2026-27	1,861,725	-	4,571,149	-1,296,589	-634,669	1,411,801	9,775,932	33,570,903	23,794,971
2027-28	1,861,725	-	4,571,149	-1,289,945	-631,496	1,407,042	9,761,356	37,276,270	27,514,913
2028-29	1,861,725	-	4,571,149	-1,283,842	-628,338	1,402,307	9,747,361	41,078,330	31,330,969
2029-30	1,861,725	-	4,571,149	-1,277,567	-625,196	1,397,595	9,733,232	44,756,858	35,023,626
2030-31	1,861,725	-	4,571,149	-1,271,621	-622,070	1,392,907	9,719,473	48,533,851	38,814,378

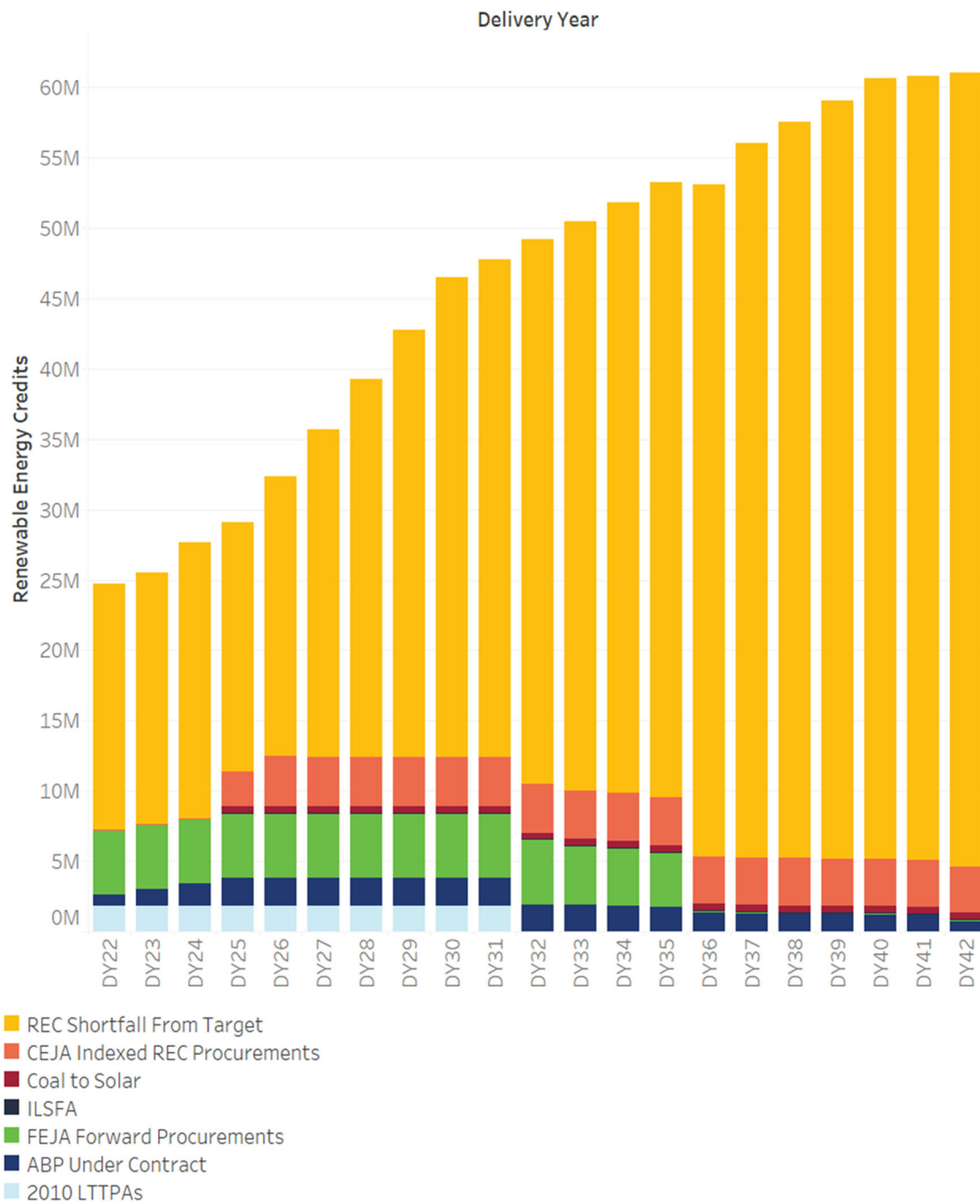
~~Figure 3-2~~ Figure 3-3 below provides a visual representation of the annual Statewide RPS Goals, REC Portfolio, and REC ~~Gap~~ Shortfall discussed in this Section.

¹⁷⁶ Unadjusted for RECs supplied by an ARES to their retail customers pursuant to Section 1-75(c)(1)(H)(i) of the IPA Act (see Section 3.6 for an explanation of this provision), ~~or the Large Customer Self-Direct Program (as described in Chapter 6)-1.~~

¹⁷⁷ The 2010 LTPPAs and 2017-2019 Forward Procurements featured fixed annual delivery volumes. Other solar programs and procurements factor in a 0.5% annual degradation rate for REC deliveries.

Figure 3-3: Statewide Annual RPS Goal, Current REC Portfolio and REC ~~Gap~~ Shortfall





The statewide RPS Goals for ~~2021-2022~~ 2023-2024 through ~~2031-2032~~ 2042-2043 are shown in the table below.

Table 3-6: Statewide RPS Goals

Delivery Year	RPS Goal	Reference Year	Reference Year Load (Applicable Load) [MWh]	RECs needed to meet RPS Goal
2023-2024	22%	2022-2023	118,501,525	26,070,336
2024-2025	24%	2023-2024	117,448,534	27,600,405
2025-2026	25%	2024-2025	116,009,160	29,002,290
2026-2027	28%	2025-2026	115,254,881	32,271,367
2027-2028	31%	2026-2027	115,059,568	35,668,466
2028-2029	34%	2027-2028	115,352,049	39,219,697
2029-2030	37%	2028-2029	115,444,801	42,714,576
2030-2031	40%	2029-2030	116,128,440	46,451,376
2031-2032	41%	2030-2031	116,772,618	47,760,001
2032-2033	42%	2031-2032	117,528,903	49,127,081
2033-2034	43%	2032-2033	117,893,799	50,458,546
2034-2035	44%	2033-2034	118,486,357	51,778,538
2035-2036	45%	2034-2035	118,921,146	53,157,752
2036-2037	46%	2035-2036	119,438,459	54,583,376
2037-2038	47%	2036-2037	119,687,559	56,013,778
2038-2039	48%	2037-2038	120,238,640	57,474,070
2039-2040	49%	2038-2039	120,686,452	59,015,675
2040-2041	50%	2039-2040	121,221,162	60,610,581
2041-2042	50%	2040-2041	121,589,217	60,794,609
2042-2043	50%	2041-2042	121,964,102	60,982,051

Delivery Year	RPS Goal	Reference Year	Reference Year Load (Applicable Load) [MWh]	RECs needed to meet RPS Goal
2021-2022	19.0%	2020-2021	119,923,435	22,785,453
2022-2023	20.5%	2021-2022	120,302,328	24,661,977
2023-2024	22.0%	2022-2023	120,592,731	26,530,401
2024-2025	23.5%	2023-2024	120,183,380	28,243,094
2025-2026	25.0%	2024-2025	119,767,715	29,941,929
2026-2027	28.0%	2025-2026	119,896,083	33,570,903
2027-2028	31.0%	2026-2027	120,246,032	37,276,270
2028-2029	34.0%	2027-2028	120,818,617	41,078,330
2029-2030	37.0%	2028-2029	120,964,481	44,756,858

2030-2031	40.0%	2029-2030	121,334,628	48,533,851
2031-2032	40.9%	2030-2031	121,773,218	49,808,422

The goal of this 2024 Long-Term Plan and subsequent Long-Term Plans is to provide a roadmap for how the REC shortfall will be filled.

3.3.5. Procurement Targets to Meet Specific Wind-Solar Requirement and Overall RPS Targets

Section 1-75(c)(1)(C)(i) of the Act requires that, to the extent possible, the overall quantity of RECs procured to meet the RPS goals should include at least 45% from new wind projects and 55% from new photovoltaic projects.¹⁷⁸ Of the portion ~~that is~~ from photovoltaic projects, 50% should be from the ~~Adjustable Block~~ Illinois Shines Program, 47% from new utility-scale solar, and 3% from brownfield site photovoltaic projects.¹⁷⁹ ~~Table 3-7~~ Table 3-7 below shows ~~that~~ the portfolio of expected REC deliveries ~~portioned by RECs~~ from wind and photovoltaic projects. ~~This Totals included in this table represents~~ reflect RECs under contract from procurements and ~~programs~~ program activities already conducted as of the ~~finalization~~ release of ~~this 2022 draft 2024~~ Long-Term Plan.

¹⁷⁸ Effective January 1, 2024, P.A. 103-0380 includes RECs from modernized or retooled hydropower projects as also eligible for meeting the 45% share allocated to new wind projects.

¹⁷⁹ 20 ILCS 3855/1-75(c)(1)(C)(i).

Table 3-7: Projected Deliveries of Statewide Wind and Solar RECs in the Current Portfolio¹⁸⁰

Delivery Year	Solar RECs	Wind RECs	Combined Wind and Solar RECs
2021-2022	2,064,439	3,895,928	5,960,367
2022-2023	3,990,549	3,895,928	7,886,477
2023-2024	4,496,138	3,895,928	8,392,066
2024-2025	4,486,779	3,895,928	8,382,707
2025-2026	5,434,057	4,489,265	9,923,322
2026-2027	5,420,004	4,487,970	9,907,974

Delivery Year	Solar RECs	Wind RECs	Total RECs
2023-24	3,682,182	3,895,928	7,578,110
2024-25	4,099,254	3,895,928	7,995,182
2025-26	6,451,119	4,355,928	10,807,047
2026-27	7,578,870	4,355,928	11,934,798
2027-28	7,559,655	4,355,928	11,915,583
2028-29	7,540,594	4,355,928	11,896,522
2029-30	7,521,492	4,355,928	11,877,420
2030-31	7,502,511	4,355,928	11,858,439
2031-32	7,483,744	4,355,928	11,839,672
2032-33	7,433,409	2,525,519	9,958,928
2033-34	7,414,764	2,095,519	9,510,283
2034-35	7,256,064	2,095,519	9,351,583
2035-36	7,226,933	1,795,519	9,022,452
2036-37	4,377,344	460,000	4,837,344
2037-38	4,276,768	460,000	4,736,768
2038-39	4,228,049	460,000	4,688,049
2039-40	4,202,134	460,000	4,662,134
2040-41	4,158,013	460,000	4,618,013
2041-42	4,111,054	460,000	4,571,054
2042-43	3,658,702	460,000	4,118,702

¹⁸⁰ These totals reflect quantities from the LTPPAs, which do not count towards Section 1-75(c)(1)(C)(v)'s targets for RECs from new wind and solar, RECs from the 2015-2019 Utility DG procurements, RECs from the 2017-2019 Forward Procurements, and RECs currently under contract from the ~~Adjustable Block~~ Illinois Shines Program and the Illinois Solar for All Program.

This table indicates that the balance of RECs currently in the portfolio ~~is slightly outfalls short~~ of ~~balance with~~ the goals ~~of outlined in~~ the IPA Act. Additionally, because Section 1-75(c)(1)(C)(iii) provides that “no renewable energy credits from contracts entered into before June 1, 2021 shall be used to calculate whether the Agency has procured the correct proportion of new wind and new solar contracts,” the balance of wind RECs versus solar RECs is best assessed on a forward-looking basis.

This Chapter’s quantities of RECs under contract from utility-scale procurements held in 2017 ~~and 2018 have been updated from the Initial and Revised Long-Term Plans to account through 2019 accounts~~ for project attrition (i.e., projects receiving REC delivery contracts not ~~being~~ successfully developed under the terms of those contracts). ~~While four~~ Four wind projects and ~~six~~ nine utility-scale solar projects, ~~and two brownfield site projects~~ have begun delivery, ~~other projects have not yet been energized. Five solar projects have requested energization extensions that will take them into 2022-2023 delivery year, and while~~ four solar projects and two wind projects have been removed from the REC portfolio due to project attrition.

~~Table 3-8 One solar project remains under development.~~ Table 3-8 summarizes in aggregate the ~~status results~~ of anticipated annual REC deliveries from utility-scale projects, ~~setting aside that projects may begin initial deliveries in different delivery years. The quantities listed are the aggregate annual contracted amounts the 2017-2019 Forward procurements.~~

Table 3-8: 2017-2019 Forward Procurement REC Portfolio Status

Status	Solar RECs ¹⁸¹	Wind RECs	Total RECs
Delivering RECs	1,238,936	2,065,519	3,304,455
Extensions Granted	1,266,693		1,266,693
Total Expected Annual RECs	2,505,629	2,065,519	4,571,148
Removed ¹⁸²	548,702	879,234	1,427,936
Attrition Rate	18%	30%	24%

Status	Solar RECs ^[1]	Wind RECs	Total RECs
Delivering RECs	2,505,629	2,065,519	4,571,148
Removed ^[2]	548,702	879,234	1,427,936
Attrition Rate	18%	30%	24%
[1] Includes RECs from brownfield site photovoltaic projects. [2] “Removed” indicates RECs that were procured in the 2017 through and 2019 procurements but will not be delivered because of the projects not meeting energization deadlines and thus have been removed from the RPS REC Portfolio.			

¹⁸¹ Includes RECs from brownfield site photovoltaic projects.

¹⁸² “Removed” indicates RECs that were procured in the 2017 and 2018 procurements but will not be delivered because of the projects not meeting energization deadlines and thus have been removed from the RPS REC Portfolio.

In comparison to these utility-scale project attrition rates, the attrition rate for the ~~Adjustable Block~~ Illinois Shines Program has been lower, at approximately 1.2% of contracted Small DG projects, 9.81% of contracted Large DG projects, and 7.2% of contracted community solar projects. However, the sample size for utility-scale ~~solar~~ projects is small and causes for attrition may be project specific, and thus may not necessarily indicative of attrition rates for projects in future procurements.

Additionally, the Agency is hopeful that the shift to an Indexed REC pricing model as required under Section 1-75(c)(1)(G)(v) of the Act will reduce the development risk to new utility-scale projects, as those changes should help ensure revenue certainty for projects receiving REC delivery contracts. As projects under contract from the 2022-2023 Indexed REC procurement events have not reached applicable development milestones, the Agency cannot assess attrition rates for Indexed REC procurement events.

3.4. RPS Budget

3.4.1. Statewide Goals and Allocation of Cost and RECs from RPS Procurements to Each Utility

The ~~specific~~ numerical targets included in the Act ~~—for instance, the 10,000,000 RECs from new wind and new photovoltaics by the 2021 delivery year—~~ are statewide targets, which do not specify individualized REC targets for each utility. Since the passage of P.A. 99-0906, the Agency has procured RECs through its competitive procurements based on statewide RPS targets rather than individual targets by utility, such that an overall target quantity is published, and projects are selected up to that overall target quantity. Contract quantities stemming from those procurements ~~were~~ are then assigned to each of the three participating utilities based on an RPS Budget-weighted basis, meaning that an individual utility-scale solar or wind project may have three REC delivery contracts for load-weighted delivery quantities (one with each of Ameren Illinois, ComEd, and MidAmerican) ~~for load-weighted delivery quantities.~~

In a corresponding manner, the cost of purchasing RECs associated with RPS procurements is allocated to each utility through REC procurement contracts specific to the applicable utility (and independent of supplier performance under other utilities' contracts), based on each utility's Renewable Portfolio Standard Budget ("RPS Budget") – which is also based on load.

~~Table 3-9~~ Table 3-9 shows the proposed allocation across each of the three utilities based on each utility's cost cap rate and eligible load.¹⁸³

¹⁸³ ~~This allocation method was initially developed to allocate the RECs from the August 31, 2017 Initial Forward Procurement and was based on the RPS Budget for 2020-2021, which uses the prior year delivered volumes as reference. The 2019-2020 reference delivery year was used because it will be the first year when all load, including that served by ARES, will be under the IPA's REC procurements, thus making the resulting RPS Budget a better representation of future RPS Budgets. As shown in Table 3-9 the allocation to each utility is based on the utility's share of the 2022-2023 delivery year RPS Budget. As noted in Chapter 6, the same allocation will generally be used for the Adjustable Block Program contract awards. The allocation to each utility is based on the utility's share of the 2024-2025 delivery year RPS Budget and therefore the allocations have been updated from those used in previous Long-Term Plans which relied on prior delivery year values.~~

Table 3-9: Utility REC Cost Allocations

Utility	Reference Year Forecasted Delivered Volume [MWh] ¹⁸⁴	Cost Cap Rate ¹⁸⁵ [\$/MWh]	RPS Budget for 2022-2023 Delivery Year [\$] ¹⁸⁶	Allocation Based on RPS Budget for 2022-2023 Delivery Year [%]
Ameren Illinois	35,074,493	\$4.5755	\$160,483,343	27.318%
ComEd	84,697,302	\$5.0248	\$425,587,002	72.445%
MidAmerican ¹⁸⁷	530,533	\$2.625	\$1,392,649	0.237%

Utility	Reference Year Forecasted Delivered Volume [MWh] ^[A]	Cost Cap Rate ^[B] [\$/MWh]	RPS Budget for 2024-2025 Delivery Year [\$] ^[C]	Allocation Based on RPS Budget for 2024-2025 Delivery Year [%]
Ameren Illinois	33,963,265	\$4.58	\$155,398,917	28.92%
ComEd	82,956,872	\$5.02	\$416,841,691	70.63%
MidAmerican ^[D]	528,398	\$2.63	\$1,387,044	0.45%
<p>[A] The 2023-2024 delivery year is the reference year for the 2024-2025 delivery year.</p> <p>[B] The Cost Cap Rate for each utility is defined in Section 1-75(c)(1)(E) of the Act as 4.25% of the amount paid per kilowatthour by eligible retail customers during the year ending May 31, 2009, which results in a cost cap rate of 0.45755 c/kWh for Ameren, 0.50248 c/kWh for ComEd, and 0.26250 c/kWh for MidAmerican.</p> <p>[C] Beginning with the 2019-2020 delivery year, the RPS Budget for each utility is calculated by multiplying the values of the preceding two columns of the table, as specified by Section 1-75(c)(1)(F) of the Act ("To arrive at a maximum dollar amount of renewable energy resources to be procured for the particular delivery year, the resulting per kilowatthour amount shall be applied to the actual amount of kilowatthours of electricity delivered [...] by the electric utility in the delivery year immediately prior to the procurement to all retail customers in its service territory.").</p> <p>[D] The methodology to determine MidAmerican's Applicable load is explained in Section 3.7.</p>				

Under this allocation, for every \$1,000,000 of expenditures made to procure RECs, ~~\$273,190 and associated 289,200 in REC contracts~~ contract obligations would be allocated to Ameren Illinois, ~~\$724,450 and associated REC contracts~~ 706,300 in obligations to ComEd, and ~~\$2,370 and associated REC contracts~~ 4,500 in obligations to MidAmerican.

For this ~~2022~~ 2024 Long-Term Plan, the Agency proposes to continue conducting the competitive procurement of RECs based on statewide RPS goals and targets which, due to changes in load forecasts and the presence of new RECs under contract, have been updated from those contained in prior Plans. These values ~~will also include adjustments to account for RECs expected to be~~

¹⁸⁴ ~~The 2021-2022 delivery year is the reference year for the 2022-2023 delivery year.~~

¹⁸⁵ ~~The Cost Cap Rate for each utility is defined in Section 1-75(c)(1)(E) of the Act as 4.25% of the amount paid per kilowatthour by eligible retail customers during the year ending May 31, 2009, which results in a cost cap rate of 0.45755 c/kWh for Ameren, 0.50248 c/kWh for ComEd, and 0.26250 c/kWh for MidAmerican.~~

¹⁸⁶ ~~Beginning with the 2019-2020 delivery year, the RPS Budget for each utility is calculated by multiplying the values of the preceding two columns of the table, as specified by Section 1-75(c)(1)(F) of the Act ("To arrive at a maximum dollar amount of renewable energy resources to be procured for the particular delivery year, the resulting per kilowatthour amount shall be applied to the actual amount of kilowatthours of electricity delivered [...] by the electric utility in the delivery year immediately prior to the procurement to all retail customers in its service territory.").~~

¹⁸⁷ ~~The methodology to determine MidAmerican's Applicable load is explained in Section 3.7.~~

~~updated/retired~~ in ~~future iterations of the Plan to reflect the implementation of 2023-2024 delivery year by participants in~~ the Large Customer Self-Direct Program described in Chapter 6.

3.4.2. Cost Cap and Cost Recovery Provisions

The IPA's procurement of RECs on behalf of Illinois electric utilities is subject to monetary limitations in the form of a cost cap that limits the annual average net increase to all eligible retail customers ~~to~~. ~~As modified by P.A. 102-0662, this cost cap is 4.25% of the amount paid per kilowatthour by eligible retail customers during the year ending May 31, 2009.¹⁸⁸ The cost cap rate, in dollars per megawatt-hour, is provided in Table 3-2. This rate was increased by Public Act 102-0662 from the 2.015% of 2007 eligible retail rates statutorily authorized in the past. The combination of the different baseline year and increased percentage results in significant increases in funding collected each year, ranging from a 211% increase for MidAmerican, to a 253% for Ameren, and 266% for ComEd.~~ Table 3-9.

Each utility is entitled to recover the costs of ~~the~~ RECs procured to meet ~~the~~ RPS compliance requirements, subject to the cost cap limitations, along with "the reasonable costs that the utility incurs as part of the procurement process and to implement and comply with plans and processes approved by the Commission."¹⁸⁹

In addition to changing the cost cap, Public Act 102-0662 made two significant changes to how funds collected by the utilities are accounted for. First, ~~the previous reconciliation provision from Public Act 99-0906 that required a reconciliation of collections and expenses (e.g., a refund to customers of unspent funds) after four years (June 1, 2021), and then on an annual basis thereafter, was replaced with new language in~~ Section 16-108(k) of the PUA ~~that now~~ allows for collections from customers to be available for meeting RPS expenses for the five years following collection:

Money collected from customers for the procurement of renewable energy resources in a given delivery year may be spent by the utility for the procurement of renewable resources over any of the following 5 delivery years after which unspent money shall be credited back to retail customers. The electric utility shall spend all money collected in earlier delivery years that has not yet been returned to customers, first, before spending money collected in later delivery years.

Second, ~~that~~ Section 16-~~1085~~108(k) of the PUA ~~was also modified to provide~~ now provides that any future reconciliation amounts shall be reduced to account for contractual obligations entered into by the utilities but not yet paid:

The amount of excess funds eligible to be credited back to retail customers shall be reduced by an amount equal to the payment obligations required by any contracts entered into by an electric utility under contracts described in subsection (b) of Section 1-56 and subsection (c) of Section 1-75 of the Illinois Power Agency Act, even if such payments have not yet been made and regardless of the delivery year in which those payment obligations were incurred. Notwithstanding anything to the contrary, including in tariffs authorized by this subsection (k) in effect before the effective date of this amendatory Act of the 102nd General Assembly, all unspent funds as of May 31, 2021, excluding any funds credited to customers during any utility billing cycle that

¹⁸⁸ 20 ILCS 3855/1-75(c)(1)(E).

¹⁸⁹ 220 ILCS 5/16-108(k).

commences prior to the effective date of this amendatory Act of the 102nd General Assembly, shall remain in the utility account and shall on a first in, first out basis be used toward utility payment obligations under contracts described in subsection (b) of Section 1-56 and subsection (c) of Section 1-75 of the Illinois Power Agency Act.

Prior to the enactment of Public Act 102-0662, Section 16-~~018108~~(k) of the PUA required annual reconciliation of collections and expenditures after June 1, 2021. This proved unduly constraining, as expenses rolled forward into future years (especially due to project energization delays) while collections could not be rolled forward to meet those expenses. This phenomenon limited available budgets ~~prevent, preventing~~ the Agency from opening additional blocks of the Adjustable Block Program ~~(as it was then known)~~ or conducting additional utility-scale procurements. The COVID-19 global health pandemic further exacerbated this problem, as many expenditures that had been projected to occur prior to June 1, 2021 were pushed out well beyond that date due to resultant project development delays, ~~resulting in the potential for. These unforeseen delays due to COVID-19 could have resulted in~~ a significant refund of unexpended—but contractually committed—RPS funds.

This ~~potentially~~ left the Agency with an available RPS budget too small to meet contracted RPS expenses. ~~As a result~~ ~~Consequently,~~ the IPA petitioned the ICC to reopen Docket No. 19-0995 approving the Agency's First Revised Plan ~~to clarify~~ ~~seeking clarification around~~ the process by which payment deferrals on REC delivery contracts would occur. While the Commission ~~approved~~ ~~entered an Order providing~~ that ~~process~~ ~~clarification~~ in May of 2021, the enactment of Public Act 102-0662 rendered this payment ~~reduction/~~deferral issue moot ~~through significantly increasing RPS funding in addition to the two new accounting provisions outlined above.~~

Utilities are able to recover all of their costs—whether associated with RECs previously procured through prior-executed contracts, procured through the Initial Forward Procurements, procured through other competitive procurements, or procured through the other programs resulting from the implementation of the IPA's long-term renewable resource procurement plans¹⁹⁰—through tariffs applicable to all of the utilities' customers. With the enactment of Public Act 102-0662, ~~ComEd and Ameren~~ ~~the utilities~~ filed revised tariffs to implement these revised rate collection levels ~~and those tariffs took effect in January of 2022. Tariff revisions by MidAmerican are pending.~~

3.4.3. RPS Compliance Procurement Priorities

The Act provides guidelines for prioritizing REC procurements in the event that the cost cap limitations conflict with the RPS goals and targets such that the IPA cannot procure sufficient additional quantities of RECs to meet goals or targets.¹⁹¹ Under Section 1-75(c)(1)(F) of the IPA Act, these priorities regarding the procurement of RECs take the following order, arranged based on descending priority:

- RECs procured under existing contracts (as of June 1, 2021);
- RECs procured with funding for the Illinois Solar for All Program;
- RECs procured to comply with the new wind and solar photovoltaic procurement requirements (including the ~~Adjustable Block~~ ~~Illinois Shines~~ Program);

¹⁹⁰ This is true for those expenses for which the utility is the counterparty; for the Illinois Solar for All Program, the State of Illinois is the counterparty to REC delivery contracts paid using the Renewable Energy Resources Fund.

¹⁹¹ 20 ILCS 3855/1-75(c)(1)(F).

- RECs procured to meet the remaining RPS targets (Goal REC Gap).

In contrast to the situation where the cost cap conflicts with RPS Goals and Targets, Section 1-75(c)(1)(C)(ii) directs that even if goals and targets are met, funds shall continue to be spent:

In any given delivery year, if forecasted expenses are less than the maximum budget available under subparagraph (E) of this paragraph (1) the Agency shall continue to procure new renewable energy credits until that budget is exhausted in the manner outlined in item (i) of this subparagraph (C).

Subparagraph (E) sets the budget for each year based on a calculation of each utility's prior year MWH volume of sales and the 4.25% rate cap (as discussed in Section 3.4.2). The available funds are also impacted by additional considerations in including the ability of funds to be available for five years after collection and the reserve of utility-held alternative compliance payments (ACPs") (see Sections 3.4.2 and 3.5). Item (i) of subparagraph (C) establishes targets of 10 million RECs for 2021 and 45 million RECs for 2030 respectively, as well as the split between solar and wind as described in Section 3.3.5. Thus, the Agency understands that Section 1-75(c)(1)(C)(ii) directs the Agency to maximize procurement volumes where possible.

However, ~~REC contracts carry uncertainty about when payments will commence because of around the varying development timelines of RPS-supported renewable energy projects as well as results in uncertainty around payment schedules that span multiple years commencement dates and when RPS budget impacts will be felt.~~ As a result, the Agency must analyze not only what funds are available in a given delivery year, but also what portion of the budget may need to be reserved for future delivery years. As a simplified example, ~~if assume that~~ forecasted expenses for a year are \$10 million less than the budget available for the year, ~~but.~~ But, due to prior conducted procurements and programs, the projected budget for the following year ~~compared to expenses~~ relies on that \$10 million being rolled over into that next delivery year to fully cover projected expenses. In this circumstance, it would ~~not make sense be irresponsible~~ to conduct additional procurement activities in the current delivery year ~~to and~~ create \$10 million in new commitments, ~~as if~~ those funds would be needed for that future delivery year. Analyzing As evidenced by this example, analyzing RPS budget availability requires ~~being cognizant of the Agency to be proactively analyzing~~ the cascading impacts of commitments on future delivery years.

As shown in Table 3-11 and Table 3-12, the Agency has considered the budget impacts of:

- Procurements and ~~programs to date~~ Program activity through July 2023 (REC quantities and payment obligations under existing contracts);
- ~~Funding allocations~~ Ongoing Procurement and Program activity, including the 2023-2024 program year blocks for Illinois Shines and the procurement targets for the Fall 2023 Indexed REC Procurement
- Annual funding allocation to the Illinois Solar for All Program;
- ~~The Spring 2022 procurements for utility scale wind, solar, and brownfield site photovoltaic projects, and capacity filled from the December 2021 reopening of the Adjustable Block Program;~~
- Indexed REC Procurements and Adjustable Block proposed in this Plan
- Illinois Shines Program blocks and REC prices proposed in this Plan; ~~and~~
- Current participation in the Large-Customer Self Direct Program

- Estimates of activities in subsequent delivery years that would be proposed in subsequent Long-Term Plans to meet the 45 million RECs by 2030 target: and further expand that to hit 60 million RECs by 2040 which would meet the 50% RPS goal. These include both future Indexed REC procurements, Illinois Shines blocks of capacity, and annual Illinois Solar for All budget allocations

Taking these budget impacts into account, ~~through at least the middle part of the decade~~ the Agency projects that the available funding left in each year will be approximately equivalent to one ~~year to two years~~ of collections: through the 2020s. However, that amount declines over time: before eventually becoming a shortfall in the 2030s. This modeling ~~also~~ suggests that the oldest funds available for use would never be more than two years old, and thus funds are highly unlikely to be subject to reconciliation due to not having been used across the five years following collection.

~~The Agency notes that at present, budget impacts resultant from As discussed further in Sections 3.4.6 through 3.4.10 below, modeling future RPS budget availability is complex. To illustrate this difficulty, future energy prices are utilized to calculate forecast Indexed REC prices. But forecasts of future energy prices fluctuate over time. Depending on when the change to an indexed REC energy price procurement model for competitive procurements are unpredictable. The Adjustable Block forecast is conducted, the resulting projected budget impact can be significant. Similarly, the Illinois Shines Program REC prices used for this budget analysis are begin with those proposed for the 2022 Delivery Year, 2024-2025 program year and for the 2023 Delivery Year the Agency has made adjustments to reflect the change in the federal Investment Tax Credit from the recently enacted Inflation Reduction Act (Public Law 117-169), and then feature an annual 4% decline. for program years thereafter. Final REC prices for the 2024-2025 delivery year may change significantly as this Plan moves from a draft Plan to a Plan approved by the ICC. REC prices for future years are also likely to vary from these values the 4% decline used in this Plan as the Agency updates its approach for administratively determined REC prices through a stakeholder process for the 2023 Delivery Year and then through the next inputs into its REC Pricing Model each year,¹⁹² considers market-based price adjustments, and further refines REC prices in future Long-Term Plan development process for years thereafter. Thus Plans.~~

Due to these multiple uncertainties related to future costs, a very large error band must be applied to any budget forecasts ~~given this inherent uncertainty~~. For this Plan, the Agency has proposed quantities for competitive procurements and ~~Adjustable Block~~ Illinois Shines Program block sizes that will put it on a path to having procured 45 million RECs delivered annually from new projects by the 2030 delivery year.

~~As the Agency gains more information about future RPS budget impacts over the next 18 months of program and procurement activities, the next Long-Term Plan will consider whether those procurement quantities could be increased despite those uncertainties. The Agency will continue to monitor forward energy prices, future Illinois Shines REC prices, and other variables to make adjustments over time, although ultimately achieving a higher level of budget certainty will require statutory changes to the IPA Act.~~

¹⁹² See Section 7.5 for more information on the REC Pricing Model.

3.4.4. RPS Budget and Cost Cap

As described in Section 3.4.2, the Act imposes monetary limitations on the RPS in the form of a cost cap that limits the annual average net increase in rates to retail customers. The cost cap rate, in cents per kilowatt-hour, is unique to each utility and is provided in ~~Table 3-9~~. Table 3-9. The cents per kilowatt-hour rate is applied to the actual electricity (expressed in kilowatt-hours) delivered in the delivery year immediately prior to determine a maximum dollar amount which constitutes the RPS Budget for the delivery year. Specifically, the Act states that:

Notwithstanding the requirements of this subsection (c), the total of renewable energy resources procured under the procurement plan for any single year shall be subject to the limitations of this subparagraph (E). Such procurement shall be reduced for all retail customers based on the amount necessary to limit the annual estimated average net increase due to the costs of these resources included in the amounts paid by eligible retail customers in connection with electric service to no more than 4.25% of the amount paid per kilowatthour by those customers during the year ending May 31, 2009. To arrive at a maximum dollar amount of renewable energy resources to be procured for the particular delivery year, the resulting per kilowatthour amount shall be applied to the actual amount of kilowatthours of electricity delivered, or applicable portion of such amount as specified in paragraph (1) of this subsection (c), as applicable, by the electric utility in the delivery year immediately prior to the procurement to all retail customers in its serviceterritory. The calculations required by this subparagraph shall be made only once for each delivery year at the time that the renewable energy resources are procured. Once the determination as to the amount of renewable energy resources to procure is made based on the calculations set forth in this subparagraph (E) and the contracts procuring those amounts are executed, no subsequent rate impact determinations shall be made and no adjustments to those contract amounts shall be allowed. All costs incurred under such contracts shall be fully recoverable by the electric utility as provided in this Section.¹⁹³

A utility's annual RPS Budget is calculated ~~as shown in equation (2)~~. using the following formula.

~~(2)~~ — **Equation 3-2: Annual RPS Budget**

*Annual RPS Budget (\$/Year) = Prior Year Delivered Electricity (MWh) * Cost Cap Rate (\$/MWh)*

A utility's delivery year remaining ~~available~~-net RPS Budget ("~~Available~~-Net RPS Budget") is determined by subtracting the following items from the utility's total RPS Budget: the direct financial obligations ~~associated with~~from existing REC contracts ("Contracted REC Spend"), the balance associated with unfilled ~~Adjustable Block~~Illinois Shines Program block capacity, ("Scheduled REC Spend"), and indirect costs: ~~(i) allocation to fund the Illinois Solar for All Program, (ii) allocation to fund job training programs, and (iii) set aside for administrative expenses ("Set Asides Allocation"), as shown in equation (3).~~¹⁹⁴ This is calculated using the following formula.

¹⁹³ 20 ILCS 3855/1-75(c)(1)(E).

¹⁹⁴ Indirect costs include: (i) allocation to fund the Illinois Solar for All Program, (ii) allocation to fund job training programs, and (iii) set aside for administrative expenses ("Set Asides Allocation").

~~(3)~~ **Equation 3-3: Annual Net RPS Budget**

Delivery Year ~~Available Net RPS Budget = Annual Net RPS Budget (equation 2) = Annual RPS Budget + Unexpended RPS Budget from Prior Year¹⁹⁵ + Utility-held ACP balances – Contracted REC Spend – Scheduled REC Spend – Illinois Solar for All Allocation – Set Asides Allocation~~

~~For the purpose of establishing funds available for REC purchases, as explained in the following Section, the Available Net RPS Budget amount will be adjusted prior to any procurement to account for rollover unspent funds from prior years, and utility-held Alternative Compliance Payments.~~

3.4.5. Other Expenses

~~In addition to~~ Aside from direct expenditures on RECs, the RPS budget ~~also feature~~ features allocations for several additional purposes. First, pursuant to Section 1-75(c)(1)(O) of the Act, up to \$50,000,000 each year will be allocated to the Illinois Solar for All Program.¹⁹⁶ Second, also pursuant to Section 1-75(c)(1)(O), in each of the delivery years 2021-2022, 2024-2025, and 2027-2028, \$10,000,000 of ComEd's RPS Budget will be allocated to the Department of Commerce and Economic Opportunity (DECO) to fund solar job training programs pursuant to Section 16-108.12 of the PUA.

Third, a ~~reasonable amount~~ portion of each budget will be set aside for administrative expenses (including, but not limited to, expenses related to development of Plan updates, the management of procurements and programs, ~~Adjustable Block~~ Illinois Shines Program Administrator expenses not covered by fees charged to participants, and fees charged by tracking systems for the retirement of RECs). The IPA proposes to set aside 23% of the budget for these administrative expenses, and will refine this amount as more information becomes available. ~~Table 3-10~~ Table 3-10 shows the annual RPS funds to be allocated to each of these Set Asides.

Table 3-10: Statewide RPS Budget Set Asides

Delivery Year	Illinois Solar for All	Job Training (DECO Budget)	Administrative Expenses (2% of Annual RPS Budget)	Total Set Asides
2021-2022	\$50,000,000	\$10,000,000	\$9,294,757	\$69,294,757
2022-2023	\$50,000,000		\$11,749,260	\$61,749,260
2023-2024	\$50,000,000		\$11,779,769	\$61,779,769
2024-2025	\$50,000,000	\$10,000,000	\$11,742,303	\$71,742,303
2025-2026	\$50,000,000		\$11,702,237	\$61,702,237
2026-2027	\$50,000,000		\$11,715,134	\$61,715,134
2027-2028	\$50,000,000	\$10,000,000	\$11,750,282	\$71,750,282

¹⁹⁵ Unexpended budget funds from prior years are subject to a rolling five-year first-in/first-out accounting system. Funds collected in a given year and not spent after five years are subject to reconciliation. However, any reconciliation amount that could be refunded to ratepayers is also reduced by an amount equal to the outstanding contracted payment obligations of the utility.

¹⁹⁶ Prior to the enactment of Public Act 102-0662 the annual allocation to the Illinois Solar for All Program was the greater of 5% or \$10 million of the utility RPS budget. This increase is discussed in more detail in Section 8.4.3.

Delivery Year	Illinois Solar for All	Job Training (DCEO Budget)	Administrative Expenses (3% of Annual RPS Budget)	Total Set Asides
DY23	\$50,000,000	\$0	\$17,306,656	\$67,306,656
DY24	\$50,000,000	\$10,000,000	\$17,208,830	\$77,208,830
DY25	\$50,000,000	\$0	\$16,997,493	\$66,997,493
DY26	\$50,000,000	\$0	\$16,888,811	\$66,888,811
DY27	\$50,000,000	\$10,000,000	\$16,862,405	\$76,862,405
DY28	\$50,000,000	\$0	\$16,906,427	\$66,906,427
DY29	\$50,000,000	\$0	\$16,920,397	\$66,920,397
DY30	\$50,000,000	\$10,000,000	\$17,023,387	\$77,023,387
DY31	\$50,000,000	\$0	\$17,120,451	\$67,120,451
DY32	\$50,000,000	\$0	\$17,234,403	\$67,234,403
DY33	\$50,000,000	\$0	\$17,289,396	\$67,289,396
DY34	\$50,000,000	\$0	\$17,378,694	\$67,378,694
DY35	\$50,000,000	\$0	\$17,444,211	\$67,444,211
DY36	\$50,000,000	\$0	\$17,522,170	\$67,522,170
DY37	\$50,000,000	\$0	\$17,559,699	\$67,559,699
DY38	\$50,000,000	\$0	\$17,642,752	\$67,642,752
DY39	\$50,000,000	\$0	\$17,710,239	\$67,710,239
DY40	\$50,000,000	\$0	\$17,790,827	\$67,790,827
DY41	\$50,000,000	\$0	\$17,846,294	\$67,846,294
DY42	\$50,000,000	\$0	\$17,902,792	\$67,902,792

3.4.6. Expenses and Available RPS Budgets

The aggregation of Expenses and RPS Budgets at a statewide level provides an important tool for planning and implementing the various procurements and programs under this ~~2022 Long-Term Plan.~~

~~Table 3-11draft 2024 Long-Term Plan. This section presents a base case projection of the RPS budget through the 2042-2043. This base case includes a set of assumptions that the Agency believes are accurate for planning purposes based on presently available information available at this time. However, as discussed in Sections 3.4.6 through 3.4.10 there are many variables that are not stagnant and likely will deviate over time. Depending on the magnitude of deviation, future RPS budgets may look significantly different. As mentioned elsewhere in this Plan, the Agency believes that legislative action will be needed to make structural changes to the RPS (particularly the Indexed REC procurement model) to reduce the risks and uncertainty identified herein.~~

Table 3-11 presents a statewide view of expected expenses. This includes:

- ~~Legacy expenses~~ **Expenses** from the 2010 Long-Term Power Purchase Agreements;
- ~~Legacy expenses~~ **Expenses** from the Forward Procurements conducted in 2017-2019;
- ~~Legacy expenses~~ **Expenses** from the ~~Adjustable Block~~ **Illinois Shines** Program from ~~projects contracted between 2019-2021 and July 2023;~~

- Projected expenses from the remaining capacity ~~filled from for the Adjustable Block 2023-2024 program year for the Illinois Shines Program Blocks that opened in December 2022,~~¹⁹⁷ ~~as well as the 2022-2023 and 2023-2024 Program Year Blocks described in Chapter 7 (including not yet contracted);~~
- ~~Projected expenses for the rolling over blocks of unfilled capacity from the December 2021 blocks, but not updated to reflect the modifications to the size of the Equity Eligible Contractor category proposed in Section 7.4.6.3; Chapter 7 for the Illinois Shines Program for the program years 2024-2025 and 2025-2026.~~
- Projected expenses for RECs from Utility-scale Wind, Utility-Solar, and Brownfield Photovoltaic Projects conducted ~~in Spring 2022 Subsequent Forward Procurement to date, the procurement scheduled for fall 2023,~~ and the procurements proposed in Chapter 5 ~~to be conducted in the 2024-2025 and 2025-2026 delivery years;~~
- Projected expenses for future blocks of the Adjustable Block Illinois Shines Program ~~from 2026 through 2040, and competitive projected expenses from Indexed REC procurements to be conducted in 2024 through 2030 to meet the 45 million new RECs target (although the size of those future blocks 2026 through 2040. Illinois Shines block sizes and procurements REC prices, and Indexed REC procurement volumes will be determined in future Long-Term Plans); and, For this projection they are assumed to be in volumes designed to meet the 2030 and 240 RPS goals of 40 and 50% respectively.~~
- Set asides as described in Section 3.4.5.

~~The projected~~ In projecting expenses from the Adjustable Block Illinois Shines Program ~~assume, the analysis assumes~~ that blocks fill every year and that projects are energized (and thus start receiving payments) by their ~~respective contracted~~ energization deadlines. Projected ABP Illinois Shines expenses are calculated using REC prices ~~applicable to the December 14, 2021 reopening~~¹⁹⁸ ~~and for the 2023-2024 delivery year for remaining program year capacity, the proposed~~ REC prices ~~presented provided~~ in Chapter ~~Section 7.5~~ for the 2022 Delivery Year. Due to the recent enactment of the Inflation Reduction Act, which increases the Investment Tax Credit from 22% to 30%, the Agency has made a 12% downward adjustment for the modeled 2023 Delivery Year REC prices to reflect that change, 2024-2025 program year and then ~~assumes~~ a 4% decline in prices each subsequent year).¹⁹⁹ ~~for future year blocks of capacity.~~ As discussed in Section 7.3.23, block sizes for the Adjustable Block Illinois Shines Program are ~~based expressed~~ on a megawatt basis and a standard capacity factor for different program categories rather than category-specific capacity factors to translate is used to convert those sizes into REC quantities ~~into MW-sizes~~. For the purpose of the budget model presented here, REC quantities and their associated expenses use category-specific capacity factors.

~~Utility-scale Indexed REC~~ projects are assumed to begin REC deliveries three years after the procurement date. For ~~budget modeling, the assumed REC price for utility-scale projects is the average REC price from the Agency's last procurement for each resource type (prior to the most recent Indexed REC procurement event). With the implementation of a new indexed REC price procurement approach, it is very likely that the REC prices resulting from these future expenses from Index REC procurements may vary from those assumed prices used, the Plan utilizes a forward price~~

¹⁹⁷ This includes capacity associated with Traditional Community Solar Projects selected from the lottery waitlists pursuant to Section 1-75(c)(1)(6)(iv)(3) of the IPA Act.

¹⁹⁸ See: <https://illinoisabp.com/wp-content/uploads/2021/11/Illinois-ABP-12.14.21-Reopening-REC-Prices.pdf>

¹⁹⁹ This adjustment is a simplified assumption for this modeling purpose only. The Inflation Reduction Act contains a number of provisions that can allow the Investment Tax Credit to be at a higher or lower level. Actual REC prices for the 2023 Delivery Year will be determined through a modeling update and stakeholder feedback process as discussed in Section 7.5.7.

~~curve as discussed in budget modeling, and furthermore, those costs will change year to year. Section 5.4.6. This price curve is based on changes in wholesale energy prices. As the Agency prefers not to suggest indicative prices for future averaging data obtained from two industry-standard data providers—EOX and Argus—as of August 1, 2023.²⁰⁰ For REC from completed procurements, these prices will serve as the REC price is calculated as the difference between the strike price and forward price curve for the year, and can fluctuate as either a proxy until more detailed pricing positive or negative value.²⁰¹ For RECs from future procurements, the budget analysis assumes a 2% annual increase in strike prices.~~

~~As discussed further in Sections 3.4.7 through 3.4.10, the RPS Budget is sensitive to changes in modeling assumptions, such as future REC prices, procurement quantities and the price of electricity. The budget as presented in this Chapter is only representative of current information is as of the release of this draft 2024 Plan. The Agency continues to update its model as better data becomes available after the completion of additional future procurement events.²⁰²~~

²⁰⁰ ~~As discussed in Section 3.4.9, forward energy prices change over time and this forward price curve reflects lower prices than the analysis previously conducted by the Agency in April 2023. This results in higher Indexed REC prices with a larger impact on the budget forecast.~~

²⁰¹ ~~For more information on strike prices for Indexed REC procurements, see Sections 2.7.4.1 and 5.4.~~

²⁰² ~~Consistent with the Commission's Order in Docket No. 22-0231, the IPA will be utilizing a forward price curve for estimating budget impacts resultant from Indexed REC procurements in future Long-Term Plans. See Docket No. 22-0231, Final Order dated July 14, 2022 at 6.~~

. Ultimately, the uncertainties identified herein underscore the need for legislative action to create better funding certainty for the RPS.

Table 3-11: Projected RPS Expenses (\$ millions)

Delivery Year	Legacy Programs			Late 2021/2022 Activities		Proposed in This Plan		Potential Future Activities		Set Asides	Total
	LTPAs	2019-2020 ABP	2017-2019 Forward Procurements	2021 ABP Blocks	Spring 2022 Forward Procurement (Wind, Solar, & Brownfield)	2022-2023 ABP	2022-2023 Wind, Solar, & Brownfield Forward Procurements	2024-2030 ABP	2024-2030 Wind, Solar, & Brownfield Forward Procurements	Solar-for-All, Job Training, Admin. Expenses	Total Expenses
2020-2021	\$30.85	\$233.27	\$2.85								
2021-2022	\$24.14	\$221.44	\$16.71	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15.77	\$282.74
2022-2023	\$22.06	\$180.23	\$24.69	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$69.29	\$231.60
2023-2024	\$17.72	\$164.56	\$24.69	\$150.29	\$0.00	\$260.12	\$0.00	\$0.00	\$0.00	\$61.75	\$699.14
2024-2025	\$17.42	\$138.66	\$24.69	\$34.06	\$0.00	\$268.52	\$0.00	\$0.00	\$0.00	\$61.78	\$571.33
2025-2026	\$11.40	\$66.07	\$24.69	\$33.91	\$0.00	\$133.60	\$0.00	\$178.74	\$0.00	\$71.74	\$598.77
2026-2027	\$8.22	\$5.56	\$24.69	\$33.80	\$6.38	\$132.97	\$14.09	\$221.42	\$0.00	\$61.70	\$572.52
2027-2028	\$4.48	\$0.00	\$24.69	\$33.69	\$6.36	\$132.71	\$23.17	\$261.94	\$0.00	\$61.72	\$558.05
2028-2029	\$4.48	\$0.00	\$24.69	\$33.58	\$6.33	\$132.45	\$23.11	\$300.73	\$9.12	\$71.75	\$606.24
2029-2030	\$4.48	\$0.00	\$24.69	\$33.47	\$6.31	\$132.19	\$23.05	\$337.87	\$18.22	\$61.81	\$642.08
2030-2031	\$4.34	\$0.00	\$24.69	\$22.58	\$6.29	\$89.31	\$22.99	\$373.42	\$26.95	\$61.82	\$632.38
2031-2032	\$4.30	\$0.00	\$24.69	\$21.89	\$6.26	\$57.35	\$22.93	\$407.44	\$35.30	\$71.86	\$652.03

Delivery Year	ABP Under Contract	Utility Scale Under Contract	2023 Delivery Year	24-25 Long Term Plan	Total Future Plans	Fixed Spending Including IL SFA	Total Expenses
2023-2024	\$261,681,699	\$39,791,822	-	-	\$0	\$67,306,656	\$368,780,176
2024-2025	\$295,645,940	\$43,907,396	\$0	-	\$0	\$87,208,830	\$426,762,166
2025-2026	\$164,066,715	\$57,975,070	\$193,297,167	\$0	\$0	\$66,997,493	\$482,336,446
2026-2027	\$97,786,935	\$132,430,025	\$237,647,471	\$193,297,167	\$0	\$66,888,811	\$728,050,409
2027-2028	\$75,243,416	\$133,274,558	\$171,167,256	\$307,198,234	\$55,325,288	\$86,862,405	\$829,071,156
2028-2029	\$69,799,921	\$116,066,489	\$170,967,306	\$171,529,674	\$289,273,121	\$66,906,427	\$884,542,939
2029-2030	\$68,673,134	\$95,833,118	\$157,909,847	\$158,137,314	\$360,084,443	\$66,920,397	\$907,558,253
2030-2031	\$57,957,256	\$92,640,673	\$142,664,080	\$142,890,409	\$405,920,832	\$87,023,387	\$929,096,637
2031-2032	\$49,457,980	\$86,207,473	\$140,135,238	\$140,360,436	\$465,358,622	\$67,120,451	\$948,640,201
2032-2033	\$49,457,980	\$71,452,818	\$112,733,444	\$135,394,540	\$511,197,547	\$67,234,403	\$947,470,731
2033-2034	\$49,457,980	\$60,416,870	\$77,222,381	\$104,895,176	\$524,992,514	\$67,289,396	\$884,274,317
2034-2035	\$49,457,980	\$47,845,794	\$64,314,585	\$70,210,310	\$541,497,716	\$67,378,694	\$840,705,078
2035-2036	\$49,457,980	\$31,981,979	\$54,665,815	\$54,886,542	\$453,516,117	\$67,444,211	\$711,952,644
2036-2037	\$49,457,980	\$2,926,444	\$45,121,183	\$45,340,807	\$407,345,729	\$67,522,170	\$617,714,312
2037-2038	\$49,457,980	-\$9,118,827	\$35,813,452	\$36,031,978	\$356,816,516	\$67,559,699	\$536,560,797
2038-2039	\$49,457,980	-\$20,689,431	\$26,524,441	\$26,741,874	\$301,440,629	\$67,642,752	\$451,118,244
2039-2040	\$49,457,980	-\$31,755,968	\$17,582,468	\$17,798,814	\$243,068,575	\$67,710,239	\$363,862,107
2040-2041	\$47,965,536	-\$43,119,477	\$9,010,592	\$9,225,856	\$182,128,223	\$67,790,827	\$273,001,557
2041-2042	\$47,965,536	-\$54,235,686	\$202,779	\$416,967	\$101,498,677	\$67,846,294	\$163,694,567
2042-2043	\$35,144,459	-\$95,197,159	-\$8,428,780	-\$8,215,663	\$102,727,414	\$67,902,792	\$93,933,064

For each delivery year, ~~Table 3-12~~ Table 3-12 calculates expected RPS collections based on the load data listed in ~~Table 3-4~~ Table 3-4 and the RPS collection rates listed in ~~Table 3-9~~ Table 3-9 and the expenses from Table 3-11 ~~and~~. Table 3-12 calculates, for each year, an expected beginning and ending balance. The ~~2020-2021~~2023-2024 delivery year starting balance includes utility-held ACP as well as funds collected but not spent in delivery years 2017-2018 through ~~2019-2020~~. ~~Table 3-9 and Table 3-12 do not include adjustments to RPS collections that would result from the implementation of the Large Customer Self-Direct Program described in Chapter 6 as the size of that program and applicable rate-collection adjustments are unknown at this time. Additionally,~~2022-2023. Increased Large Customer Self-Direct Program participation may reduce overall procurement volumes in future years, ~~thus~~ necessitating reduced expenses along with reduced collections.

Table 3-12: RPS Funds and Expenditures (\$ millions)²⁰³

Delivery Year	Delivery Year Starting Balance	RPS Collections	Total Funds Available	Total Expenditures	Delivery Year Ending Balance
DY23	\$ 613,063,391	\$ 576,888,526	\$ 1,189,951,917	\$ 368,780,176	\$ 821,171,740
DY24	\$ 821,171,740	\$ 573,627,652	\$ 1,394,799,392	\$ 673,996,252	\$ 720,803,140
DY25	\$ 720,803,140	\$ 566,583,113	\$ 1,287,386,253	\$ 593,367,079	\$ 694,019,174
DY26	\$ 694,019,174	\$ 562,960,380	\$ 1,256,979,554	\$ 643,370,689	\$ 613,608,865
DY27	\$ 613,608,865	\$ 562,080,155	\$ 1,175,689,020	\$ 768,390,717	\$ 407,298,303
DY28	\$ 407,298,303	\$ 563,547,566	\$ 970,845,868	\$ 830,427,428	\$ 140,418,440
DY29	\$ 140,418,440	\$ 564,013,238	\$ 704,431,678	\$ 865,489,793	\$ (161,058,116)
DY30	\$ (161,058,116)	\$ 567,446,231	\$ 406,388,115	\$ 856,690,310	\$ (450,302,195)
DY31	\$ (450,302,195)	\$ 570,681,709	\$ 120,379,514	\$ 863,579,023	\$ (743,199,509)
DY32	\$ (743,199,509)	\$ 574,480,087	\$ (168,719,423)	\$ 860,190,434	\$ (1,028,909,857)
DY33	\$ (1,028,909,857)	\$ 576,313,202	\$ (452,596,655)	\$ 760,173,977	\$ (1,212,770,632)
DY34	\$ (1,212,770,632)	\$ 579,289,793	\$ (633,480,839)	\$ 714,776,026	\$ (1,348,256,864)
DY35	\$ (1,348,256,864)	\$ 581,473,695	\$ (766,783,170)	\$ 649,101,948	\$ (1,415,885,118)
DY36	\$ (1,415,885,118)	\$ 584,072,322	\$ (831,812,796)	\$ 566,877,714	\$ (1,398,690,510)
DY37	\$ (1,398,690,510)	\$ 585,323,292	\$ (813,367,218)	\$ 497,291,512	\$ (1,310,658,730)
DY38	\$ (1,310,658,730)	\$ 588,091,719	\$ (722,567,011)	\$ 423,354,327	\$ (1,145,921,338)
DY39	\$ (1,145,921,338)	\$ 590,341,291	\$ (555,580,047)	\$ 347,155,205	\$ (902,735,252)
DY40	\$ (902,735,252)	\$ 593,027,557	\$ (309,707,695)	\$ 274,647,177	\$ (584,354,872)
DY41	\$ (584,354,872)	\$ 594,876,469	\$ 10,521,597	\$ 137,386,833	\$ (126,865,236)
DY42	\$ (126,865,236)	\$ 596,759,749	\$ 469,894,512	\$ 18,189,824	\$ 451,704,689

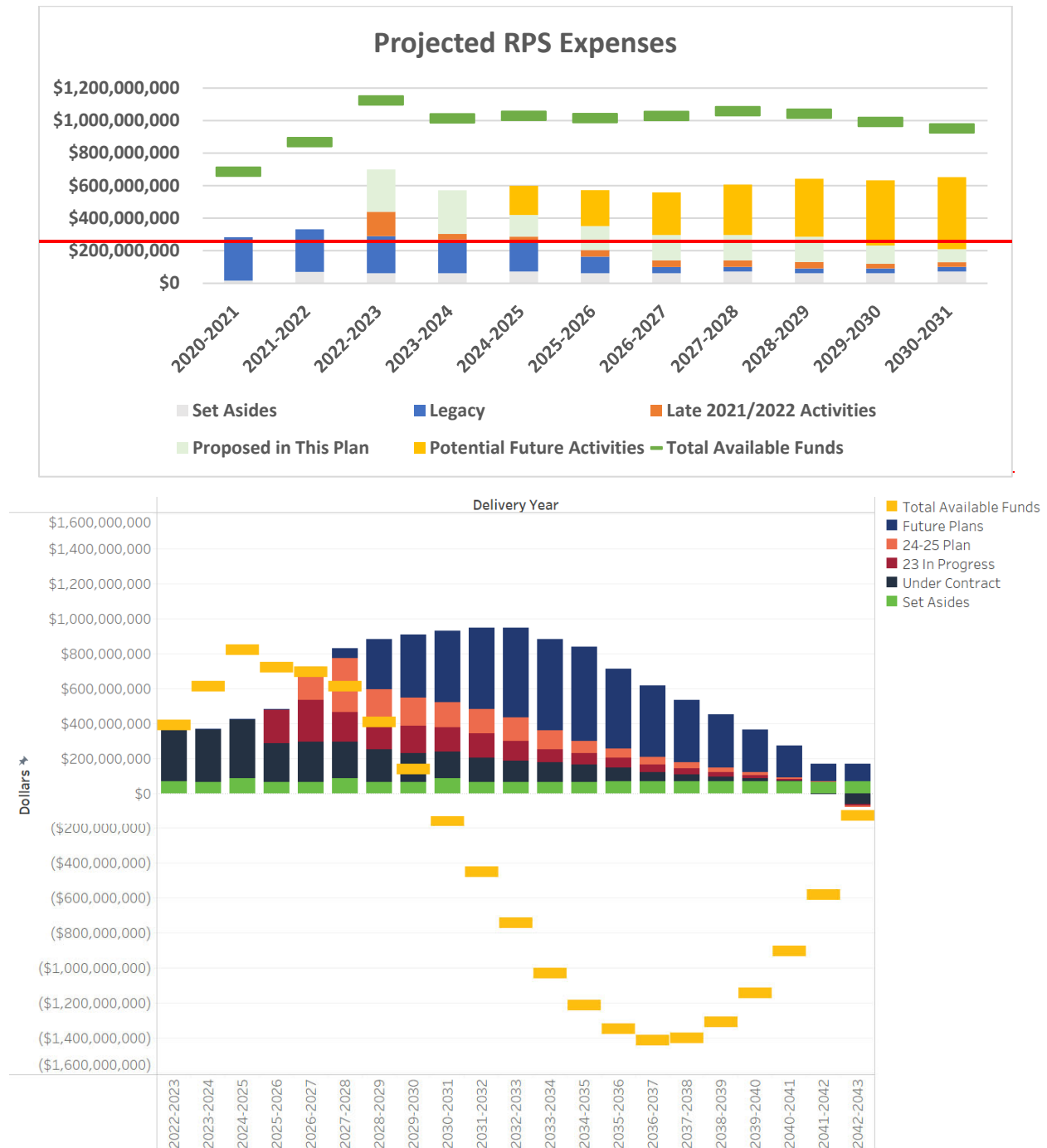
Delivery Year	Delivery Year Starting Balance	RPS Collections	Total Funds Available	Total Expenditures	Delivery Year Ending Balance
2020-2021	\$461.63	\$225.24	\$686.87	\$282.74	\$404.13
2021-2022	\$404.13	\$464.74	\$868.87	\$331.60	\$537.27
2022-2023	\$537.27	\$587.46	\$1,124.74	\$699.14	\$425.60
2023-2024	\$425.60	\$588.99	\$1,014.58	\$571.33	\$443.25
2024-2025	\$443.25	\$587.12	\$1,030.37	\$598.77	\$431.60
2025-2026	\$431.60	\$585.11	\$1,016.71	\$572.52	\$444.19
2026-2027	\$444.19	\$585.76	\$1,029.95	\$558.05	\$471.90
2027-2028	\$471.90	\$587.51	\$1,059.41	\$606.24	\$453.17
2028-2029	\$453.17	\$590.39	\$1,043.56	\$642.08	\$401.48
2029-2030	\$401.48	\$591.12	\$992.60	\$632.38	\$360.22
2030-2031	\$360.22	\$592.98	\$953.20	\$652.03	\$301.17

²⁰³ Breakdowns of the information presented in Table 3-11 and Table 3-12 by each utility, and information on the breakdown of expenses by program/resource type can be found in Appendices B-1 and B-2. A full spreadsheet version of Appendix B-2 is available on the Agency's website at: <https://www2.illinois.gov/sites/ipa/Pages/2022-LTRRPP-Appendices.aspx>; <https://www2.illinois.gov/sites/ipa/Pages/2024-LTRRPP-Appendices.aspx>.

~~Figure 3-3~~

Figure 3-4 illustrates year by year spending by type (~~legacy, in progress,~~ Under Contract, 2023 Activities, 2024-2025 Plan proposed ~~in this Plan~~, potential future, plans, and set asides) compared to year-to-year budget availability.

Figure 3-4: RPS Expenditures Compared to Annual Available Funds



Based on this forecast of revenue and expenses, the IPA projects that sufficient funding will be available to support both the proposals contained in this Plan and similar levels of program activity and procurements for the balance of the decade. ~~Under this analysis, the delivery year starting balances never exceed two years of funding collections which indicates that funds spent in any given delivery year are funds collected that year or the previous year. —but projects a shortfall beginning~~

~~in 2030.~~ However, future budget impacts carry significant uncertainty flowing from unknowns including the impact of changes in REC Prices adopted in this or future Long-Term Plans, actual REC prices paid from indexed REC contracts, changes in utility loads (and thus RPS collections), and the impact of the Large Customer Self-Direct Program. ~~Extending the assumptions used herein into the 2030s suggests a potential RPS budget shortfall starting in 2035, however those assumptions are highly dependent on future Adjustable Block Program REC prices which constitute the bulk of expenditures.~~²⁰⁴

~~Under this analysis, delivery year starting balances never exceed two and a half years of funding collections which indicates that funds spent in any given delivery year are funds collected that year or the previous year.~~

As previously committed to through the First Revised Plan, the Agency will seek to ~~have under contract projects with likely annual expenditures equaling~~ limit contractual obligations to no more than 95% of expected available funds for any given delivery year to guard against the potential payment reduction of existing contracts. The Agency has multiple opportunities in subsequent Long-Term Plans to make adjustments to REC prices, procurement targets, or other factors as more information becomes available that will allow for the Agency to ensure that a shortfall does not occur and that future budgets remain within that 95% target. Appendix B includes additional information showing how these current assumptions would extend through the 2042-~~2043~~ delivery year.

3.4.7. Budget Uncertainty Due to Unknowns in Project Energization Timelines

One challenge the Agency has faced in ~~understanding pending~~ modeling future budget impacts is that project energization and REC deliveries—and thus resultant budget impacts—are not scheduled to begin at a known and fixed point. ~~Instead, supported projects may become energized at any point over a period of time, whether immediately upon program application, closer to the contractual deadline for first deliveries, or later still due to extensions. This creates challenges into budget visibility in part because Adjustable Block Program projects carry large budget impacts upon energization: 15% of after contract value for distributed generation projects above 25 kW up to 5,000 kW (“Large DG”) and Community-Driven Community Solar; 100% of contract value for distribution generation up to 25 kW (“Small DG”).~~²⁰⁵ execution. Because ~~payment~~ payments generally only ~~commences~~ commence upon project energization, the Agency cannot ~~have~~ model with certainty ~~about~~ when funds for specific projects will begin to be spent, and as a proxy uses the scheduled energization date for each project for Illinois Shines projects.

This ~~dynamic~~ paradigm has proven to be ~~a significant challenge~~ challenging in modeling budgets for present and future delivery years. ~~Thankfully, this challenge has been mitigated by the P.A. 102-0662’s~~ changes to Section 16-108(k) of the PUA, including the ability for funds to be available for five years following collection (and utilized on a “first-in, first-out” basis) and ~~walling-off~~ separation from reconciliation contractual obligations entered into but not yet paid. ~~The timing, help mitigate some of when a project is energized and thus starts receiving payments for RECs is now a less critical concern, as funds collected in prior years may now meet future years’ expenses even when those expenses are moderately delayed.~~ these challenges. However, the ~~lumpiness~~ large size of first payments could still

²⁰⁴ For example, changing the assumed annual decrease in REC prices from 4% to 6% would eliminate that shortfall through the 2040s.

²⁰⁵ Adjustable Block Program projects in the Traditional Community Solar and Public Schools categories pay for RECs over the life of the contract and are thus structured more similarly to utility-scale REC delivery contracts.

create future constraints from a cash flow perspective. As indicated in Section 3.5, flexibility with the use of utility-held ACPs creates a relief to that potential pressure.

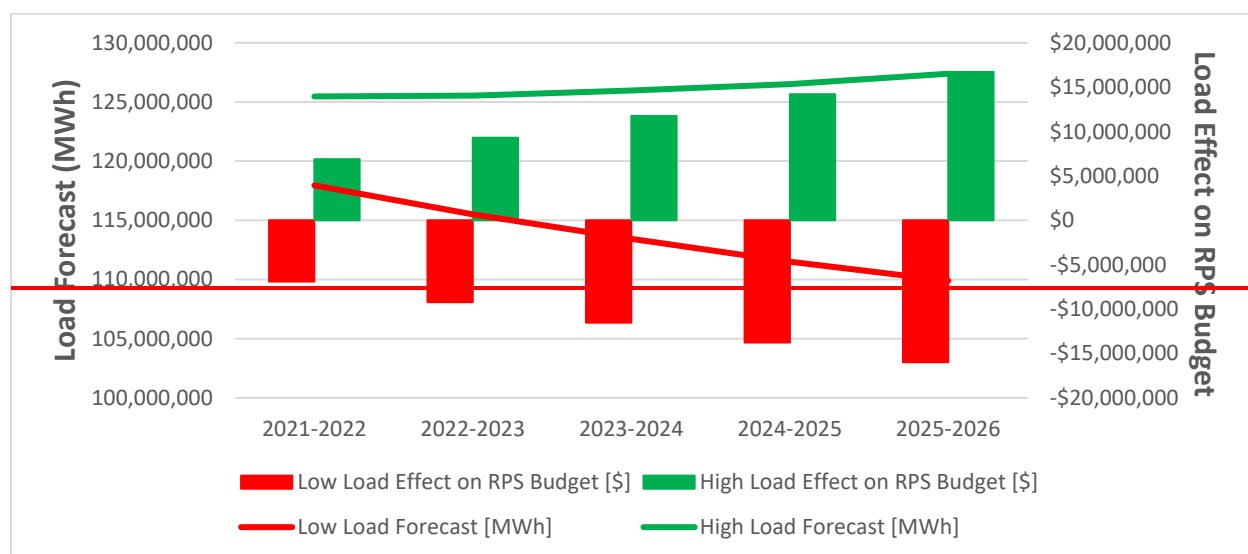
This uncertainty also exists for utility-scale projects which frequently face delays in project energization. However, due to the non-frontloaded structure of Indexed REC contracts, those projects' energization timelines create less budget uncertainty. The greater uncertainty related to Indexed REC contracts is how future energy prices may change as discussed in Section 3.4.9.

3.4.8. Budget Uncertainty Due to Annual Load Variations

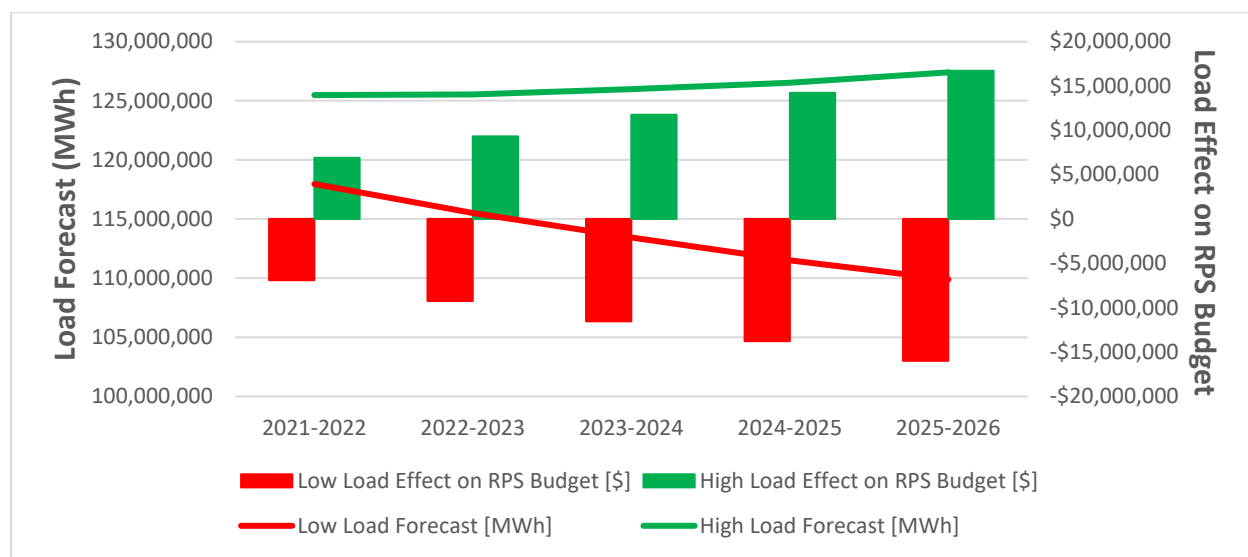
The annual RPS Budget used in this ~~2022 Long~~2024Long-Term Plan has been developed using base case load forecasts provided by the utilities and each utility's statutory cost cap. These load forecasts are driven by a number of factors, which include but are not limited to weather, economics, demographics, assumed demand response, and energy efficiency. Changes to any of the assumptions will result in actual load deviating from forecasted load. Examples include changes in weather patterns, changes in energy efficiency adoption rates, and changes to economic conditions. In practice, the annual RPS Budget for a delivery year will depend on the actual reference year load for each utility, which will likely deviate from the forecasted loads provided by the utilities—although in which direction that deviation will occur is impossible to know until that delivery year.

To see how deviations from the Base Case load forecasts may affect available RPS budgets, the IPA conducted a comparative analysis of the RPS Budget based on the Base Case, High Case, and Low Case. Load forecast data for Ameren Illinois and ComEd were used for this analysis. The RPS Budget for each utility, for each load case, is based on the product of the Applicable Load for a given year and the cost cap rate shown in ~~Figure 3-8.~~Table 3-9.²⁰⁶ For each utility, the impact of the High Case and Low Case is the difference between the RPS budget for each case and the RPS Budget for the Base Case. The total is the sum of the differences for these utilities.

Figure 3-5: Effect on RPS Budget of Annual Load Variations to the Utilities' Load Forecast



²⁰⁶ The load data for the Base Case, High Case, and Low Case for Ameren and ComEd was provided by the utilities as part of their data submissions for this Second Revised Plan.



As shown in ~~Figure 3-4~~ Figure 3-5 above, the impact of the low load forecast on the RPS Budget ~~ranges ranged~~ from a reduction compared to the base case RPS Budgets of approximately \$5.1 million in delivery year 2021-2022 to a reduction of approximately \$16 million in delivery year 2025-2026. Alternatively, the impact of the high load forecast on the RPS Budget ~~ranges ranged~~ from an increase compared to the base case RPS Budgets of approximately \$7 million in delivery year 2021-2022 to an increase of approximately \$16.7 million in delivery year 2025-2026. This constitutes a +/- 2 to 3.5% error band on annual RPS collections.

~~The scale of load~~ Load forecast uncertainty increases ~~the further out forecasts are made over time~~, as factors such as economic indicators and climate/weather are compounded and inherently more difficult to predict for later years. That increasing uncertainty underscores the need for careful consideration as the Agency considers the impact of procurements and programs on future year budgets.

3.4.9. Budget Uncertainty Due to Changes in Indexed REC Prices

As described in Sections 2.6.4 and 5.4.4, for procurements conducted since the enactment of P.A. 102-0662, the price for RECs from utility-scale projects is no longer a fixed REC price. This is in contrast to Forward Procurements conducted between 2017 and 2019, and for the Illinois Shines and Illinois Solar for All Programs. Instead, the price paid for Indexed RECs is based on the difference between the strike price named by the bidder and the monthly energy settlement price for one of the two hubs in Illinois. This creates a challenge for budget modeling in that the price of electricity in future years is not knowable, and thus future REC prices for Indexed REC projects are also not knowable.

The base case budget presented in this chapter utilizes a forward price curve derived from data as of August 1, 2023. The Agency notes that a forward price curve is the projection of future prices in today's dollars, but not a forecast of future spot prices. Externalities such as changes in future economic conditions, state and federal policies, or technology developments will all impact future energy prices. Given the volatility of short-term and long-term energy prices, any projection of energy prices 20 years into the future (or even over much shorter timeframes) can never be fully accurate.

A medium-term illustration of this phenomenon can be seen in Figure 3-6 which is a graph of the futures price for August 2028 ComEd on-peak energy. Over the course 2023, the ComEd August 2028 on-peak forward price has ranged from a low of \$43/MWH to a high of \$66/MWH before settling down over the past two months in the mid \$50s. Over the next five years, these prices will continue to fluctuate.

Figure 3-6: August 2028 ComEd On-Peak Futures Prices²⁰⁷



3.4.10. Considering Alternative Budget Scenarios

On April 14, 2023, the Agency published an RPS budget update.²⁰⁸ That update included a presentation of ten scenarios showing how fluctuations in future energy prices and/or future strike prices for Indexed REC procurements could impact the RPS Budget. While all scenarios were reasonable methodological approaches, some scenarios resulted insignificant funds available for the RPS in future years, while others resulted in significant budgetary shortfalls. Further, the scenario analysis in this April update only explored the impact of variables associated with Indexed REC procurements; if changed assumptions were made of future REC prices for Illinois Shines, that modeling would demonstrate similar uncertainty. While the Agency has the ability to manage future Illinois Shines REC prices through future Long-Term Plans, the Agency does not determine prices in energy markets, and thus cannot control future Indexed REC prices.

For this draft 2023 Long-Term Plan, the Agency has considered additional ways to model budget uncertainty. One approach that was considered was to conduct a regression analysis. A regression analysis is a statistical approach used to determine the impact of independent variables on

²⁰⁷ Source: <https://www.cmegroup.com/markets/energy/electricity/pjm-comed-5-mw-peak-calendar-month-day-ahead-lmp-swap-futures.html#venue=globex>. The Forward Price Curve used by the Agency in this plan is derived from proprietary data obtained from Argus and EOX. This graph is from a publicly available source and is the furthest in the future data available from CME Group.

²⁰⁸ See: <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/rps-budget-update-14-april-2023-2pm.pdf>.

dependent variable(s) of interest. For example, a regression analysis could be used to model the relationship between REC prices that are dependent on both energy prices and strike prices. Ordinary Least Squares (“OLS”) regression models aid in demonstrating how changes in independent variables impact changes to a dependent variable, by determining the equation of a line or curve that best describes their relationship.

OLS is a widely recognized and commonly used regression method, valued for its ease of implementation and straightforward interpretation of statistical outcomes. Its advantageous characteristics includes the accessible nature of inputs and outputs, making its implementation and interpretation of statistical results readily available. However, its disadvantages which includes making many assumptions when outlining the parameters of the model. The method is also sensitive to outliers that may skew the results. OLS requires huge datasets to provide reliable results that are robust. Robust least square is an alternative to the OLS method when data has outliers.

However, OLS does have limitations including sensitivity to outliers and requiring significant assumptions. Most importantly, OLS relies on substantial datasets to ensure reliable and robust conclusions. As the Agency considered using regression analysis for modeling RPS Budget uncertainty, the limited frequency of Indexed REC procurement events and the resulting price information from those events limits its applicability. The Agency will continue to evaluate if there are datasets that would be sufficient for a regression analysis to be conducted in the future.

Instead, the Agency has determined to continue with the approach of conducting a sensitivity analysis of the RPS Budget for this draft 2024 Long-Term Plan.

To simplify the sensitivity analysis, this draft 2024 Long-Term Plan analyzes just three scenarios; a base case (as presented in previous sections), a high forward price curve case, and a low forward price curve case. The high and low scenarios take the forward price curve and modify it using historical Illinois high and low energy price data over the past decade taken from the Energy Information Administration (EIA) as indicators of potential variation in historical deviation in Illinois energy prices. To better model potential price deviations, the Agency is using historical minimums and maximums. This is because the change in forward price forecasts are not only caused by changes in electricity demand, price deviations are often impacted by exogenous factors to the electricity market. Exogenous factors include unexpected events that may influence forward prices positively or negatively such as Covid-19. Exogeneous shocks to electricity prices are not just short-term impacts, exogeneity can have persistent, sustaining, impacts to electricity prices such as price deviations seen during delivery year 2020-2021 in part due to the Covid-19 pandemic. Since 2007, the largest annual decrease in energy prices has been 13.03% and the largest annual increase in energy prices has been 13.1%. Using those variations, the yearend RPS balances would vary as shown in Table 3-13.

Table 3-13: RPS Budget Sensitivity Analysis

Delivery Year	Base Case	High Price Curve Scenario	Low Price Curve Scenario
2023-24	\$ 821,171,740	\$ 821,171,740	\$ 821,171,740
2024-25	\$ 720,803,140	\$ 723,356,426	\$ 718,249,855
2025-26	\$ 694,019,174	\$ 705,368,671	\$ 682,669,677
2026-27	\$ 613,608,865	\$ 670,748,446	\$ 556,469,284
2027-28	\$ 407,298,303	\$ 561,091,156	\$ 253,505,450
2028-29	\$ 140,418,440	\$ 415,751,527	\$ (134,914,647)
2029-30	\$ (161,058,116)	\$ 265,767,872	\$ (587,884,104)
2030-31	\$ (450,302,195)	\$ 158,915,740	\$ (1,059,520,129)
2031-32	\$ (743,199,509)	\$ 72,301,845	\$ (1,558,700,864)
2032-33	\$ (1,028,909,857)	\$ 19,075,350	\$ (2,076,895,064)
2033-34	\$ (1,212,770,632)	\$ 75,171,684	\$ (2,500,712,949)
2034-35	\$ (1,348,256,864)	\$ 197,067,849	\$ (2,893,581,578)
2035-36	\$ (1,415,885,118)	\$ 416,662,617	\$ (3,248,432,853)
2036-37	\$ (1,398,690,510)	\$ 730,936,294	\$ (3,528,317,315)
2037-38	\$ (1,310,658,730)	\$ 1,136,672,095	\$ (3,757,989,554)
2038-39	\$ (1,145,921,338)	\$ 1,640,321,989	\$ (3,932,164,665)
2039-40	\$ (902,735,252)	\$ 2,243,931,582	\$ (4,049,402,085)
2040-41	\$ (584,354,872)	\$ 2,944,593,374	\$ (4,113,303,118)
2041-42	\$ (126,865,236)	\$ 3,818,984,786	\$ (4,072,715,258)
2042-43	\$ 451,704,689	\$ 4,825,627,616	\$ (3,922,218,239)

Similar to the sensitivity analysis conducted in April 2023, this updated sensitivity analysis continues to illustrate the great uncertainty related to future RPS Budget availability. Similar variations in results could also be demonstrated by changing assumptions around future strike prices for Indexed REC procurements, or future Illinois Shines REC prices.

It does not appear that there is a risk of a budget shortfall until the end of this decade. As a result, the procurement activities proposed in this Plan (including proposed Illinois Shines REC prices) do not create a significant budget risk. Instead, it would be through activities proposed and conducted under future Plans where potential budget risks could be introduced given the volatility of the market.

3.5. Alternative Compliance Payment Funds Held by the Utilities

As of August ~~23,~~ ~~2022~~, 2023, Ameren Illinois held \$12, ~~959,933~~ 955,428 and ComEd held \$23, ~~982,074~~ 326,123 of alternative compliance payments collected from retail customers that took service under electric ~~utilities'~~ utilities' hourly pricing tariff or tariffs ("HACP"). These funds are in part committed to fund the REC purchases from the 2015 through 2017 Distributed Generation

procurements conducted by the Agency, which featured five-year REC delivery contracts with payment upon delivery (and not prepayment).²⁰⁹

As of August ~~23, 2022~~ ~~1, 2023~~, the remaining balance of uncommitted hourly alternative compliance payments—those not set aside to fund the Distributed Generation procurements—is \$12, ~~959,933~~ ~~913,722~~ for Ameren Illinois, and \$-21, ~~197,584~~ ~~634,004~~ for ComEd.

Also, as of August ~~23, 2022~~ ~~1, 2023~~, Ameren Illinois held \$23,519,406, ComEd held \$ ~~42,874,362~~ ~~44,214,248~~, and MidAmerican held \$13,556 ~~of~~ ~~in~~ alternative compliance payment funds collected from ARES since June 1, 2017 (“ARES ACP”)²¹⁰ as shown in Table 3-22.

The Tables below summarize the balances of these Alternative Compliance Payments.

Table 3-13: Balance of HACP as of January 13, 2022 (\$)

Ameren	ComEd	MidAmerican
12,959,933	25,124,996	-

Table 3-14: Balance of HACP as of January 13, 2022

Ameren	ComEd	MidAmerican
\$12,955,428	\$23,326,123	-

Table 3-15: Available ACPs (\$)

ACP	Ameren	ComEd	MidAmerican	All Utilities
Uncommitted HACP	\$12,913,722	\$21,634,004	-	\$34,547,726
ARES ACP	\$23,519,409	\$44,214,248	13,556	\$67,747,213
Total Available ACPs	\$36,433,131	\$65,848,252	13,556	\$102,281,383
ACP	Ameren	ComEd	MidAmerican	All Utilities
Uncommitted HACP	12,959,933	21,197,584	-	34,157,517
ARES ACP	23,519,409	42,874,362	13,556	66,393,771
Total Available ACPs	36,479,342	64,071,946	13,556	100,564,844

²⁰⁹ 2016 and 2017 Distributed Generation procurements for MidAmerican were funded out of MidAmerican’s Renewable Energy Resources budget, as MidAmerican does not have any Hourly Alternative Compliance Payments.

²¹⁰ Section 16-115D of the PUA provides that while “[t]hrough May 31, 2017, all alternative compliance payments by alternative retail electric suppliers shall be deposited in the Illinois Power Agency Renewable Energy Resources Fund,” “beginning with the delivery year commencing June 1, 2017, all alternative compliance payments by alternative retail electric suppliers shall be remitted to the applicable electric utility” and not deposited into the RERF. ~~(220 ILCS 5/16-115D(d)(4), (4.5))~~ ~~1~~. See also 83 Ill. Adm. Code Part 455. ComEd’s balance reflects interest earned on the ARES ACP funds held by ComEd, while Ameren Illinois’ and MidAmerican’s do not.

In its First Revised Plan, the Agency proposed, and the ICC accepted, that the utility held ACPs should be used in each delivery year *after* the use of funds collected pursuant to Section 16-108(k) for both Forward Procurements and the Adjustable Block Program, providing the Agency with a reserve balance of funds through which it could cover expenditures in excess of Section 16-108(k) collections. This approach was necessary to minimize the risk of payment deferrals in the 2021-2022 delivery year and the two years directly thereafter, during which the ~~Available~~ Net RPS Budget had been projected to be negative, meaning that absent this change to the use of utility-held ACPs, contractual expenditures would need to be pulled back (under curtailment clauses in the REC contracts) from what was committed in order to bring the ~~Available~~ Net RPS Budget for the delivery year to zero.

With the delays in project energization created by the COVID-19 pandemic, it appeared in 2021 that, even with the use of utility-held ACPs, contract payment deferrals could occur, ~~thus~~ resulting the IPA petitioning the ICC to reopen Docket No. 19-0995 for authorizing a payment deferral system. While the enactment of Public Act 102-0662 has alleviated those near-term budgetary concerns, the full budgetary impact of the changes to the RPS are not fully known or understood. As a result, for this ~~2022~~2024 Long-Term Plan, the Agency will maintain the approach of holding utility-held ACPs in reserve. The Agency will consider alternative uses of utility-held ACPs to maximize their impact on increasing RPS activities in ~~its next~~ a future Long-Term Plan.

3.6. Section 1-75(c)(1)(H)(i) ARES Option to Supply RECs for their Retail Customers

Section 1-75(c)(1)(H) of the Act provides an exception to the phase-out of ARES RPS obligations described in Section 3.1. Under this exception, an ARES may use self-supplied RECs to meet a portion (and possibly all) of the REC procurement requirements applicable to its load. To do so, the ARES had to first make an informational filing to the ICC within 45 days of the effective date of Public Act 99-0906 (i.e., within 45 days of June 1, 2017), indicating that it owned a generating facility or facilities as of December 31, 2015, that produced RECs eligible to meet the RPS, provided that those facilities were not powered by wind or solar photovoltaics.

The amount of RECs that can be supplied by ARES-owned/ generation is subject to several limitations. Specifically, the Act provides that:

For the delivery year beginning June 1, 2018, the maximum amount of renewable energy credits to be supplied by an alternative retail electric supplier under this subparagraph (H) shall be 68% multiplied by 25% multiplied by 14.5% multiplied by the amount of metered electricity (megawatt-hours) delivered by the alternative retail electric supplier to Illinois retail customers during the delivery year ending May 31, 2016.

For delivery years beginning June 1, 2019 and each year thereafter, the maximum amount of renewable energy credits to be supplied by an alternative retail electric supplier under this subparagraph (H) shall be 68% multiplied by 50% multiplied by 16% multiplied by the amount of metered electricity (megawatt-hours) delivered by the alternative retail electric supplier to Illinois retail customers during the delivery year

*ending May 31, 2016, provided that the 16% value shall increase by 1.5% each delivery year thereafter to 25% by the delivery year beginning June 1, 2025, and thereafter the 25% value shall apply to each delivery year.*²¹¹

The Act limits the total amount of RECs that can be supplied by all ARES through owned generation:

*For each delivery year, the total amount of renewable energy credits supplied by all alternative retail electric suppliers shall not exceed 9% of the Illinois target renewable energy credit quantity. The Illinois target renewable energy credit quantity for the delivery year beginning June 1, 2018 is 14.5% multiplied by the total amount of metered electricity (megawatt-hours) delivered in the delivery year immediately preceding that delivery year, provided that the 14.5% shall increase by 1.5% each delivery year thereafter to 25% by the delivery year beginning June 1, 2025, and thereafter the 25% value shall apply to each delivery year.*²¹²

To account for this self-supply by the ARES, the Act requires that charges applicable to retail customers of that ARES be reduced by the ratio of the RECs supplied by the ARES to the ARES's RPS target. Specifically, the Act states that:

*If the requirements set forth in items (i) through (iii) of this subparagraph (H) are met, the charges that would otherwise be applicable to the retail customers of the alternative retail electric supplier under paragraph (6) of this subsection (c) for the applicable delivery year shall be reduced by the ratio of the quantity of renewable energy credits supplied by the alternative retail electric supplier compared to that supplier's target renewable energy credit quantity. The supplier's target renewable energy credit quantity for the delivery year beginning June 1, 2018 is 14.5% multiplied by the total amount of metered electricity (megawatt-hours) delivered by the alternative retail supplier in that delivery year, provided that the 14.5% shall increase by 1.5% each delivery year thereafter to 25% by the delivery year beginning June 1, 2025, and thereafter the 25% value shall apply to each delivery year.*²¹³

The ARES must also notify the Agency and the applicable utility by February 28 of each year of its election to supply RECs to its retail customers and include the amount of RECs to be supplied. By April 1 of each year, the IPA posts a report to its website outlining on the aggregate number of RECs being supplied by the ARES for the upcoming delivery year under this provision, starting June 1.²¹⁴ This quantity is accounted for as RECs from "other technologies" (i.e., other than wind or solar) and reduces the overall RPS Target for that delivery year. Those targets are shown (unadjusted) in Table 3-6.

One ARES informational filing, covering an eligible ARES-owned generation facility located outside of Illinois, was submitted on a confidential basis to the ICC by the deadline of July 15, 2017.

²¹¹ Id.

²¹² Id.

²¹³ Id.

²¹⁴ For the 2021-2022 delivery year, see: <https://www2.illinois.gov/sites/ipa/Documents/2021-2022%20Delivery%20Year%20ARES%20REC%20Report.pdf>. The amount of RECs expected to be supplied is 1,704,547.

3.7. MidAmerican Volumes

While procurement plans are required to be prepared annually for Ameren Illinois and ComEd, Section 16-111.5(a) of the PUA states that “[a] small multi-jurisdictional electric utility . . . may elect to procure power and energy for all or a portion of its eligible Illinois retail customers” in accordance with the planning and procurement provisions found in the IPA Act. On April 9, 2015, MidAmerican first formally notified the IPA of its intent to procure power and energy for a portion of its eligible retail customer load through the IPA through its participation. That portion is essentially the incremental load that is not forecasted to be supplied in Illinois by what MidAmerican, a vertically-integrated utility in Iowa that owns generation there (as well as a share of the Quad Cities nuclear plant in Cordova, Illinois), assigns to Illinois as its jurisdictional generation. Each year since, MidAmerican has remained a part of that process to meet the remaining “portion” of its load.

MidAmerican’s status as a multi-jurisdictional utility that uses its own generating resources to meet a portion of its Illinois load creates a unique situation for RPS compliance. Unlike Ameren Illinois and ComEd, for which all retail load is subject to the RPS goals and targets (subject to limited exceptions outlined above), the MidAmerican load for which the RPS goals and targets are applicable has traditionally been only that load that is subject to the IPA’s annual planning and procurement process for conventional power. As mentioned above, that amount has been the forecast load in excess of MidAmerican’s Illinois-allocated generation in any given delivery year, which has generally been only 25-35% of its total jurisdictional load.²¹⁵

As a significantly smaller Illinois utility to begin with, and with only a portion of its load applicable to the Illinois RPS, the MidAmerican share of Illinois RPS and Zero Emission standard contracts has often been only a fraction of that allocated to ComEd and Ameren Illinois.

3.7.1. ~~Initial~~ Change to MidAmerican’s Load Forecast Methodology

In 2018, MidAmerican proposed and the Commission approved a change in approach to forecast MidAmerican’s generation used for electricity procurement.²¹⁶ This change caused a sudden and significant reduction of the load subject to the IPA electricity procurement process, as seen in ~~Table 3-15~~ Table 3-16 below.

Table 3-16: MidAmerican Applicable Load and RPS Budget before and after Change in Forecast Approach

Compliance Delivery Year	Reference Delivery Year	Applicable Load Before Change {MWh} ²¹⁷	Applicable Load After Change {MWh} ²¹⁸	RPS Budget Before Change { \$ }	RPS Budget After Change { \$ }
2020-2021	2019-2020	616,844	0	765,812	0
2021-2022	2020-2021	527,768	0	655,224	0

²¹⁵ The Commission specified this approach for the procurement of renewable resources to meet the RPS compliance targets applicable to MidAmerican in Docket No. 15-0541, determining that only the portion of MidAmerican’s load subject to the IPA’s planning and procurement process is subject to Section 1-75(c) of the Act’s requirements.

²¹⁶ ~~Final Order ICC~~ Docket No. 18-1564, ~~Final Order dated November [Nov. 26, 2018].~~

²¹⁷ ~~Based on load volumes presented in the Initial Plan.~~

²¹⁸ ~~Based on volumes provided by MidAmerican in its response submitted for the preparation of the First Revised Plan.~~

2022-2023	2021-2022	519,093	126	644,454	156
2023-2024	2022-2023	509,457	400	632,491	497
2024-2025	2023-2024	390,919	644	485,326	800
2025-2026	2024-2025	372,831	929	462,870	1,153

Compliance Delivery Year	Reference Delivery Year	Applicable Load Before Change [MWh] ^[A]	Applicable Load After Change [MWh] ^[B]	RPS Budget Before Change [\$]	RPS Budget After Change [\$]
2020-2021	2019-2020	616,844	0	765,812	0
2021-2022	2020-2021	527,768	0	655,224	0
2022-2023	2021-2022	519,093	126	644,454	156
2023-2024	2022-2023	509,457	400	632,491	497
2024-2025	2023-2024	390,919	644	485,326	800
2025-2026	2024-2025	372,831	929	462,870	1,153
[A] Based on load volumes presented in the Initial Plan.					
[B] Based on volumes provided by MidAmerican in its response submitted for the preparation of the First Revised Plan.					

In the 2019 Electricity Procurement Plan,²¹⁹ the IPA explained the change in approach to forecast MidAmerican's generation:

In reviewing the load forecast and resource portfolio information supplied by MidAmerican for the 2019 Plan, the IPA notes that MidAmerican revised the methodology used for its generation supply forecast. The prior forecast methodology utilized production cost models to dispatch the Illinois Historical Resources whenever the expected cost to generate electricity is less than the expected cost of acquiring it in the market. The revised methodology is based on the utilization of MISO Unforced Capacity ("UCAP") from the baseload Illinois Historical Resources to determine the generation available to meet MidAmerican's Illinois eligible load.²²⁰

MidAmerican's revised methodology utilizes the full capability of each baseload generation asset, represented by the UCAP MW values as determined by MISO for each year's Planning Resource Auction. The UCAP values de-rate generating unit capabilities by considering historical forced outage rates and operating conditions under summer peak conditions. The IPA, for the 2019 Plan, recommends no changes to the determination of monthly on-peak and off-peak block energy requirements other than the replacement of generation production values with the UCAP values for each of the following baseload resources:

- *Coal resources including: Neal Unit #3, Neal Unit #4, Walter Scott Unit #3, Louisa Generating Station, and Ottumwa Generating Station.*
- *Nuclear Resources: Quad Cities Nuclear Power Station.*

The supply capability that is determined is netted against the forecast of MidAmerican Illinois load to calculate the monthly on-peak and off-peak shortfalls which will be met with energy block purchases in the IPA procurements. In determining the amount of block energy products to be procured for MidAmerican, the IPA treats the allocation of capacity and energy from MidAmerican's Illinois Historical Resources in a manner analogous to a series of standard

²¹⁹ 2019 Final Electricity Procurement Plan at 45-46 (Jan. 4, 2019).

²²⁰ MidAmerican allocates 10.86% of the UCAP ratings of its baseload units for Illinois Historical Generation.

energy blocks. This approach is consistent with the 2018 Procurement Plan approved by the Commission.

As shown in ~~Table 3-15~~ Table 3-16 above, one unintended consequence of this reduction is that it would cause the annual commitments of already procured RECs and associated spending to exceed MidAmerican's projected RPS annual budget using the prior-applied methodology for determining that budget amount. Stated differently, MidAmerican was previously assigned contracts assuming it would have ~\$650,000 available to spend annually on renewable energy procurement. Upon those obligations becoming due and payments needing to be made, applying MidAmerican's new load forecasting methodology in combination with the prior approach to determining MidAmerican's RPS budget would result in MidAmerican only potentially having hundreds of dollars available for renewable energy resource procurement.

This could have left entities holding contracts with MidAmerican at risk of non-payment, as absent an alternative interpretation to calculating MidAmerican's available RPS budget, MidAmerican would not be authorized to meet those contract obligations without exceeding its statutory RPS rate impact cap. This situation could have caused some new renewable energy facilities dependent on revenue from MidAmerican's contracts to suffer losses, leaving them potentially unable to generate enough revenue to cover costs.

3.7.2. Correcting for the Unintended Consequences of MidAmerican's Forecast Approach

~~As described in more detail throughout Chapter 2, a~~ primary objective informing Public Act 99-0906's reforms to the Illinois RPS was to reduce year-over-year funding volatility that effectively paralyzed leveraging RPS funds to support the development of new renewable energy generation. While such volatility was not completely eliminated, year-over-year RPS annual budget changes for those utilities remain relatively minor, and enough stabilization was introduced to allow for the execution of the types of long-term contracts providing sufficient revenue certainty to allow developers to secure financing to develop new renewable generation. To ensure similar stability for MidAmerican's budgets, in the First Revised Plan, the IPA proposed and the Commission accepted the use of a proxy to calculate MidAmerican's Applicable Load. This proxy for applicable load is a percentage of MidAmerican's total Illinois retail load.

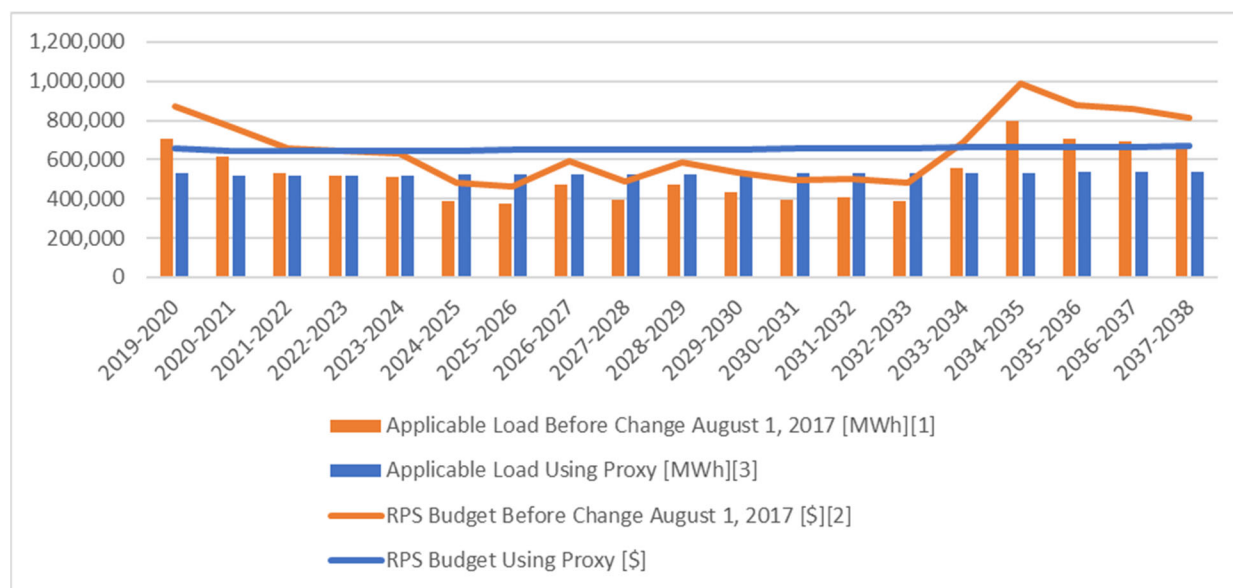
MidAmerican's Applicable Load for the purposes of RPS compliance (i.e., calculations of REC targets, budgets, and allocation of REC contracts in this Plan) is to be fixed at 26.025% of MidAmerican's annual total Illinois retail load. This percentage is calculated as follows: the average of MidAmerican's applicable load from the Initial Plan for the DYs 2019-2020 through 2037-2038 is 526,880 MWh. The average of the total retail load provided by MidAmerican in their July 2019 data response for the same period is 2,024,484 MWh. The ratio of the average applicable load from the Initial Plan to the average total retail load provided by MidAmerican in its data response yields a 26.025% proxy.

Adopting this proposal produces Applicable Load volumes that are equivalent to those used in the Initial Plan, as shown on ~~Table 3-15~~, Table 3-16, which formed the basis to calculate MidAmerican's targets and budgets that supported MidAmerican's allocation of REC contracts and corresponding spending. Additionally, as can be observed in ~~the Table below~~, Figure 3-7, MidAmerican's resulting Applicable Load and corresponding budget is relatively stable, year over year, helping to ensure not

only that existing contracts are not curtailed, but also that the year-to-year volatility does not persist for MidAmerican.

As this proposal was uncontested in Docket No. 19-0995, this proposal was adopted by the Commission through its Final Order in that proceeding approving the First Revised Plan. This approach ~~has been was~~ maintained for ~~this the~~ 2022 Long-Term Plan ~~and the Agency proposes to continue determining MidAmerican's Applicable Load using this proxy approach for the 2024 Long-Term Plan.~~

Figure 3-7: Comparison of MidAmerican's Applicable Load Using the Generation Forecast before Change and the Proposed Proxy for Determining Applicable Load and Budget



~~MidAmerican's Applicable Load will be determined by using the proxy approach proposed in this Section.~~

4. Renewable Energy Credit Eligibility

4.1. Introduction

To be eligible for use in compliance with the Illinois RPS, RECs are required to meet a variety of eligibility requirements. First, the RECs are to be sourced from generating technologies permitted in the definition of “renewable energy resources” contained in Section 1-10 of the Act.²²¹ Second, Subsections (I) and (J) of Section 1-75(c)(1) create additional eligibility criteria. Subsection (I) contains locational eligibility criteria, while subsection (J) contains criteria related to how a facility that generates RECs recovers its costs.

This Chapter discusses how the Agency interprets and implements the requirements of ~~Subsections (I) and (J). Through P.A. 102-0662, changes were made to Sections~~ subsections 1-75(c)(1)(I) and (J) of the IPA Act ~~providing. These subsections also provide~~ support for RECs associated with electricity transmitted across qualifying high voltage direct current (“HVDC”) lines and electricity transmitted to Illinois-based HVDC converter stations; ~~those changes are discussed in Section 4.5 below.~~

4.2. REC Eligibility

~~Outside of these HVDC-related changes, P.A. 102-0662 does not otherwise change the~~ The process for determining ~~the eligibility to participate in the Agency’s competitive procurements for whether RECs produced from~~ utility-scale projects ~~that are~~ located in ~~the states~~ adjacent to Illinois.

~~P.A. 99-0906 placed two new at the time conditions on RECs~~ states are eligible to be ~~used~~ utilized for RPS compliance ~~under the IPA Act, and therefore whether the project is eligible to participate in the Agency’s competitive procurements, are subject to two conditions.~~

1. A locational standard that allows for RECs from facilities located in Illinois to meet the Illinois RPS, and from facilities located in adjacent states only if those facilities meet the public interest criteria set out in Section 1-75(c)(1)(I). By implication, RECs from states further afield than the states adjacent to Illinois would not qualify for the Illinois RPS.
2. P.A. 99-0906 introduced a new standard related to how generating units recover their costs. This standard not only prohibits the use of RECs from generating units that recover their costs through state-regulated rates, but also assesses penalties for RECs from systems later found to be non-compliant.²²²

²²¹ As recently amended by P.A. 103-0380, the Section 1-10 of the IPA Act defines “Renewable energy resources” as “includes energy and its associated renewable energy credit or renewable energy credits from wind, solar thermal energy, photovoltaic cells and panels, biodiesel, anaerobic digestion, crops and untreated and unadulterated organic waste biomass, and hydropower that does not involve new construction of dams, waste heat to power systems, or qualified combined heat and power systems. For purposes of this Act, landfill gas produced in the State is considered a renewable energy resource. ‘Renewable energy resources’ does not include the incineration or burning of tires, garbage, general household, institutional, and commercial waste, industrial lunchroom or office waste, landscape waste, railroad crossties, utility poles, or construction or demolition debris, other than untreated and unadulterated waste wood. ‘Renewable energy resources’ also includes high voltage direct current renewable energy credits and the associated energy converted to alternating current by a high voltage direct current converter station to the extent that: (1) the generator of such renewable energy resource contracted with a third party to transmit the energy over the high voltage direct current transmission facilities, and (2) the third-party contracting for delivery of renewable energy resources over the high voltage direct current transmission facilities have ownership rights over the unretired associated high voltage direct current renewable energy credit.”

²²² See 20 ILCS 3855/1-75(c)(1)(J). Note that Section 1-75(c)(1)(I) references “facility” and “facilities” for the geographic standard, while Section 1-75(c)(1)(J) references “generating unit” for the cost recovery standard. Section 1-10 of the IPA Act does not specifically define “generating unit” but does define a facility as: “an electric generating unit or a co-generating unit that produces electricity along with related equipment necessary to connect the facility to an electric transmission or distribution system.” The Agency understands these terms to be generally interchangeable.

These eligibility requirements require competitive procurements conducted by the IPA to feature additional steps ~~to verify~~ verifying that RECs being procured (and, in most cases, the underlying generating facilities from which they are being procured) are ~~indeed~~ eligible for the Illinois RPS. Additional review is ~~now~~ required during the bidder registration process to allow the Procurement Administrator and the Agency to verify information about proposed facilities ~~and if. This review is to determine if the proposed~~ facilities located in the states adjacent to Illinois meet the public interest criteria.

4.3. -Adjacent State Requirement

Section 1-75(c)(1)(I) of the Act contains a locational eligibility requirement for the Illinois RPS. Enacted through P.A. 99-0906, this requirement replaced the prior locational standard under which renewable energy resources could come from Illinois and adjoining states, and if not available, then they could come from elsewhere.²²³ ~~By contrast,~~ Section 1-75(c)(1)(I) permits ~~that~~ qualifying renewable energy credits can be generated by facilities located in Illinois, and *may* be sourced from facilities in adjacent²²⁴ states²²⁵—but *only* if these facilities can meet public interest criteria spelled out in the law. While not explicitly stated in the statute, the Agency understands that the application of the public interest criteria ~~for to~~ only adjacent states means that ~~renewable energy credits~~ RECs from generating facilities located ~~in outside~~ states that ~~are not~~ adjacent to Illinois ~~(or from generating facilities in other countries)~~ will generally not be eligible for the Illinois RPS.²²⁶

The public interest criteria that the Agency considers include:

1. Minimizing sulfur dioxide, (SO₂), nitrogen oxides, (NO_x), particulate matter (PM) and other pollution that adversely affects public health in this State
2. Increasing fuel and resource diversity in this State
3. Enhancing the reliability and resiliency of the electricity distribution system in this State
4. Meeting goals to limit carbon dioxide emissions under federal or state law
5. Contributing to a cleaner and healthier environment for the citizens of this State

The Act specifies that the Agency “may qualify renewable energy credits from facilities located in states adjacent to Illinois if the generator demonstrates and the Agency determines that the operation of such facility or facilities will help promote the State's interest in the health, safety, and welfare of its residents based on the public interest criteria described above.”²²⁷

²²³ Former 20 ILCS 3855/1-75(c)(3), repealed June 1, 2017.

²²⁴ ~~For the purpose of assessing eligibility for compliance with the Illinois RPS, the Agency defines only states that have a common border as states adjacent to Illinois: Wisconsin, Iowa, Missouri, Kentucky, Indiana, and Michigan. Michigan is considered adjacent due to the border between Illinois and Michigan that exists in Lake Michigan. This is consistent with how other State Agencies interpret the federal Coastal Zone Management Act. See, for example, https://www.dnr.illinois.gov/cmp/documents/3_boundary.pdf.~~

²²⁵ ~~For the purpose of assessing eligibility for compliance with the Illinois RPS, the Agency defines only states that have a common border as states adjacent to Illinois: Wisconsin, Iowa, Missouri, Kentucky, Indiana, and Michigan. Michigan is considered adjacent due to the border between Illinois and Michigan that exists in Lake Michigan. This is consistent with how other State Agencies interpret the federal Coastal Zone Management Act. See, for example, <https://dnr.illinois.gov/content/dam/soi/en/web/dnr/cmp/documents/appendix-b.pdf>.~~

²²⁶— One exception introduced through P.A. 102-0662 is for projects utilizing qualifying HVDC transmission lines with converter stations located in Illinois. ~~As described in Section 4.5 below, the RECs associated with any renewable energy transmitted over that HVDC transmission line with a verified customer in Illinois will be deemed to have been sourced from a generation facility in Illinois for purposes of RPS qualification.~~

²²⁷ 20 ILCS 3855/1-75(c)(1)(I) (emphasis added).

To do so, and to “ensure that the public interest criteria are applied to the procurement and given full effect,” the Plan “shall describe in detail how each public interest factor shall be considered and weighted for facilities located in states adjacent to Illinois.” This Chapter provides that description.²²⁸

In ~~originally developing the Initial Long-Term Plan, the Agency faced certain challenges in determining~~ a methodology ~~to account for considering and weighting~~ these public interest criteria, ~~the Agency faced certain challenges~~. The complex nature of an interconnected electric power grid and associated system operations (i.e., generation dispatch for economics and reliability), and how pollution flows across states, ~~all~~ prevented the Agency from simply quantifying and scoring facility eligibility requests using easily obtainable data. While predictions can be simulated, there is not one clear, unassailable way to determine how a renewable energy facility in an adjacent state will meet the public interest criteria.

In its Initial Plan, the Agency developed what it believes are reasonable proxies for each criterion.²²⁹ In the Final Order approving the Initial Plan on April 3, 2018 ~~in~~, Docket No. 17-0838, the Commission found the Agency’s methodology and assumptions for considering the eligibility of RECs sourced from adjacent states to be reasonable. ~~That~~The approach remained the same for the First Revised Plan approved by the ICC on February 18, 2020, Docket No. 19-0995, and the 2022 Long-Term Plan approved by the ICC on July 14, 2022 in Docket No. 19-099522-0231, and no party contested the ~~First Revised Plan’s~~ approach ~~through that in either~~ proceeding. This approach, described in more detail below, is generally unchanged in this 2022 draft of the 2024 Long-Term Plan.

While based conceptually on the same approach used for the Agency’s Zero Emission Standard (“ZES”) Plan, the basis for determining compliance with ~~the~~ pollution and emissions public interest criteria in this Long-Term Plan is focused on the displacement of ~~potential new prospective~~ non-renewable gas-fired generation by renewable generation that could be eligible to supply RECs to meet the Illinois RPS requirements. Among the differences from the ZES Plan scoring approach ~~are that is~~ renewable generating facilities are likely to be intermittent rather than baseload (a defining characteristic of zero emission facilities~~);~~). Intermittent classification typically ~~impact~~impacts generation assets on the margin of the dispatch order, and these facilities are generally smaller in size relative to the ZES replacement generation.

To assess whether a renewable generating facility located in an adjacent state is eligible to participate in the IPA’s REC procurements to meet the Illinois RPS, the Agency assigns a maximum of 20 points to each of the five public interest criteria, as described below, for a total of 100 possible points.

For a renewable energy generating facility in an adjacent state to have its RECs considered eligible for the Illinois RPS, the adjacent state facility needs to demonstrate that it can achieve a total score of at least 60 points for the Agency to approve that request. ~~The IPA believes that this~~This score threshold, ~~previously affirmed initially approved~~ by the ICC in Docket No. 17-0838 and affirmed through approval of subsequent Plans in Docket Nos. 19-0995 and 22-0231, provides a balanced approach to ensuring that adjacent state facilities indeed provide sufficient benefits consistent with

²²⁸ Separately, Chapter 5 describes how adjacent state projects that qualify under this public interest criteria scoring may comply with prevailing wage requirements found in Section 1-75(c)(1)(Q) of the IPA Act.

²²⁹ The Agency also developed a similar set of criteria for use in its Zero Emission Standard Procurement Plan (“ZES Plan”) developed pursuant to Section 1-75(d-5) of the Act, which was approved by the Commission on September 11, 2017 in Docket No. 17-0333. That ZES Plan includes consideration of how to minimize sulfur dioxide, nitrogen oxide, and particulate matter emissions that would result from the potential closure of zero emission facilities (i.e., nuclear plants located in PJM or MISO).

the law's directive. This score threshold requires a better than average score demonstrating benefits to the health, safety, and welfare of Illinois residents, but yet not too onerous to prohibit any adjacent state participation.

For this ~~2022 draft of the 2024~~ Long-Term Plan, the Agency has reviewed and analyzed not only this scoring threshold, but also the methodology for the consideration of adjacent state facilities. After review and analysis, this scoring threshold and methodology (described further below) remains the same as presented in ~~the Initial Plan and First Revised Plan prior Long-Term Plans~~. However, the Agency has updated the data for the inputs related to wind direction and duration and the emissions rates for the natural gas combined-cycle generating plant used in the methodology.

The Agency also notes that ~~there are~~ two wind facilities in adjacent states ~~that were the~~ recipients of contracts from the 2010 Long-Term Renewable Resources Procurement. One in Iowa has a contract with Ameren Illinois, while one in Indiana has a contract with ComEd. ~~As these~~ These facilities were granted contracts ~~at a time that when under the purview of~~ Illinois law ~~viewed~~ considered them ~~as providing to provide~~ sufficient benefits to Illinois residents ~~for~~ For their renewable energy resources to be used to meet the Illinois RPS, the Agency considers these two facilities to be grandfathered into this requirement.

1. Minimizing sulfur dioxide, nitrogen oxide, particulate matter and other pollution that adversely affects public health in this State

For the purposes of its Initial Plan ~~(and maintained in this 2022 Long-Term Plan)~~ and the consideration of this criterion, the Agency refined ~~and simplified~~ the methodological approach utilized in the ZES Plan. Under the ZES Plan, emissions are associated with replacement of generation that can be located anywhere in PJM or MISO. This approach was maintained through the Revised and 2022 Long-Term Plans; for the purposes of this ~~2022 Long-Term~~ draft of the 2024 Plan, the Agency considers that a renewable energy facility would displace the emissions of a typical new natural gas-fired combined-cycle generation facility.

In the ZES Plan, the Agency weighted replacement generation across multiple states, in recognition that replacement generation for a large Zero Emission Facility would likely come from multiple sources (replacement generation would be a combination of changed dispatch of existing generation units as well as the potential development of new generating units).²³⁰ The Agency simplified the weighting for this criterion to focus on comparing emissions from renewable generation to ~~the~~ emissions from a new natural gas-fired combined-cycle generating facility. This assumption reflects the fact that recent and anticipated additions to the resource mix in PJM and MISO will be predominantly natural gas, wind, or solar.²³¹ ~~and~~ natural gas is increasingly the fuel on the margin of dispatch for both PJM and MISO, and thus more appropriate for comparison than ~~say,~~ a baseload

²³⁰ Specifically, 33% of the replacement generation was assumed to be in the bidding zero emission facility's own state, and the remaining 67% of replacement generation was assumed to occur across the relevant RTO, allocated by states based on each state's share of RTO-wide generation. ZES Plan, July 31, 2017, <https://www.icc.illinois.gov/downloads/public/edocket/451223.pdf>, at 37.

²³¹ U.S. FERC, Office of Energy Policy and Innovation, Division of Energy Market Assessment, "State of the Markets ~~2020. A Staff Report to the Commission,~~ March 18, 2021. ~~"MISO Futures Report," April 2021.~~ <https://cdn.misoenergy.org/MISO%20Futures%20Report538224.pdf>; Lustig, M. and Dholakia, G., S&P Global Market Intelligence, "Outlook 2021: US planned capacity additions again led by solar, wind," 26 April 2021. 2022. A Staff Report to the Commission." March 16, 2023. MISO Presentation, MISO Futures Overview, PJM Independent State Agencies Committee, May 22, 2023. <https://www.pjm.com/-/media/committees-groups/state-commissions/isac/2023/20230522/20230522-miso-futures-overview.ashx>

coal facility.²³² As discussed below, this comparison is a relevant factor in the evaluation criteria for renewable technologies that involve combustion (thus not including wind, solar, or hydro).

The emissions comparison includes sulfur dioxide (SO₂) and nitrogen oxides (NO_x) as proxies for all emissions because higher emissions of SO₂ and NO_x are generally correlated with higher emissions of PM, especially with regard to facilities that involve the combustion of solid fuels. SO₂ and NO_x are primary emission sources for the formation of PM_{2.5} in ambient air away from the immediate emissions source. Larger PM (PM₁₀) is deposited nearer the source, while secondary PM_{2.5} increases based on the formation of sulfates and nitrates from the SO₂ and NO_x in the atmosphere as the pollutants move away from the primary source.²³³ The following table shows SO₂, NO_x, and CO₂ emissions rates of new natural gas-fired generation based upon ~~2019~~2020 data ~~from~~used by the U.S. Energy Information Agency ("EIA") ~~for the 2023 Annual Energy Outlook~~.²³⁴

²³² See: Potomac Economics, ~~"2020"2022~~ State of the Market Report for the MISO Electricity Markets, ~~Analytic Appendix~~ ~~May 2021," June~~ ~~15,~~ ~~2023,~~ ~~https://cdn.misoenergy.org/2020%20State%20of%20the%20Market%20Analytical%20Appendix552300.pdf~~ ~~https://www.potomaceconomics.com/wp-content/uploads/2023/06/2022-MISO-SOM-Report-Body-Final.pdf~~; Monitoring Analytics, LLC, ~~"20202022~~ State of the Market Report for PJM, Volume 2: Detailed Analysis." ~~https://www.monitoringanalytics.com/reports/PJM-State-of-the-Market/2020/2020-som-pjm-vol2.pdf~~ ~~http://www.monitoringanalytics.com/reports/PJM-State-of-the-Market/2022/2022-som-pjm-vol2.pdf~~.

²³³ U.S. EPA, "Particulate Matter Emissions," Report on the Environment, ~~http://www.epa.gov/roe~~ ~~http://www.epa.gov/roe/~~.

²³⁴ Emissions rates for a natural gas turbine operating in combined cycle with a heat rate of 6,431,370 Btu/kWh are shown in Table 7-3 of the February 2020 U.S. EIA Report "Capital Cost and Performance Characteristic Estimates for Utility-Scale Electricity-Generating Technologies." AEO 2023, ~~https://www.eia.gov/outlook/aeo/assumptions/EMM_Assumptions_March_2023~~. The CO₂ emissions in pounds per MMBtu are 117 for CO₂, 0.001 for SO₂, and for NO_x 0.0075; which at the heat rate of 6,431,370 Btu/kWh, are 752,745 pounds per MWh of CO₂, 0.006 pounds per MWh of SO₂, and 0.048 pounds per MWh of NO_x. See:

~~https://www.eia.gov/analysis/studies/powerplants/capitalcost/pdf/capital_cost_AEO2020.pdf~~ ~~https://www.eia.gov/analysis/studies/powerplants/capitalcost/~~. Typical emissions rates have not changed ~~to any appreciable extent~~ since 2016, although the updated report shows that the new combined cycle generating plant heat rate has improved slightly.

Table 4-1: Natural Gas-Fired Combined-Cycle Generation Emissions Rates

Pollutant	Pounds/MWh
SO ₂	0.006
NO _x	0.048
CO ₂	752

Pollutant	Pounds/ MWh
SO ₂	0.006
NO _x	0.048
CO ₂	745

The score for potential adjacent state facilities is calculated by multiplying ~~an~~the emissions factor for the renewable resource facility (scaled from 0 to 1) by a wind duration/direction factor (scaled from 0 to 1) and then by 20 points to determine the number of points awarded for this criterion.

The emissions factor is calculated by taking one minus: the ~~sum~~summation of ~~the~~ eligible renewable resource's SO₂ and NO_x emissions in pounds/MWh divided by the sum of the SO₂ and NO_x emissions from a new natural gas-fired combined-cycle generation facility in pounds/MWh.

The emissions factor for ~~wind or solar~~renewable energy generating facilities such as wind, solar, or hydro, which do not emit SO₂, NO_x, or Particulate Matter, would be 1.0 because those facilities would have zero in the numerator of the part of the equation that is subtracted from one. ~~The focus of the competitive procurements covered in this 2022 draft 2024 Long-Term Plan is on utility-scale wind and solar projects as well as brownfield site solar projects. Other renewable generating facilities, including technologies that rely on combustion of a renewable resource, are not specifically addressed in the adjacent state eligibility requirements for these competitive procurements.~~

The Zero Emission Standard Plan included consideration of wind direction and duration as well as the distance from Illinois to modify the emissions criteria scoring. In scoring the emissions related public interest criterion, the Agency ~~and~~ simplified the wind duration/direction approach compared to what was utilized in the Zero Emission Standard Plan. For this ~~2022 Long-Term draft 2024~~ Plan, the IPA ~~has~~ updated the wind data from ~~what was used in the Initial and First Revised previous Long-Term~~ Plans. Since the renewable generating facilities supplying RECs from outside of Illinois must be located in the states adjacent to Illinois (as opposed to anywhere within PJM and MISO under the Zero Emission Standard), the distance of the emission source from Illinois is less important for this Plan compared to the Zero Emission Standard, and thus is not considered in the approach adopted for this ~~2022 Long-Term draft of the 2024~~ Plan.

~~The following table~~Table 4-2 provides the wind duration/direction factors for each adjacent state.

Table 4-2: Wind Duration/Direction ~~on~~ Factors

Adjacent State	Wind Direction Sectors	Wind Direction and Duration Factor²³⁵
Indiana	SSE, SE, ESE, E, NNE, NE, ENE	0.318
Kentucky	S, SSE, SE	0.213
Missouri	W, WSW, SW, SSW, S	0.460
Iowa	W, WNW, NW, NNW	0.253
Wisconsin	N, NNW	0.088
Michigan	NE, NNE	0.084

Adjacent State	Wind Direction Sectors	Wind Direction and Duration Factor ^[1]
Indiana	SSE, SE, ESE, E, NNE, NE, ENE	0.319
Kentucky	S, SSE, SE	0.216
Missouri	W, WSW, SW, SSW, S	0.456
Iowa	W, WNW, NW, NNW	0.258
Wisconsin	N, NNW	0.085
Michigan	NE, NNE	0.083
[1] Total factors exceed 1.0 because there may be more than one state represented in a given wind direction sector.		

The wind duration factor is based on the percentage of the time the wind blows into Illinois from 16 directional sectors that form all of the directions in 360 degrees around Illinois. The wind direction and duration factors were developed based on 25 years of consistent climatological data. On average this data is relatively stable over time, although at some point in the future climate change could impact the data underlying the determination of these factors. ~~For example, the~~ To illustrate wind duration calculations, wind blowing from Indiana would encompass seven directional sectors from which the wind blows on average 25.6 percent of the time. Thus, ~~for example, a hypothetical~~ solar facility located in Indiana would receive $1 \times 0.318319 \times 20$ or 6.3638 points. ~~The following equation~~ Equation 4-1, shows how this score is obtained (with the caveat that the minimum possible score is zero and cannot be a negative score):²³⁶

~~Figure~~Equation 4-1-1: Pollution Score Calculation

$$Score = \left(1 - \frac{\sum_{\text{renewable resource}} SO_2 \text{ and } NO_x \left(\frac{\text{lbs}}{\text{MWh}} \right)}{\sum_{\text{gas resource}} SO_2 \text{ and } NO_x \left(\frac{\text{lbs}}{\text{MWh}} \right)} \right) \times \text{Wind Duration / Direction Factor} \times 20$$

²³⁵ ~~Total factors exceed 1.0 because there may be more than one state represented in a given wind direction sector.~~

²³⁶ See Final Order, ICC Docket No. 17-0838, ~~Final Order dated April at 21 (Apr. 3, 2018 at 21).~~

The Agency's review of the scoring methodology for this criterion showed that the analytical approach remains valid for this ~~2022~~2024 Long-Term Plan. However, the wind duration/direction factors have been updated to include ~~25~~26 years of consistent data reported by the Illinois State Water Survey, Water and Atmospheric Resource Monitoring Program from 17 reporting stations located around the state for the years ~~1996~~1997 through ~~2020~~2022²³⁷ (rather than the period 1996 through ~~2016~~2020 included in the ~~Initial and First Revised Plans~~ previous Plan).

2. Increasing fuel and resource diversity in this State

Fuel and resource diversity generally refers to the use of a balanced group of generating facilities and technologies which results in reducing the risk that a specific technology could adversely impact overall system reliability. For example, PJM defines fuel diversity as: utilizing multiple resource types to meet demand such that a sufficiently diversified system is expected to provide the flexibility and adaptability to: "1) mitigate risk associated with equipment design issues or common modes of failure in similar resource types, 2) address fuel price volatility and fuel supply disruptions, and 3) reliably mitigate instabilities caused by weather and other unforeseen system shocks."²³⁸ In effect, fuel and resource diversity can act as a hedge to help ensure a stable and reliable supply of electricity.

~~Any~~A generation source that promotes more reliance on generation sources other than coal and nuclear, which ~~in 2020~~for the year-to-date through April 2023 had generation shares of ~~17~~14.9% and ~~57.8~~55.0% of Illinois' total generation respectively,²³⁹ would contribute to increasing fuel and resource diversity in Illinois.²⁴⁰ By this measure, any of the eligible renewable energy resource generating technologies would contribute to diversity in Illinois. However, if these facilities were located outside of Illinois, in the adjacent states, the full impact on the State's fuel and resource diversity would depend on whether the electricity generated by these facilities could actually be available to Illinois end-users.

Given that renewable generation accounts for ~~only a relatively small~~smaller fraction of the resource mix in Illinois ~~(10.2% compared to nuclear and fossil fuel generation (16.8% of total generation in 2020 through the end of April))~~,²⁴¹ an increase of renewable generation in the region may, in theory, increase the fuel and resource diversity of Illinois. However, the Agency notes that Illinois is a net exporter of electricity, so the impact on fuel and resource diversity in Illinois may be limited for facilities located in adjacent states. While Illinois is a net exporter of electricity, that does not mean that there is no impact on Illinois from electricity generated in adjacent states, because on an hour-to-hour basis electricity may flow into, or out of, Illinois. To the extent that any electricity generated

²³⁷ <http://dx.doi.org/10.13012/J8MW2F2Q>.

²³⁸ PJM, "PJM's Evolving Resource Mix and System Reliability," March 2017, available at: <http://www.pjm.com/~media/library/reports-notices/special-reports/20170330-pjms-evolving-resource-mix-and-system-reliability.ashx>.

²³⁹ U.S. EIA, "Electric Power Monthly with data for ~~December 2020, February 2021~~April 2023, June 2023." The Agency notes that the share of coal declined from 38% and share of nuclear increased from 50.2% as reported in the Initial Plan. This is a net decline in the percentage of generation that comes from coal and nuclear (88.2% to ~~76~~69.9%), which indicates that the fuel and resource diversity of the state has increased.

²⁴⁰ During this period the generation share for natural gas was 12.9% reflecting a 45.7% increase from the same period in 2022.

²⁴¹ Id.

outside of Illinois but consumed in the state is generated by resources other than coal or nuclear, this generation is assumed to add to the fuel and resource diversity in Illinois.

In addressing this issue for facilities located in the adjacent states, the Agency uses the location of the renewable resource facility relative to Illinois as the basis for modifying the fuel and resource diversity score. A distance factor is calculated for each facility.²⁴² ~~The For this draft 2024 Long-Term Plan, the Agency proposes using a~~ distance factor ~~is~~ based on the distance from the facility to a location near Morris, Illinois, which is the ~~city closest to the~~ population weighted geographic center of ~~Illinois the State~~,²⁴³ and thus can serve as a reasonable proxy for the load-weighted center of the state). The factor is calculated as 1 minus the ratio of (i) the distance from the facility to that location near Morris and (ii) 470 miles, which is roughly the furthest point in an adjacent state from Morris. ~~Consistent with the Commission's Order in Docket No. 17-0838, the center point of the City of Morris is used for this calculation.~~²⁴⁴ that location. That factor is multiplied by the maximum possible 20 points to provide the score for this criterion for potentially eligible renewable resource facilities located in adjacent states.²⁴⁵ The fuel and resource diversity score formula is shown in FigureEquation 4-2. In Docket No. 17-0838, the Commission had approved using the center point of the City of Morris for this calculation.²⁴⁶ For this draft 2024 Long-Term Plan, the Agency proposes a more precise calculation based on 2020 Census data that shifts the point used for this calculation slightly south of Morris.²⁴⁷

Additionally, consistent with the Commission's Order in Docket No. 17-0838 and the approach taken with respect to the third criterion below, a facility "that is not connected to either PJM or MISO" will receive a Fuel and Resource Diversity Score of zero.²⁴⁸ Adjacent state generation facilities "within a transmission control area that have a transmission usage agreement with PJM or MISO" may still receive non-zero scores under Criteria 2 and 3, however.²⁴⁹

FigureEquation 4-22: Fuel and Resource Diversity Score

$$\text{Score} = (1 \text{ if in PJM/MISO, else } 0) \times \left(1 - \frac{\text{Distance from facility to Morris, IL (miles)}}{470 \text{ miles}}\right) \times 20$$

²⁴² Because wind farms cover a large geographic area, a wind farm's distance would be based on the geographic center of the area containing turbines that are part of that wind farm.

²⁴³ Based on the ~~2010~~ 2020 Census. See: https://www2.census.gov/geo/docs/reference/cenpop2010/CenPop2010_Mean_ST.txt~~https://www2.census.gov/geo/docs/reference/cenpop2020/CenPop2020_Mean_ST.txt~~

²⁴⁴ See Docket No. 17-0838, Final Order dated April 3, 2018 at 21.

²⁴⁵ The geographic location impact on the scores for criteria 2 and 3 for generating facilities located at greater distances from the population weighted center of Illinois can be significant. For example, a generating unit located in Marion, Kentucky, 305 miles away would receive 7.02 points out of a possible 20 for each criterion (1-305/470 x 20 = 7.02). However, such a project could still be eligible if it scored an average of 16 points for each of the other criteria.

²⁴⁶ See Final Order, ICC Docket No. 17-0838 at 21 (Apr. 3, 2018).

²⁴⁷ +41.312077 latitude, -088.372974 longitude, https://www2.census.gov/geo/docs/reference/cenpop2020/CenPop2020_Mean_ST.txt

²⁴⁸ Id. The Commission also offered that "if a facility is not connected to PJM or MISO, it should not be allowed to participate in Illinois' RPS procurement;" the Agency believes that because such a facility would score 0 out of 20 points on Criteria 2 and 3 and given the 60 point threshold, an adjacent state facility not connected to PJM or MISO would effectively be eliminated from consideration and no further scoring adjustments must be taken to give effect to the Commission's intent.

²⁴⁹ Id.

$$Score = (1 \text{ if in PJM/MISO, else } 0) \times \left(1 - \frac{\text{Distance from facility to Morris, IL (miles)}}{470 \text{ miles}} \right) \times 20$$

3. Enhancing the reliability and resiliency of the electricity distribution system in this State.

While this criterion references the “electricity distribution system” and that term is generally understood to mean the local distribution system that serves homes and businesses and not the transmission grid that transports power over longer distances (and across state lines), the Agency was originally concerned that, read literally, there would be no direct way for a facility in an adjacent state to meet this criterion because a facility in an adjacent state would have (at best) only an incidental impact on the distribution system (or more accurately systems, each operated by a different utility) within Illinois. With that in mind, the Agency has come to interpret this criterion more expansively and instead considers the impact on the grid more generally, as distribution service is ultimately supported by the reliability of transmission service. The scoring for this public interest criterion involves a threshold and, based on the assumption that generating facilities located closer to Illinois would have a more beneficial impact on the State’s distribution system reliability and resiliency, a distance factor. The criterion can be understood to refer to the transmission systems operated by PJM and MISO. To the extent that a facility in an adjacent state is not interconnected to the PJM or MISO grid (for example, in the portions of Iowa and Missouri that are part of the Southwest Power Pool (“SPP”)), those facilities would not score any points for this criterion. Otherwise, a facility in an adjacent state that is in either of the PJM or MISO control areas (or “within a transmission control area that has a transmission usage agreement with PJM or MISO”) would be eligible to receive points. To obtain the distance factor, the Agency uses an approach that considers proximity to Illinois and thus an increased likelihood that electricity produced will provide increased system reliability and resilience.

The scoring for this public interest criterion involves the same distance factor as is applied to the fuel and resource diversity scoring; the formula for determining this factor is shown in ~~Figure~~ Equation 4-3. The Agency’s review of the scoring methodology and assumptions for criteria 2 and 3 confirms that distance is the factor which can be effectively incorporated into a simplified approach to determine the relative contributions of RECs from adjacent state renewable resources to meeting these public interest criteria.

FigureEquation 4-33: Reliability and Resiliency Score

$$Score = (1 \text{ if in PJM/MISO; else } 0) \times \left(1 - \frac{\text{Distance from facility to Morris, IL (miles)}}{470 \text{ miles}} \right) \times 20$$

4. Meeting goals to limit carbon dioxide emissions under federal or State law

At the federal level, a range of legislative and regulatory approaches have been proposed to address the carbon dioxide emissions associated with the generation of electricity using fossil fuels. On June 19, 2019, the U.S. EPA issued the Affordable Clean Energy Rule (ACE) as the replacement for the Clean Power Plan. The ACE focused on heat rate ~~improvements~~ improvement at individual coal-fired power plants as a means to reduce CO₂ emissions by improving plant operating efficiency. ACE did not

contain specific CO₂ emissions limits; instead, ACE provided guidelines for states to follow in limiting CO₂ emissions.²⁵⁰ In January of ~~2021, the~~ 2021 the DC Circuit Court vacated ACE.²⁵¹ In May 2023, the U.S. EPA proposed Clean Air Act emission limits and guidelines for carbon dioxide emitted by power plants burning fossil fuels. These limits are to be based on cost-effective and available control technologies.²⁵² The successful implementation of these rules (and the litigation surrounding them) will be impacted by the commercial viability of carbon capture and sequestration technology applied to fossil fuel burning power plants, which has not yet been proven to be commercial in a significant number of electric generation applications. As of the ~~finalization~~ release of this ~~2022 draft 2024~~ Long-Term Plan, ~~mandated reductions in CO₂ emissions~~ carbon emission limits for power plants have yet to be implemented and clean energy standards remain a topic of debate at the federal level. The Agency will monitor efforts to implement federal emissions limits and may update this approach in future Long-Term Plans based upon those efforts.

At the state level, Illinois does not have a specific law that limits carbon dioxide emissions. However, there are multiple provisions of Illinois law, such as the Zero Emission Standard and the Renewable Energy Portfolio Standard, that recognize the value of minimizing carbon dioxide emissions even if those provisions do not create explicit limits. -P.A. 102-0662 also makes extensive references to the consideration of carbon emission reductions and the benefits associated with reducing these emissions. -To recognize the value in reducing carbon dioxide emissions, the Agency determines the score for each renewable resource facility by adjusting the 20 points available for this criterion by a factor which reflects the ratio of the CO₂ emissions from the renewable resource to the CO₂ emissions from a new natural gas-fired combined cycle generating facility, ~~752745~~ pounds of CO₂ per MWh, as shown in Table 4-1 above. This is done by using the formula applied to the first emissions criterion except that the inputs are pounds of CO₂ emitted per MWh. The factor applied to the 20 points available for this public interest criterion is calculated as follows:

FigureEquation 4-4-4: CO₂ Score Calculation

$$Score = \left(1 - \frac{CO_2 \left(\frac{\text{lbs}}{\text{MWh}} \right)_{\text{renewable resource}}}{CO_2 \left(\frac{\text{lbs}}{\text{MWh}} \right)_{\text{gas resource}}} \right) \times 20$$

Renewable generating facilities that do not emit any CO₂ receive the full 20 points, while renewable generating facilities that emit CO₂ receive points based on the factor multiplied by the 20 points. Because CO₂ emissions are generally considered to be a global problem (in that CO₂ emissions anywhere on the planet contribute to global warming, which then affects the health and welfare of the citizens of Illinois), wind direction, duration, and distance from Illinois's load-weighted center are not relevant for the scoring of this criterion and therefore are not included in the calculation.²⁵³

²⁵⁰ <https://www.epa.gov/stationary-sources-air-pollution/electric-utility-generating-units-repealing-clean-power-plan>.

²⁵¹ See: <https://www.natlawreview.com/article/dc-circuit-vacates-trump-ace-rule-what-s-next-power-plant-co2-regulation>.

²⁵² See <https://www.epa.gov/stationary-sources-air-pollution/greenhouse-gas-standards-and-guidelines-fossil-fuel-fired-power>.

²⁵³ The Agency notes that the Zero Emission Standard Plan contains a different scoring methodology for CO₂ emissions, but that methodology is based upon the impacts of replacement generation and the consideration related to "minimizing carbon dioxide emissions that result from electricity consumed in Illinois" (20 ILCS 3855/1-75(d-5)(1)(C)), which is not the same standard as under consideration in qualifying adjacent-state facilities for the RPS.

Comparing the CO₂ emissions from each renewable resource to the emissions from the most likely alternative generation, usually a gas-fired combined-cycle plant, remains a practical means for determining the score for this criterion.

5. Contributing to a cleaner and healthier environment for the citizens of this State

This criterion is arguably the most subjective in nature, and presents unique challenges given that the Agency strives to use objective approaches to the greatest extent possible when considering the public interest criteria. The Agency believes that renewable resources inherently contribute to a cleaner and healthier environment generally (with the caveat related to emissions from renewable resources that involve combustion, discussed above) because they reduce the reliance on fossil fuels and have no safety issues associated with the containment and disposal of radioactive materials that result from nuclear generation. Under this ~~2022~~ draft 2024 Long-Term Plan, the points awarded for this public interest criterion are the average of the points awarded under the first and fourth public interest criteria described above. This approach takes into account the emissions from renewable resource facilities that involve combustion and, subsequently, emissions, which would not contribute to a cleaner and healthier environment for the citizens of Illinois.

4.4. ~~Cost Recovery Requirement~~

Section 1-75(c)(1)(J) of the Act contains the following provision:

In order to promote the competitive development of renewable energy resources in furtherance of the State's interest in the health, safety, and welfare of its residents, renewable energy credits shall not be eligible to be counted toward the renewable energy requirements of this subsection (c) if they are sourced from a generating unit whose costs were being recovered through rates regulated by this State or any other state or states on or after January 1, 2017.

Generally speaking, the Agency understands that facilities owned by a rural electric cooperative, or a municipal utility are not impacted by this criterion (as in Illinois, those entities' rates are not regulated by this *state* or any other), although the Agency notes that there are certain adjacent states which regulate some rural electric cooperative and municipal utility rates. Therefore, the Agency cannot issue a blanket approval under this provision of facilities owned by rural electric cooperatives or municipal utilities service territories in adjacent states; rather, as those facilities request eligibility, their rate recovery status will be reviewed.

The Agency also understands that this provision was primarily intended to ensure that facilities owned by a vertically integrated utility, for which REC revenues may be incidental to building and financing the facility (as that facility's costs could be recovered from ratepayers in that other state, potentially resulting in a credit or discount to those ratepayers for any REC revenues—effectively causing Illinois ratepayers to cross-subsidize those in vertically integrated states) would not be eligible. Another situation that has been brought to the Agency's attention concerns a proposed project to be developed by an Illinois non-electric utility (a gas or water utility, for instance) featuring delivery service rates that are regulated by the Illinois Commerce Commission with cost recovery then sought over the cost of the renewable energy generating facility. Regardless of whatever may have been the primary purpose informing Section 1-75(c)(1)(J)'s enactment, this situation would seem to clearly fit Section 1-75(c)(1)(J)'s prohibition: the renewable generation facility's costs would

be recovered through state-regulated rates. Consequently, the IPA understands such projects' RECs as being barred from participation in the Illinois RPS (including in, say, the Adjustable Block Program) insofar as rate recovery is sought for those projects.

On the other hand, the mere presence of a Power Purchase Agreement between a facility and a separate utility whose costs are recovered in regulated rates would not trigger these criteria (nor would participation in the IPA's energy procurement events, for which regulated utilities serve as contractual counterparties, or participation in a net metering or similar energy crediting program, which would serve to disqualify the very facilities that other portions of the Illinois RPS work to support). Likewise, the Agency believes that being a Qualifying Facility under the Public Utility Regulatory Policies Act ("PURPA")²⁵⁴ (and also meeting the other aspects of the requirements of the Illinois RPS), would not be disqualifying because the Qualifying Facility does not directly recover its costs through rates; rather, it is compensated for its energy at the purchasing utility's avoided cost rate.

Facilities located in adjacent states must proactively request eligibility for the ~~utility's~~ sutility RPS pursuant to the public interest criteria standard explained above. Those requests to meet the public interest criteria are required to include a notarized certification, and documentation, that the facility does not have its costs recovered through regulated rates. For a distributed generation facility, simple documentation of ownership will suffice. For larger facilities, the Agency has not utilized a firm standard of documentation but believes there are multiple approaches that could be used by a requesting facility. These include, but are not limited to:

- For facilities tracked in M-RETS, documentation to support the status listed in the "Facility Ownership Type" field
- A Market Based Rate authorization letter from the Federal Energy Regulatory Commission that demonstrates that the facility owner is not a utility with costs recovered through regulated rates
- Certification as a Qualifying Facility
- Use of information from other sources such as the S&P Global Intelligence Briefing Book, or the Platts UDI Directory of Electric Power Producers and Distributors

The Agency will review (in consultation with the ICC) information provided for a facility, and may, as needed, request additional information to verify a facility's status.

In addition to the screening process described above, all contracts from IPA-administered REC procurements or programs utilized since the effective date of P.A. 99-0906 contain provisions to reflect this additional requirement of Section 1-75(c)(1)(J) (and will continue to do so going forward):

Each contract executed to purchase renewable energy credits under this subsection (c) shall provide for the contract's termination if the costs of the generating unit supplying the renewable energy credits subsequently begin to be recovered through rates regulated by this State or any other state or states; and each contract shall further provide that, in that event, the supplier of the credits must return 110% of all payments received under the contract. Amounts returned under the requirements of this

²⁵⁴ 16 U.S.C. §§ 796(17), 824a-3, 824i.

subparagraph (J) shall be retained by the utility and all of these amounts shall be used for the procurement of additional renewable energy credits from new wind or new photovoltaic resources as defined in this subsection (c). The long-term plan shall provide that these renewable energy credits shall be procured in the next procurement event.

The Agency notes that Section 1-75(c)(1)(J) also provides a limited exception to this provision for facilities that participate in the Illinois Solar for All Program outlined in Section 1-56 of the Act:

Notwithstanding the limitations of this subparagraph (J), renewable energy credits sourced from generating units that are constructed, purchased, owned, or leased by an electric utility as part of an approved project, program, or pilot under Section 1-56 of this Act shall be eligible to be counted toward the renewable energy requirements of this subsection (c), regardless of how the costs of these units are recovered.

4.5. High-Voltage Direct Current Transmission Lines and Converter Stations

~~P.A. 102-0662 features multiple revisions to~~ Section 1-75(c)(1)(I) and (J) ~~intended~~were revised in 2021 under P.A. 102-0662 to support utility-scale renewable energy projects utilizing high-voltage direct current (“HVDC”) transmission lines and converter stations, providing a more expansive approach to qualifying adjacent state generating facilities than previously employed under Section 1-75(c)(1)(I) when certain criteria are met.

Section 1-75(c)(1)(I) ~~contains two changes resultant from P.A. 102-0662~~states in relevant part that:

If (i) a new HVDC transmission line ends at a converter station located in Illinois and interconnected in the region of the PJM interconnection, (ii) was constructed using a project labor agreement, (iii) is capable of transmitting electricity at 525 kV, (iv) does not operate as a public utility, and (v) was energized after June 1, 2023, then the RECs associated with any renewable energy transmitted over that HVDC transmission line with a verified customer in Illinois will be deemed to have been sourced from a generation facility in Illinois for purposes of RPS qualification. This would make those RECs eligible for competitive procurements conducted by the IPA, even if the underlying generating facility itself was not located in Illinois (or an adjacent state) and could not meet the scoring threshold outlined above.²⁵⁵

At present, there are no new HVDC transmission ~~lines~~line with converter stations located in Illinois in operation, although there currently is a ~~proposed~~ project which could potentially meet the requirements.²⁵⁶ The SOO Green HVDC Link is a proposed 350-mile, 2,100 MW, 525 kV, bidirectional, underground HVDC transmission line that would run from Mason City, Iowa to Plano, Illinois to connect with PJM’s transmission system. The proposed pathway will run along railroad and highway rights-of-way with 173.8 miles in Iowa and 176.2 miles in Illinois.²⁵⁷ The line will provide a path for

²⁵⁵ However, that facility would not be eligible if the generating facility’s costs were recovered through state-regulated rates, as that prohibition remains in effect even for in-state generation.

²⁵⁶ ~~The proposed SOO Green HVDC Link is a 350-mile, 2,100 MW, 525 kV underground HVDC transmission line which would run from Mason City, IA to Plano, IL along railroad rights of way. Subject to permitting and interconnection issues, the line is projected to begin construction in 2023 and go into operation in 2026.~~

²⁵⁷ Anthony A. Alvarez, Iowa Office of Consumer Advocate, filed with the Iowa Utilities Board June 7, 2023, regarding the SOO Green HVDC Line Project Co, LLC in Docket No. E-22436.

renewable energy generated in Iowa to reach markets in Illinois. Subject to regulatory, permitting and interconnection issues, the developers of the line project that it will go into operation by April 2029.

Relatedly, Grain Belt Express is a proposed HVDC project of nominally 600 kV with a capacity of 5,000MW that will run from a converter station in Ford County, Kansas to a proposed converter station in Clark County, Illinois then through a 345 AC transmission line to an interconnection with PJM at the Sullivan Substation of American Electric Power Company ("AEP") in Sullivan County, Indiana.²⁵⁸ If developed, the line will deliver renewable energy from generation projects in Southwestern Kansas or the Southwest Power Pool ("SPP") with 2,500 MW to points of interconnection in MISO and up to 2,500 MW to a point of interconnection with PJM at the AEP Sullivan Substation. The total length of the proposed line is 800 miles to be built in two phases. Phase 1 will run from Ford County, Kansas to the interconnection points in Missouri and is currently scheduled to begin construction by the end of 2024, no schedule for the commencement of operation of Phase 1 has been announced. Phase 2 will run from a converter station in Missouri to the Sullivan Substation. The schedule for construction and operation of Phase 2 has not been announced.

Revisions to Section 1-75(c)(1)(I) also clarify that the Agency may qualify RECs "associated with the electricity generated by a utility-scale wind energy facility or utility-scale photovoltaic facility and transmitted by a qualifying direct current project described in subsection (b-5) of Section 8-406 of the Public Utilities Act to a delivery point on the electric transmission grid located in this State or a state adjacent to Illinois,"²⁵⁹ but only if this Chapter's public interest criteria scoring is satisfied. -As that electricity must be transmitted to "a delivery point ~~---~~ located in this State or a state adjacent to Illinois," the IPA's first-blush interpretation is that this delivery point should be treated as the location of the generating facility in public interest criteria scoring. -While the Agency appreciates that this interpretation may allow for participation from utility-scale wind and solar projects located further from Illinois than would otherwise be allowed (and those projects may offer lesser benefits back to Illinois residents and businesses), utilizing the location a of wind or solar project for public interest scoring would render this new statutory language meaningless, as projects utilizing qualifying direct current projects would be treated equivalently to those that did not.

Section 1-75(c)(1)(J) contains only one change enacted through P.A. 102-0662, ~~now~~ stating that "[a] s long as a generating unit or an identifiable portion of a generating unit has not had and does not have its costs recovered through rates regulated by this State or any other state, HVDC renewable energy credits²⁶⁰ associated with that generating unit or identifiable portion thereof shall be eligible to be counted" under the Illinois RPS. The IPA understands this language as clarifying that, for HVDC renewable energy credits, whether the underlying generating facility has its costs recovered through state-regulated rates is what carries an RPS eligibility prohibition under subparagraph (J), but not

²⁵⁸ See Final Order, ICC Docket No. 22-0499 (Mar. 8, 2023).

²⁵⁹ Section 8-406(b-5) of the PUA defines a "qualifying direct current project" as ~~a~~ "high voltage direct current electric service line that crosses at least one Illinois border, the Illinois portion of which is physically located ~~within the region of~~ the Midcontinent Independent System Operator, Inc., or its successor organization, and ~~runs~~ through the counties of Pike, Scott, Greene, Macoupin, Montgomery, Christian, Shelby, Cumberland, and Clark, is capable of transmitting electricity at voltages of 345kv or above, and may also include associated interconnected alternating current interconnection facilities in this State that are part of the proposed project and reasonably necessary to connect the project with other portions of the grid."

²⁶⁰ Section 1-10 of the IPA Act defines "HVDC renewable energy credits" as RECs "associated with a renewable energy resource where the renewable energy resource has entered into a contract to transmit the energy associated with such renewable energy credit over high voltage direct current transmission facilities."

whether the HVDC transmission line or converter station has its costs recovered through state-regulated rates.

4.6. Application Process

The eligibility of RECs from renewable energy generating facilities located in states adjacent to Illinois is not automatically granted, because the Act requires that approval comes only after “the generator demonstrates and the Agency determines” that the facility’s operation meets the public interest criteria discussed above.²⁶¹ That determination requires an active request (demonstration) by an interested generator. Renewable generating facilities in adjacent states may apply to the Agency for consideration for eligibility for the RPS.²⁶²

Shortly after the approval of its Initial Plan, the Agency developed an application form (in the form of an Excel spreadsheet) for use by owners/agents of adjacent-state facilities that wish to have RECs from those projects considered to be eligible for the Illinois RPS.²⁶³ The information to be entered into the application form includes the generating technology (including information on emissions rates if the technology involves combustion), state where the generator is located, distance from the ~~population-weighted~~ geographical center ~~of Morris, Illinois~~, the Regional Transmission Organization (“RTO”) where the facility is ~~interconnected or is or~~ planned to be interconnected (e.g., PJM, MISO, SPP), and the tracking system ID (for existing facilities). The application form automatically calculates the score for the facility. In addition, the generator must also include information related to the provision limiting the recovery of costs in rates described in this chapter.

As discussed above, the Agency will continue to review and, as necessary, update the data used in the eligibility calculations on a bi-annual basis in conjunction with the ~~new~~ Plan update to use the most recent available inputs (and has done so for this ~~2022-2024 draft of the~~ Long-Term Plan, determining that minor changes ~~are were~~ needed for the wind direction/duration factors and the natural gas combined cycle power plant emissions), but a facility’s determination of eligibility will be based on the data available at the time of the request for determination (in other words, a facility would not risk having its eligibility revoked at a later date if the inputs changed after the initial eligibility determination is made by the Agency).

The Agency will review applications to verify the information submitted (e.g., confirming the distance inputs), and if the facility has a score equal to or greater than 60 points (and meets the cost recovery requirement found in Section 1-75(c)(1)(J) of the Act, discussed further below), the Agency will approve the facility as eligible to produce renewable energy credits for compliance with the Illinois RPS. The Agency will inform the applicable tracking system (GATS or M-RETS) that the facility should be coded as Illinois RPS eligible.

For facilities seeking to qualify by virtue of RECs associated with electricity transmitted across qualifying HVDC lines or transmitted to an HVDC converter station in Illinois, the Agency is still assessing what demonstration is necessary for qualification. As the Agency would no longer be

²⁶¹ 20 ILCS 3855/1-75(c)(1)(I).

²⁶² An exception is made for the out-of-state facilities that have LTPPA contracts with the utilities. As discussed in Section ~~4.3.4.1~~, those facilities are grandfathered in and remain eligible to provide RECs for compliance with the Illinois RPS.

²⁶³ Available at: <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/IL-rps-adjacent-state-facility-determination-eligibility-15-Aug-2022.xls>. Available at: <https://www2.illinois.gov/sites/ipa/Documents/2018ProcurementPlan/IL-RPS-Adjacent-State-Facility-Determination-of-Eligibility-20180404.xls>. Note, this version is based on values accepted in the 2022 Long-Term Plan, not the proposed scoring values in this draft 2024 Long-Term Plan

assessing the physical location of a project and would instead be making determinations around RECs associated with electricity transmitted to a certain point and in a certain manner, the Agency is continuing to assess how this new approach to RPS qualification can be integrated into its source-specific competitive procurement processes. Until that process is formalized – and noting that applicable HVDC lines and transmission stations are apparently in the early stages of development – those requests will be handled within the context of individual procurement event qualification.²⁶⁴

In the case of a new adjacent-state facility that is not yet operational (and thus also not registered in GATS or M-RETS), an owner may submit a request for determination of eligibility based upon the planned design of the facility. If the Agency determines that the planned facility does meet the public interest criteria, then it will grant a pre-approval of the eligibility. It is the responsibility of the facility owner to notify the IPA and the tracking system once the facility is operational to request being coded as eligible for the Illinois RPS in the applicable tracking system. The Agency will review final system information to verify consistency with the information submitted for the pre-approval.

²⁶⁴ Perhaps, notably, no party sought additional clarity around those HVDC-related qualification processes in ICC Docket No. 22-0231, the Commission's proceeding approving this 2022 Long-Term Plan.

5. Competitive Procurements

The Agency is charged with developing procurement plans and conducting competitive procurement processes in accordance with the requirements of Section 1-75 of the ~~IPA Act~~ Illinois Power Agency and Section 16-111.5 of the ~~PUA~~ Public Utilities Act. The competitive procurement process is applicable to the events held by the Agency to obtain RECs from utility-scale wind, utility-scale solar, and brownfield site photovoltaic resources.²⁶⁵ While the term “competitive procurement event” is not specifically defined in the IPA Act or the PUA, the Agency understands the term “competitive procurement event” to be an element of, or commensurate with a “competitive procurement process.”

This Chapter addresses requirements applicable to those competitive procurement processes, including ~~changes to those processes necessitated by changes in Illinois law made~~ procurement quantities sought through ~~Public Act 102-0662. Among those changes are increases in competitive procurement events (which correspond to~~ RPS budgets and targets ~~as outlined in Chapter 3 (and thus corresponding increases in procurement quantities from competitive procurement events), modifications to permissible bid application and evaluation requirements),~~ processes for supporting projects located in Energy Transition Community Grant areas and projects ~~supporting~~ featuring increased equity eligible contractor participation, ~~new~~ labor requirements applicable to project development ~~(including project labor agreements required for participating projects), and a new, and~~ an Indexed REC pricing approach through which REC prices float up or down based on indexed wholesale energy market prices, ensuring stable revenues across the delivery term of a REC delivery contract.

Throughout this Chapter, the competitive procurements conducted by the Agency are termed as “forward procurements,” as they are procurements that have a delivery date in the future and the contract term is for multiple years.

5.1. Background - Agency Approach in Past Procurements

The procurement approach the Agency has used for prior competitive REC procurements, including the Initial Forward Procurements and the forward procurements conducted under the Initial and First Revised Plans, stems from the approach laid out in Section 16-111.5 of the ~~Public Utilities Act~~ PUA for “standard wholesale product” (i.e., block energy, capacity, etc.) procurements.

This process ~~has~~ traditionally included the following key provisions, although modifications to governing law through P.A. 102-0662 ~~will result~~ resulted in changes from certain aspects of this approach; those modifications are discussed later in this Chapter:

- Standard contracts and credit provisions
- Sealed bids with pay-as-bid settlement
- Use of confidential benchmarks to eliminate bids not consistent with the market
- Bid selection based on price
- No post-bid negotiations
- Procurement Administrator evaluates bids and provides confidential recommendation to the Commission for approval

²⁶⁵ As discussed further in Section 5.5.4 below, with the passage of Public Act 103-0380, competitive procurement processes may also be used to bring RECs under contract from newly modernized or retooled hydropower dams.

- Procurement Administrator provide bidder interface including training
- Uniform/standardized bid forms
- Uniform/standardized/harmonized credit requirements
- Procurement Monitor involvement

These provisions define a procurement process that has multiple stages.

- The Procurement Administrator develops draft contracts in consultation with the utilities, the Agency, the Procurement Monitor,²⁶⁶ and ICC Staff.
- Draft contracts are released for public comment.
- The Procurement Administrator, the Agency, the utilities, ICC Staff, and the Procurement Monitor review all comments received on the draft contract and revise the contract as needed.²⁶⁷
- Typically, the Procurement Administrator holds an informational webcast upon release of the final contracts and RFP rules.
- Submission of Proposals is in two parts:
 - Part 1 for pre-qualification – allows bidders to provide basic information and agree to the terms of the contract and the RFP rules.
 - Part 2 for registration of bidders – allows bidders to update information, make additional certifications including regarding confidentiality of bidding information, and post bid assurance collateral.
- Bids – on the bid date, bidders submit bids using a standardized bid form.
- Evaluation of Bids – the Procurement Administrator evaluates bids based on price, procurement objectives and priorities; identifies the winning bids; prepares a recommendation for the Commission. The Procurement Monitor observes the bidding and evaluation process and makes its own recommendation.²⁶⁸
- Commission decision – After review of the Procurement Administrator’s and Procurement Monitor’s reports and recommendations, the Commission renders a decision on the results of the procurement event.²⁶⁹
- Release of procurement results – The Procurement Administrator releases the results of the procurement event; confidential information is protected.²⁷⁰
- Contract execution with the utilities – Within three business days of Commission approval of the procurement results, utilities and winning bidders sign binding contractual arrangements using the standard form contracts.²⁷¹

As Section 1-75(c)(1)(G)(vi) of the Act ~~continues to require~~ **requires** that competitive procurements “shall follow the procurement processes and procedures described in this Section and Section 16-111.5 of the Public Utilities Act to the extent practicable,” the competitive procurements for RECs

²⁶⁶ The Procurement Monitor is an independent consultant that works on behalf of the Commission to oversee all aspects of the procurement process. 220 ILCS 5/16-111.5(c)(2).

²⁶⁷ If agreement between the Procurement Administrator and the utilities is not reached on the terms and provisions of the contracts, any disputes are resolved by the Commission. ~~(See 220 ILCS 5/16-111.5(e)(2)).~~

²⁶⁸ ~~See~~ 220 ILCS 5/16-111.5(f).

²⁶⁹ ~~See id.~~ **Id.**

²⁷⁰ ~~See~~ 220 ILCS 5/16-111.5(h).

²⁷¹ ~~See~~ 220 ILCS 5/16-111.5(g).

described in the ~~2022~~ 2024 Long-Term Plan ~~will continue to generally~~ follow this approach ~~where not modified by new requirements of Illinois law.~~

5.2. Past REC Procurements conducted by the IPA

5.2.1. Procurements Conducted Prior to P.A. 99-0906

~~The Agency's pre-Before~~ P.A. 99-0906 was enacted, competitive procurements for renewable energy resources ~~are listed below (with the delivery quantities of RECs procured listed in some cases).~~²⁷²

- ~~• Spot Procurements for one-year delivery of RECs~~
 - ~~○ 2009 REC were frequently "spot market" procurements for Ameren Illinois and ComEd (720,000 RECs for Ameren Illinois, 1,564,360 RECs for ComEd)~~
 - ~~○ 2010 REC RECs from specific product categories, rather than procurements for Ameren Illinois and ComEd (860,860 RECs and 1,887,014 RECs for Ameren Illinois and ComEd, respectively)~~
 - ~~○ 2011 REC procurements for Ameren Illinois and ComEd (952,145 and 2,117,054 RECs)~~
 - ~~○ 2012 REC procurements for Ameren Illinois and ComEd (523,376 RECs and 1,335,673 RECs)~~
 - ~~○ 2015 SREC procurements for Ameren Illinois and ComEd (30,212 SRECs and 49,770 SRECs)~~
 - ~~○ 2016 SREC procurements for Ameren Illinois and ComEd (33,271 SRECs and 67,952 SRECs)~~

~~2016 REC designed to incent the development of specific projects. Those procurements were generally authorized through the Agency's annual electricity procurement for MidAmerican plan, which prior to the enactment of P.A. 99-0906 included consideration of renewable energy resources as well as energy and capacity for eligible retail customers.~~²⁷³

- ~~• Procurements for multiple delivery years of RECs~~

~~The Agency did conduct several procurements that were tied to RECs from specific projects including:~~

- ~~• 2010 Long-term Term Power Purchase Agreements ("LTPPA") procurements for Ameren Illinois and ComEd (20-year contracts, bundled RECs and energy, 600,000 RECs per year and 1,261,725 RECs per year, respectively).~~

²⁷² ~~Announcements of these procurements that contain additional information can be found at: <https://ipa.illinois.gov/energy-procurement/prior-approved-plans.html>. Certain REC volume information has been redacted to maintain required confidentiality in accordance with 220 ILCS 5/16-111.5(h). Please note that because initial delivery timelines vary, the "per year" numbers may not be 100% accurate for a specific calendar period.~~

²⁷³ ~~One exception was a "Rate Stability" procurement of RECs conducted in 2012 pursuant to P.A. 97-0616.~~

- ~~○ 2012 “Rate Stability” procurement for Ameren Illinois and ComEd (contracts for four years and seven months) (2,053,837 RECs over the delivery term, and 2,737,110 RECs over the delivery term, respectively)~~
- ~~2015~~2015 and 2016 Supplemental Photovoltaic procurements using the RERF (5-year contracts, with provision to allow time for identification of under 25 kW systems) (~~21,436 SRECs~~39,790 RECs per year)).
 - ~~○ 2015 Distributed Generation procurement for Ameren Illinois and ComEd (5 year contracts)~~
 - ~~○ 2016 Supplemental Photovoltaic procurement using the RERF (5 year contracts, with provision to allow time for identification of under 25 kW systems) (18,354 SRECs per year)~~
 - ~~○ 2016 Distributed Generation procurement for Ameren Illinois and ComEd and MidAmerican (5 year contracts)~~
- ~~2015-2017~~ Distributed Generation ~~procurements~~procurement for Ameren Illinois, ComEd, and MidAmerican (5-year contracts, ~~also include provisions~~some of which included provisions to allow for time for identification of under 25 kW systems) (~~19,025 SRECs per year procured in Spring 2017, 8,153 SRECs per year procured in Fall 2017), 34,327 RECs per year).~~

As ~~these the above-listed~~ procurements were conducted prior to ~~modifications in~~ P.A. 99-0906 ~~providing for~~0906’s shift to centralized ~~budgeting, renewables~~ planning, and ~~procurements conducted by the IPA to serve across~~ all retail customer load, these procurements were generally ~~only~~ funded through ~~only~~ either eligible retail customers (default supply customers) or the State of Illinois. Some of these procurements, especially the LTPPAs, still provide RECs that are used to help meet Section 1-75(c)(1)(B)’s RPS goals, although RECs from systems energized prior to June 1, 2017 cannot be utilized to meet Section 1-75(c)(1)(C)’s targets for the procurement of RECs from new projects.

~~-Additional details on procurements conducted prior to the enactment of P.A. 99-0906 can be found in prior Long-Term Plans.~~

5.2.2. Procurements Conducted After P.A. 99-0906

With the enactment of Public Act 99-0906, ~~(with an effective date of June 1, 2017),~~ the Agency began conducting procurements to meet RPS requirements applicable to *all* retail customer sales. The first such procurements were the Initial Forward Procurements, conducted prior to the finalization of the Initial Plan.²⁷⁴ After the Initial Plan’s approval, the Agency conducted a series of procurements conducted under the Commission’s authority granted through its Order approving that Plan in Docket No. 17-0838. ~~Those~~Competitive REC procurements ~~conducted after P.A. 99-0906’s passage across 2017-2021~~ are listed below:

- 2017 and 2018 Initial Forward Procurements (15-year contracts for new utility-scale wind and new utility-scale solar, 965,000 Wind RECs, and 1,000,000 Solar RECs per year procured)).

²⁷⁴ See 20 ILCS 3855/1-75(c)(1)(G)(i), (ii).

- October 2018 First Subsequent Forward Procurement (15-year contracts for new utility-scale wind, 1,979,753 RECs procured).~~)).~~
- November 2018 Photovoltaic Forward Procurement (15-year contracts for new utility-scale solar, 2,000,000 RECs).~~)).~~
- July 2019 Brownfield Site Forward Procurement (15-year contracts, quantity not released due to only two projects selected).~~)).~~
- Second Subsequent Forward Procurement (15-year contracts for new utility-scale wind). Two procurement events, conducted October 2019 and March 2021, ~~No; no~~ bids were accepted in either procurement;~~)).~~
- Community Renewable Generation Procurement (15-year contracts for non-PV renewable technologies). ~~No; no~~ bids were accepted;~~)).~~
- Low-income Community Solar Pilot Project Procurement (15-year contracts; conducted pursuant to Section 1-56(b)(2)(D) of the Act).~~)).~~

~~The original Brownfield Site Forward Procurement was conducted in the fall of 2018 and did not feature any winning projects. In February of 2019, the Agency sought feedback²⁷⁵ from stakeholders and then petitioned the Commission to reopen Docket No. 17-0838 seeking clarification for the authority to reconduct the procurement with certain modifications. Following the Commission's approval of that request, the second Brownfield Site Forward Procurement was then conducted in spring/early summer 2019 with the Commission approving the results on August 1, 2019. While the specific quantity procurement in the brownfield site procurement was not disclosed given that only two bidders were successful,²⁷⁶ the procurement did exceed the then-applicable statutory target of 40,000 RECs annually by the 2020-2021 delivery year (although such RECs could begin being delivered after that date under the procurement's contracts) but did not meet the then-applicable 60,000 REC procurement target for the 2025-26 delivery year.~~

The Second Subsequent Forward Procurement (new utility-scale wind), Community Renewable Generation Forward Procurement (non-photovoltaic), and the Low-income Community Solar Pilot Project Procurement (part of Illinois Solar for All) were all conducted in the Fall of 2019. Both the Second Subsequent Forward Procurement and the Community Renewable Generation Forward Procurement²⁷⁷ did not produce any winning bids. Consistent with the Commission's Order in Docket No. 19-0995,²⁷⁸ the Agency conducted an additional procurement event for RECs from new utility-scale wind projects in the Spring of 2021; however, no bids were selected.²⁷⁹

Based on challenges outlined in comments received after the conclusion of unsuccessful new utility-scale wind procurement events – namely, the inability to obtain a bundled REC and energy contract through the IPA, the paucity of long-term energy-only off-takers for geographically-qualifying new utility-scale wind and solar projects, and the risks inherent with fixed price REC revenues against potentially volatile wholesale energy market prices – the Agency ~~is hopeful~~hopes that ~~manysome~~ of

²⁷⁵ See <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/2019procurementplan/brownfield-site-procurement-questions-5-feb-2019-1.pdf>.

²⁷⁶ By releasing quantity information in a procurement with two winning bidders, each bidder would be able to determine the quantity of the other's selected bid, and thus determine that other bidder's bid price.

²⁷⁷ The community renewable generation forward procurement was for non-solar community renewable generation, which the Agency anecdotally understands may be a challenging technological and financial proposition given the 2 MW statutory size limit on community renewable generation projects.

²⁷⁸ See Final Order, ICC, Docket No. 19-0995, ~~Final Order dated February at 17-18 (Feb. 18, 2020 at 17-19).~~

²⁷⁹ See <https://www.ipa-energyvrfp.com/2018-2019-2021-subsequent-forward-procurements/> for additional information.

these challenges have been addressed through the shift to an Indexed REC price contract structure.²⁸⁰ Further discussion of that structure is found in Section 5.7 below.

The table below provides an outline of those competitive procurements conducted between the ~~enactment~~ effective dates of Public Act 99-0906 in July of 2017 and Public Act 102-0662 in September of 2021. This includes both the statutorily required Initial Forward Procurements which were conducted prior to the approval of the Initial Long-Term Plan as well as procurements authorized in Long-Term Plans:

²⁸⁰ Comments can be found here: <https://ipa.illinois.gov/energy-procurement/wind-comments-2020.html>.

Table 5-1: 2017-2021 Competitive Procurements Summary²⁸¹

Procurement	Technology	Procurement Date	Annual REC Target	Annual RECs Procured	Annual Spend \$	Project Status ^[A]
Initial Forward	Wind (utility-scale)	Summer 2017	1 million	0.965 million	3.4 million	2 completed
Initial Forward	Photovoltaic (utility-scale) (Brownfield)	Summer 2017 and Spring 2018 (three events)	1 million	1 million	5.9 million	4 completed, 1 terminated
First Subsequent Forward	Wind (utility-scale)	Fall 2018	2 million	1.98 million ^[B]	6.41 million	2 completed, 2 terminated
Brownfield Site Forward ^[C]	Photovoltaic (Brownfield)	Fall 2018 /Summer 2019 ^[D]	0.08 million	Quantity not disclosed	Not disclosed	2 completed
Photovoltaic Forward	Photovoltaic (utility-scale)	Fall 2018	2 million	2 million	9.28 million	5 completed, 3 terminated 1 under development
Second Subsequent Forward	Wind (utility-scale)	Fall 2019	1 million	0	0	N/A
Community Renewable Generation Program Forward	Any non- photovoltaic (with subscribers)	Fall 2019	0.05 million	0	0	N/A
Low-Income Community Solar Pilot Project ^[E]	Photovoltaic (with community participation / subscribers)	Fall 2019	Set on a \$20 million budget	Quantity not disclosed	Not disclosed	2 under development
Utility-scale Wind Forward Procurement	Wind (utility-scale)	Spring 2021	1 million	0	0	N/A

[A] Completed projects have begun REC deliveries; projects still under development have received extensions on their initial REC delivery dates, and terminated projects are projects that have been removed from REC delivery contracts for not having met their initial REC delivery date deadline.

[B] The marginal bidder declined an award of 0.02 million RECs which would have represented a very small portion of their RECs bid and thus was not economically feasible.

[C] The procurement had only two winning bidders therefore certain information is not disclosed per previous Commission Orders in order to maintain bidder confidentiality. By releasing quantity information in a procurement with two winning bidders, each bidder would be able to determine the quantity of the other's selected bid, and thus determine that other bidder's bid price.

[D] When originally conducted in 2018, the Brownfield Site Forward Procurement did not procure any RECs and a procurement was conducted a second time in the Summer of 2019.

[E] The procurement had only two winning bidders therefore certain information is not disclosed per previous Commission Orders in order to maintain bidder confidentiality. By releasing quantity information in a procurement with two winning bidders, each bidder would be able to determine the quantity of the other's selected

²⁸¹ 15-year REC delivery term from new generating facilities.

Procurement	Technology	Procurement Date	Annual REC Target	Annual RECs Procured	Annual Spend \$	Status ²⁸²
Initial Forward	Wind (utility-scale)	Summer 2017	1 million	0.965 million	3.4 million	2 projects completed
Initial Forward	Photovoltaic (utility-scale and brownfield site)	Summer 2017 and Spring 2018 (three events)	1 million	1 million	5.9 million	4 projects completed, 1 terminated
First Subsequent Forward	Wind (utility-scale)	Fall 2018	2 million	1.98 million ²⁸³	6.41 million	2 projects completed, 2 terminated
Brownfield Site Forward ²⁸⁴	Photovoltaic (brownfield site)	Fall 2018 / Summer 2019 ²⁸⁵	0.08 million	Quantity not disclosed	Not disclosed	1 project completed, 1 still under development
Photovoltaic Forward	Photovoltaic (utility-scale)	Fall 2018	2 million	2 million	9.28 million	2 projects completed, 4 still under development, 3 terminated
Second Subsequent Forward	Wind (utility-scale)	Fall 2019	1 million	0	0	N/A
Community Renewable Generation Program Forward	Any non-photovoltaic (with subscribers)	Fall 2019	0.05 million	0	0	N/A
Low-Income Community	Photovoltaic (with community participation / subscribers)	Fall 2019	Set on a \$20 million budget	Quantity not disclosed	Not disclosed	2 projects still under development

²⁸² Completed projects have begun REC deliveries; projects still under development have received extensions on their initial REC delivery dates, and terminated projects are projects that have been removed from REC delivery contracts for not having met their initial REC delivery date deadline.

²⁸³ As allowed under the procurement rules, the marginal bidder declined an award of 0.02 million RECs which would have represented a very small portion of their RECs bid and thus was not economically feasible.

²⁸⁴ The procurement had only two winning bidders therefore certain information is not disclosed per previous Commission Orders in order to maintain bidder confidentiality. By releasing quantity information in a procurement with two winning bidders, each bidder would be able to determine the quantity of the other's selected bid, and thus determine that other bidder's bid price.

²⁸⁵ When originally conducted in 2018, the Brownfield Site Forward Procurement did not procure any RECs and a procurement was conducted a second time in the Summer of 2019.

Solar Pilot Project ²⁸⁶						
Utility-scale Wind Forward Procurement	Wind (utility-scale)	Spring 2021	1 million	0	0	N/A

²⁸⁶ The procurement had only two winning bidders therefore certain information is not disclosed per previous Commission Orders in order to maintain bidder confidentiality. By releasing quantity information in a procurement with two winning bidders, each bidder would be able to determine the quantity of the other's selected bid, and thus determine that other bidder's bid price

The Agency's competitive procurement events that have been conducted since the September 15, 2021 enactment of Public Act 102-0662 are described in Section 5.4 below.

5.3. Statutory Requirements

Requirements applicable to competitive procurements conducted by the IPA can be found in Section 16-111.5 of the PUA and Section 1-75 of the IPA Act. Requirements applicable to this Plan's content are generally included in the PUA; those are outlined below.

Section 16-111.5(b)(5)(ii)(B)(aa) of the PUA requires that this Plan:

"Identify the procurement programs and competitive procurement events consistent with the applicable requirements of the Illinois Power Agency Act and shall be designed to achieve the goals set forth in subsection (c) of Section 1-75 of that Act."

The "competitive procurement events" contemplated by the IPA are discussed in this Chapter, while the "procurement programs" are discussed in Chapters 7 and 8. Also specifically addressed in this chapter is the following additional provision (bb) of that subsection of the Act regarding REC procurements subsequent to the Initial Forward Procurement:

"Include a schedule for procurements for renewable energy credits from utility-scale wind projects, utility-scale solar projects, and brownfield site photovoltaic projects consistent with subparagraph (G) of paragraph (1) of subsection (c) of Section 1-75 of the Illinois Power Agency Act."

Section 16-111.5(b)(5)(iii) further states that,

"For those renewable energy credits subject to procurement through a competitive bid process under the plan or under the initial forward procurements for wind and solar resources described in subparagraph (G) of paragraph (1) of subsection (c) of Section 1-75 of the Illinois Power Agency Act, the Agency shall follow the procurement process specified in the provisions relating to electricity procurement in subsections (e) through (i) of this Section."

In addition, Section 16-111.5(e)-(i) includes requirements applicable to competitive procurement events, many of which are outlined in Section 5.1 above. Section 1-75(c)(1)(G)(vi) incorporates those requirements into competitive REC procurement events "to the extent practicable." The Agency has generally found those requirements practicable to include, although ~~new changes to Section~~ other sections of the IPA Act –including Sections 1-75(c)(1)(G)(v), 1-75(c)(1)(P), and 1-75(c-10) ~~of the IPA Act may–~~ require ~~additional~~ deviation from Section 16-111.5's standard competitive procurement process. Additional discussion of changes to the competitive procurement structure necessitated by these ~~changes in law~~ sections of the IPA Act can be found below.

The Agency has achieved generally positive results in past experience with ~~this~~ its competitive bid ~~process~~ processes. REC delivery prices have proven competitive, thus reducing the budget impact of supporting new project development, ~~and~~ Outside of recent utility-scale wind procurements, most procurements have resulted in targeted procurement quantities being met. However, the attrition rate for projects awarded REC delivery contracts through past competitive procurements has been suboptimal ~~—at the time of the Plan's filing, in the range of 20-25; 32%~~ attrition, as compared to attrition of less than ~~10%~~ 2% aggregated across all ABP Illinois Shines categories.

The Agency is hopeful that ~~additional changes found in the Indexed REC structure, labor requirements, equity provisions, and other elements of the competitive procurement process enacted through~~ P.A. 102-0662 will reduce that attrition rate further by reducing development risk and ensure that prices remain low by reducing risk premiums ~~build~~built into bids, while also achieving important qualitative objectives by supporting a diverse, inclusive, equitable, and fairly compensated workforce. ~~As the first procurements conducted after P.A. 102-0662's passage occurred in 2022, it is still too early to draw conclusions about the Indexed REC procurement structure's impact on project attrition rates.~~

5.4. ~~New Requirements~~ under enacted through P.A. 102-0662

The increased RPS goals, procurement targets, and funding associated with Public Act 102-0662 ~~will expand~~expanded the Agency's procurement of RECs from new utility-scale wind, new utility-scale solar, and new brownfield-site photovoltaic projects. The ~~new~~IPA's REC procurement targets ~~include 10 million RECs from new solar and wind projects delivered annually by the end of the 2021 delivery year and increasing~~increase ratably to reach 45 million RECs delivered annually from new wind and new solar projects by the end of the 2030 delivery year.²⁸⁷

Of that amount, 45% is targeted to be met through RECs from new wind projects, while 55% is targeted to be met through RECs from new photovoltaic projects. Then, of ~~that the~~ amount to be procured from new photovoltaic projects, 50% is to be procured through the ~~Adjustable Block~~Illinois Shines Program, 47% from utility-scale solar projects, and 3% has to come from brownfield site photovoltaic projects.²⁸⁸ ~~This leaves a 2021 delivery year utility-scale target of at least 2.585 million RECs delivered annually from new utility-scale solar projects,²⁸⁹ at least 141,000 RECs from new brownfield site photovoltaic projects,²⁹⁰ and at least 4.5 million RECs from new utility-scale wind projects.²⁹¹ RECs under contract from facilities qualifying as "new" (such as those from post-P.A. 99-0906 programs and procurements) may be used to meet this 2021 10 million REC target and the 45 million REC 2030 target, but not considered for purposes of determining whether the correct proportions of RECs have been procured.~~

P.A. 102-0662 added Section 1-75(c)(1)(G)(iii) ~~directs~~of the Act, which directed the Agency to conduct "at least one subsequent forward procurement for renewable energy credits from new utility-scale wind projects, new utility-scale solar projects, and new brownfield site photovoltaic projects within 240 days after the effective date" of P.A. 102-0662 ~~in an attempt to meet this the first delivery year's 10 million REC target. This To~~ rationally increase REC procurement ~~occurred in May quantities to reach 45 million RECs delivered annually by 2030, the 2022, well before this Long-Term Plan was scheduled to be approved by the ICC. To meet the 10 million REC target, the Agency developed the following proposed~~ annual procurement quantity targets ~~(expressed in annual delivery quantities) for its subsequent forward procurement utility-scale solar, utility-scale wind, and brownfield site photovoltaic projects built toward meeting that goal.~~

²⁸⁷ 20 ILCS 3855/1-75-(c)-~~Q(1)-Q(C)(i)~~.

²⁸⁸ Id.

²⁸⁹ ~~47% of 55% of 10 million.~~

²⁹⁰ ~~3% of 55% of 10 million.~~

²⁹¹ ~~45% of 10 million.~~

Table 5-2: Spring 2022 Subsequent Forward Procurement Target Volumes

Utility-scale Wind	2,500,000 RECs
Utility-scale Solar	2,000,000 RECs
Brownfield Site Photovoltaic	125,000 RECs ²⁹²

~~The total target quantity of annual REC deliveries for this subsequent forward procurement was 4,625,000 RECs. Combined with RECs expected from the December 2021 block reopening of the Adjustable Block Program (approximately 1 million RECs) and previously procured new utility-scale wind and new utility-scale photovoltaic RECs and new brownfield site photovoltaic RECs (see Table 5-3), this subsequent forward procurement's target quantities would result in Section 1-75(c)(1)(C)'s 10 million REC annual delivery target being exceeded by RECs under contract prior to any additional program and procurement activity authorized by this Plan.~~

~~Actual results from the subsequent forward procurement were significantly less than target quantities. While actual contracted REC delivery quantities from individual projects were not released (in an effort to protect the confidentiality of individual bid prices), the subsequent forward procurement resulted in approximately 495 MW of new utility-scale solar, 200 MW of new utility-scale wind, and 4.95 MW of new brownfield site photovoltaic projects.²⁹³~~

~~While That first utility-scale procurement event after P.A. 102-0662's passage occurred in the Spring of 2022 with target quantities of 2.5 million annually delivered RECs from utility-scale wind projects, 2 million annually delivered RECs from utility-scale solar projects, and 125,000 annually delivered RECs from brownfield site photovoltaic projects. The Agency conducted a second utility-scale procurement event in the Fall of 2022 with target quantities of 1.75 million annually delivered RECs from utility-scale wind projects, 1 million annually delivered RECs from utility-scale solar projects, and 65,000 annually delivered RECs from brownfield site photovoltaic projects. The Agency conducted a third utility-scale procurement event in the Summer of 2023 with target quantities of 1.75 million annually delivered RECs from utility-scale wind projects, 1.1 million annually delivered RECs from utility-scale solar projects, and 65,000 annually delivered RECs from brownfield site photovoltaic projects.~~

~~The procured RECs procured through Section 1-75(c)(1)(C)(iii)'s subsequent forward procurement will be included from each of these three procurements events are reflected in planned Table 5-2 below. While procurement quantities of RECs under contract, this were established to ratably reach~~

²⁹² Combined with the approximately 970,000 RECs expected through Adjustable Block Program reopening, REC procurement activities authorized prior to this Plan's approval feature target quantities for new photovoltaic REC procurement (3.095 million) versus new wind REC procurement (2.5 million) at a ratio of 1.238:1. The IPA believes this ratio is acceptably close to the 55% to 45% proportion between new photovoltaic project REC procurement and new wind project REC procurement found in Section 1-75(c)(1)(C) (1.222:1).

²⁹³ Those procurement results can be found here: <https://www.ipa-energyvrfp.com/wordpress/wp-content/uploads/2022/05/Spring-2022-Indexed-REC-RFP-Results-12-May-2022-posted.pdf>.

target procurement quantities by 2030, actual RECs under contract have fallen short of target quantities.

Table 5-2: Aggregate Results from Post-P.A. 102-0662 Competitive Procurement Events for RECs from Utility-Scale Wind, Utility-Scale Solar, and Brownfield Site Photovoltaic Projects

Technology	Procured Annual REC Quantity	Total Megawatts	Number of Projects
Utility-scale Wind	400,000-500,000 ^[A]	200	1
Utility-scale Solar	2,915,072	1,468	18
Brownfield Site Photovoltaic	128,509	72	8
[A] As discussed in footnote 11, quantities are not released when there are two or fewer winning bidders. The Agency is instead providing a range of RECs for utility-scale wind. The Agency is proposing a change in this policy going forward as discussed in Section 5.9.			

As discussed in Section 5.6 below, the Agency plans to hold another utility-scale procurement event in the Fall of 2023 with target quantities of 5.6 million annually delivered RECs from utility-scale wind projects, 1.1 million annually delivered RECs from utility-scale solar projects, and 127,000 annually delivered RECs from brownfield site photovoltaic projects. That procurement is being conducted under authority from the 2022 Long-Term Plan.

This 2024 Long-Term Plan focuses on competitive procurements to be conducted during the ~~2022~~2024 and ~~2023~~2025 delivery years. ~~Additionally, as to meet target REC procurement quantities.~~ As the target REC procurement quantities derived through Section 1-75(c)(1)(C) of the Act are minimums and are ~~now~~ accompanied by ~~new~~ text stating that “if forecasted expenses are less than the maximum budget available . . . the Agency shall continue to procure new renewable energy credits until that budget is exhausted,” ²⁹⁴ procurement quantities may not always mirror statutory target minimums.

5.4.1 RPS Budgets

As described in Chapter 3, the Agency’s procurement of RECs is subject to budgetary limitations determined by Section 1-75(c)(1)(E) ~~’s of the IPA Act’s~~ rate impact cap. That cap that limits the annual average net increase paid per ~~kilowatt-hour~~ kilowatt-hour by eligible customers, thus providing a maximum RPS budget once multiplied by the prior year’s retail electricity sales.

~~In previous REC procurements, budget limits served to limit the quantity of RECs that could be procured through competitive procurements such that actual RECs under contract fell well short of Section 1-75(c)(1)(B)’s RPS goals. However, increased~~ Increased funding for REC procurements brought about by PA 102-0662, including the increase in the rate cap from 2.015% of 2007 rates to 4.25% of 2009 rates as well as Section 16-108(k) of the PUA’s accounting provisions that allow funds to be used over longer ~~time~~ periods and shield funding associated with contractual obligations from

²⁹⁴ 20 ILCS 3855/1-75(c)(1)(C)(ii).

reconciliation, have dramatically impacted RPS budgets. Annual collections used to support the RPS ~~budgets allowing for expanded procurements of RECs now exceed \$580 million (up from new utility-scale wind what had been ~\$230 million before passage of P.A. 102-0662), and new utility-scale solar projects.~~ the ability to roll collected funds forward into future years ensures that every dollar is leveraged to support REC procurements. This scale and flexibility is vital given the aggressiveness of Section 1-75(c)(1)(B)'s 40% by 2030 and 50% by 2040 goals.

However, actual RPS budget impacts resulting from competitive procurements are ~~now subject to increased volatility given the Indexed REC approach now authorized under unknowable given~~ Section 1-75(c)(1)(G)(v). ~~Nevertheless, the~~ Indexed REC approach. Wholesale energy prices now dictate RPS budget impacts resulting from Indexed REC delivery contracts: when wholesale energy prices are low, Indexed REC prices are high. When wholesale energy prices are high, Indexed REC prices are low, and potentially even negative. This variability in REC prices is not the case for prior-executed fixed-price REC delivery contracts, through which budget impacts would only vary based on changes in actual delivery volumes.

Pinning REC prices (and thus RPS budget impacts) to wholesale energy prices may have seemed less consequential to RPS budget management in 2021 when P.A. 102-0662 was being negotiated, as wholesale prices had been fairly stable over the prior decade. However, across the Spring of 2022, prices surged. Day-ahead prices for the MISO Illinois hub rose to over \$200/MWh in May 2022 after having traded at closer to \$50/MWh just months earlier. Forward energy prices from IPA ~~does not believe that~~ block energy procurements for two years into the future from IPA procurements conducted in spring 2022 featured prices well over \$100/MWh for block energy across summer months. Wholesale prices have settled down to more normal levels in recent months, but this price volatility underscored the uncertainty of future energy market outcomes—and future Indexed REC delivery contract budget impacts.

For estimating these impacts, Section 1-75(c)(1)(G)(v)(3) of the IPA Act requires utilization of “an industry-standard, third-party forward price curve” containing “a specific value of the forecasted market price of electricity for each annual delivery year of the contract.” Theoretically, RPS budget impacts are projected by looking at the bigger picture across a longer term. But even these forward price curves—which forecast prices decades into the future—are subject to similar volatility.²⁹⁵ These are also merely estimates of budget impacts; whether the RPS budget may exceed these estimates is a function of actual prices rather than estimated costs.

The IPA conducted its first Indexed REC procurement event in Spring 2022, and results fell far short of targeted quantities. This was surprising to Agency staff. The IPA had believed that the Indexed REC structure—under which developers benefit from the certainty of payment at a bid strike price between REC revenues and wholesale energy revenues—would be the key to unlocking widespread utility-scale renewable energy project development in Illinois. Since this first Indexed REC procurement event, the Agency has held numerous meetings, conducted stakeholder comment processes, and worked with its Procurement Administrator to survey utility-scale developers who have not chosen to participate in IPA Indexed REC procurements. The most commonly cited barrier

²⁹⁵ Section 3.4.9 discussed how in 2023 alone, futures prices for ComEd On-Peak power five years into the future, August 2028, have swung by over \$20/MWH. As a result, not just are prices likely to change from forecasted prices to the actual prices used for settlement of indexed REC prices, but budgeting based on forward prices is subject to the timing of when the budget analysis is conducted.

is concern over utility non-performance (non-payment) due to unavailable funds given potential RPS budget uncertainty.²⁹⁶

Potentially exacerbating this concern is the rigidity of bid prices. Under the Indexed REC structure, a renewable energy project developer bids in a fixed strike price generally at a date well before most project development steps have commenced. However, between supply chain challenges, component costs, interest rates, interconnection costs, interconnection delays, and other variables, the assumptions informing the bid price may shift significantly by the project's energization date. This dynamic stands in contrast to project development in a vertically integrated state, under which cost input changes result in commensurate changes in revenue back to the developer.

One way to address this rigidity would be to allow post-bid changes to contracts. However, post-bid changes to contract terms also carries serious risks and concerns—the IPA would not want the competitiveness of the initial bid process to be compromised by the prospect of downstream negotiations—but a forced default due to changed economics leaves the State's RPS without expected project development. In recognition of this concern, the IPA seeks feedback on a viable process for potentially accommodating necessary downstream post-bid REC delivery contract changes through comments on this draft Plan.

The picture is not entirely negative. The IPA's past two Indexed REC procurement events (two out of three conducted to date) met target quantities for both utility-scale solar projects and brownfield site photovoltaic projects. Solar developers appear to be comfortable enough with existing budget uncertainty to successfully participate in Indexed REC procurement events (at least for now), but successful bids may feature premiums accounting for downstream payment risk. Wind is a different story: as discussed below, neither the Fall 2022 nor the Summer 2023 utility-scale procurement events featured a winning utility-scale wind project bid—also signaling that perhaps the statutorily mandated 55%/45% balance between photovoltaic projects and wind projects found in Section 1-75(c)(1)(C)(i) of the IPA Act should be subject to ongoing administrative adjustments based on market interest.²⁹⁷

For the present draft Plan, RPS budgets should not serve to constrain procurement quantities below statutory procurement targets for the present planning period.— As outlined in Chapter 3 and Appendix B, RPS budget concerns only present challenges through multiple additional delivery years of contracts being issued across the many years ahead. The necessary structural fix is decoupling a Seller's payment certainty from RPS budget risks. While this fix may require statutory change, the Agency is interested in comments on this draft Plan on whether or how the IPA or ICC's administrative authority can help solve for non-payment risks.

RPS budgets are discussed in further detail in Chapter 3.

5.4.2 Brownfield Site Photovoltaic Project Procurements

P.A. 102-0662 ~~increases~~increased the goals for the procurement of RECs from photovoltaic projects located at brownfield sites—both by increasing the minimum amount (from 2% of the solar

²⁹⁶ Demonstrating this uncertainty, the IPA released an RPS budget update in April 2023 which outlined 10 different scenarios of future REC and energy prices. This update demonstrated that even minor changes to assumptions about future REC or energy prices can have outsized impacts on whether the RPS budget operates at a surplus or a deficit. That update can be found here: <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/rps-budget-update-14-april-2023-2pm.pdf>.

²⁹⁷ Section 1-75(c)(1)(C)(i) states that this split should be followed “to the extent possible.”

procurement target to 3%) and ~~by that~~ increased the overall solar target ~~increasing (now~~ (55% of 45 million RECs by 2030).

Under the definition contained in Section 1-10 of the IPA Act, brownfield sites are those sites which are regulated under the U.S. EPA's Comprehensive Environmental Response, Compensation and Liability Act of 1980; the Corrective Action Program of the Resource Conservation and Recovery Act; the Illinois EPA's Illinois Site Remediation Program; or the Illinois EPA's Illinois Solid Waste Program; or is the site of a former coal mine that has met all state and federal remediation and clean-up requirements. ~~This allowance for siting a brownfield site photovoltaic project at a former coal mine is a new change enacted through P.A. 102-0662.~~

~~To meet these more aggressive targets under this more permissive definition~~ While the Indexed REC procurement structure is requirement for utility-scale solar and utility-scale wind projects, Section 1-75(c)(1)(C)(i) of the Act ~~now~~ specifies that the Agency shall "consider other approaches, in addition to competitive procurements, that can be used to procure renewable energy credits from brownfield site photovoltaic projects and thereby help return blighted or contaminated land to productive use while enhancing public health and the well-being of Illinois residents, including those in environmental justice communities." ~~For this 2022 Plan, the Agency proposes to conduct two brownfield site photovoltaic procurements using its traditional competitive procurement approach. However, as that approach will reflect the changes to REC pricing and procurement processes found elsewhere in P.A. 102-0662 (including the utilization of an Indexed REC price), the Agency will first observe the results of procurements using this new structure and before assessing whether other procurement approaches may be warranted. That assessment will be included in the Agency's next Long-Term Plan revision scheduled to be published in 2023 and approved by the ICC in 2024. The Agency has conducted three competitive procurement events, each of which have sought to procure Indexed RECs from utility-scale wind, utility-scale solar, and brownfield site photovoltaic projects. As the past two procurement events have featured sufficient participation to meet target REC procurement quantities for brownfield site photovoltaic projects, the Agency believes that utilizing a different approach (something other than a competitive procurement event) is not necessary to support continued brownfield site photovoltaic project development.~~

The Agency plans to conduct another competitive procurement event in the Fall of 2023 with a goal to procure 127,000 annually delivered RECs from brownfield site photovoltaic projects.

5.4.3 Labor, Diversity and Equity Requirements

~~New labor, diversity and equity provisions in the Act require the Agency to take measures that will incorporate these provisions into its competitive procurement process.~~

Section 1-75(c)(1)(Q)(1) of the IPA Act ~~now~~ provides that all new utility-scale wind, utility-scale solar and brownfield site photovoltaic projects are subject to prevailing wage requirements included in the Prevailing Wage Act, and that RECs procured after the effective date of the Act (September 15, 2021) must be from facilities that were built under a project labor agreement.²³ Projects participating in competitive procurements will be required to provide documentation that all employees, contractors, and subcontractors engaged in construction and maintenance of the facility received at least the local prevailing wage rate for the applicable labor classification as set by the Illinois Department of Labor. ~~Furthermore, as a result of P.A. 102-0662 and clarifications made through P.A. 102-0673, all ("IDOL"). All~~ new utility-scale wind, utility scale solar, and brownfield site photovoltaic projects participating in a competitive procurement of the IPA are considered "public works" under

the Prevailing Wage Act and are thus subject to all notice and reporting requirements therein.²⁹⁸ Bids must ~~include commitments~~commit to include payment of prevailing wage in all contracts and subcontracts for construction and maintenance related to the facility. All accepted bidders will be subject to reporting requirements throughout the life of the project as detailed in the Prevailing Wage Act.

As outlined in Chapter 4, projects located in adjacent states satisfying public interest criteria scoring may be eligible for the IPA's competitive procurements. As proposed by the IPA in Docket No. 22-0231 and affirmed by the Commission in its Order approving the Plan,²⁹⁹ Section 1-75(c)(1)(Q)(1) also carries a qualitative eligibility requirement related to fair wages paid for labor on all renewable energy projects bidding into IPA procurements (enforced as a REC delivery contract term). Applicant projects located in adjacent states must demonstrate, at minimum, wage parity with the prevailing wage requirements in Illinois.

To achieve wage parity, if the project is located in a county in an adjacent state with published prevailing wages, that wage schedule shall be used as the applicable prevailing wage for Section 1-75(c)(1)(Q)(1) compliance. Should there be no governing prevailing wage schedule for that locality, the federal Davis-Bacon rates shall be used as the applicable prevailing wage for Section 1-75(c)(1)(Q)(1) compliance.³⁰⁰

In addition, Section 1-75(c)(1)(Q)(2) also provides that for REC procurements from new utility-scale wind, utility-scale solar, and brownfield site photovoltaic projects, such projects must be "built by general contractors that must enter into a project labor agreement," as defined by the Project Labor Agreements Act, "prior to construction." Section 1-10 of the Act defines a project labor agreement as "a pre-hire collective bargaining agreement that covers all terms and conditions of employment on a specific construction project."

That project labor agreement must be filed with the Director of the IPA ~~within~~at least 60 days prior to the start of construction. If construction of the project has already begun at the time of a competitive procurement, then the project labor agreement must be filed with the IPA prior to submitting a bid. Under Section 1-75(c)(1)(Q)(2), the project labor agreement must provide "the names, addresses, and occupations of the owner of the plant and the individuals representing the labor organization employees participating in the project labor agreement consistent with the Project Labor Agreements Act." Section 1-10 outlines specific additional elements required to be included in that agreement:

- (1) provisions establishing the minimum hourly wage for each class of labor organization employee;
- (2) provisions establishing the benefits and other compensation for each class of labor organization employee;

²⁹⁸ 820 ILCS 130/2.

²⁹⁹ See Final Order, ICC, Docket No. 22-0231, ~~Final Order dated July 6-7 (Jul. 14, 2022 at 6-7).~~

³⁰⁰ For adjacent state projects, the applicant is still responsible for submitting a Certified Transcript of Payroll through the Illinois Department of Labor Prevailing Wage portal and to the IPA for all work performed on the eligible project. The IPA is responsible for ensuring wage parity compliance under REC delivery contract authority, with projects failing to demonstrate wage parity treated equivalently to Illinois-based projects failing to comply with the prevailing wage requirements of the Prevailing Wage Act.

- (3) provisions establishing that no strike or disputes will be engaged in by the labor organization employees;
- (4) provisions establishing that no lockout or disputes will be engaged in by the general contractor building the project; and
- (5) provisions for minorities and women, as defined under the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, setting forth goals for apprenticeship hours to be performed by minorities and women and setting forth goals for total hours to be performed by underrepresented minorities and women.

As a project labor agreement is a private agreement between a project developer and a labor organization entered into with both parties' acquiescence, and as the IPA Act does not direct the Agency to develop qualitative project labor agreement standards, the Agency does not believe that it generally can or should ~~generally~~ develop minimum project labor agreement terms for that agreement to satisfy Section 1-75(c)(1)(Q)(2)'s requirements. However, a labor organization and the general contractor building the project shall have the authority to include other terms and conditions as they deem necessary.

One ~~possible~~ exception regarding developing minimum project labor agreement terms concerns "provisions for minorities and women, as defined under the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, ~~setting forth goals for apprenticeship hours to be performed by minorities and women and setting forth goals for total hours to be performed by underrepresented minorities and women.~~"³⁰¹

"As proposed by the IPA in Docket No. 22-0231 and affirmed by the Commission in approving the Agency's 2022 Plan, project labor agreement submittals must also include a description of the actual efforts the entity will take or has taken to achieve such—"goals, including recruitment of for apprenticeship hours to be performed by minorities and women into apprenticeship roles, and [] goals for total hours to be performed by underrepresented minorities and women."³⁰² Setting goals is an important step toward progress, but without the ability to review whether robust efforts are being made to recruit more minorities and women into apprenticeships or training programs, the Agency has no insight into industry trends, challenges in meeting those goals, or other important signals related to the Agency's expanded role in monitoring and improving equity in the clean energy sector.³⁰³

~~Other amendments to the~~The IPA Act ~~through Public Act 102-0662 create obligations for~~requires the Agency to "encourage participating projects to use a diverse and equitable workforce and a diverse set of contractors." Under ~~new~~ subparagraph (P) of Section 1-75(c)(1), the Agency must optimize the procurement of RECs from utility-scale projects located in communities eligible to receive Energy Transition Community Grants. To "optimize" procurement from those areas, the Agency proposes that bids received through competitive procurements for proposed projects located in Energy Transition Community Grant communities would receive a downward price adjustment of 10% of the lowest bid received for use in ranking bids received, thus making those bids more competitive on the basis of price. For example, if the bidder of a project located in an Energy Transition Community

³⁰¹ ~~20 ILCS 3855/1-10.~~

³⁰² Final Order, ICC Docket No. 22-0231 at 7 (Jul. 14, 2022).

³⁰³ See Docket No. 22-0231, Final Order dated July 14, 2022 at 7— Id.

Grant community submits a strike price of \$65 and the lowest bid received is \$50, then the Energy Transition Community Grant bidder would receive a downward price adjustment in its bid of \$5 (10% of \$50). The price adjusted bid of \$60 would be evaluated against all other bids, and if selected the Energy Transition Community Grant bidder would receive the initial bid price of \$65. This price adjustment will provide an opportunity to “optimize” the procurement of Energy Transition Community Grants through a competitive process.

Section 1-75(c-10) established a Minimum Equity Standard (“MES”) applicable to all REC programs and procurements authorized under Section 1-75(c) of the IPA Act (see Section 10.1 of this Plan for a full explanation of the Agency’s interpretation of the scope of the MES regarding IPA programs and procurements). Projects that receive an Indexed REC contract pursuant to a competitive procurement will be required to submit a Compliance Plan and Year-End Report per the rules set out in Chapter 10 for each year in which construction activities occur. For utility-scale solar and wind projects and brownfield site projects, the MES only applies to construction of the project, in contrast to Illinois Shines where all project development activities (financing, sales, siting, etc.) are subject to the MES. Entities receiving an Indexed REC contract must submit the first Compliance Plan at least 60 days before construction activities begin and must submit subsequent Compliance Plans by June 1 for each year in which construction occurs. Year-end Reports demonstrating achievement of the MES must be submitted no more than 45 days after the end of the Program Year. Utility-scale solar and wind projects and brownfield site projects located in adjacent states will only be required to meet the MES for any work performed in Illinois.

Section 1-75(c-10)(3) directs the Agency to develop requirements for applications and include in its bid evaluation methodology preferences for bidders that utilize a higher percentage of equity eligible contractors ~~and equity eligible persons~~. The Agency will require applications from bidders ~~to demonstrate compliance with~~ wishing to qualify for such preferences to commit to a specific target Equity Standard above the minimum equity standards under ~~MES set by~~ Section 1-75(c-10) (described in more detail in Chapter 10). Based on a review of the plan submitted by a bidder, the Agency ~~would then~~ shall identify bids that demonstrate ~~comprehensive compliance~~ commitment and efforts above and beyond minimum requirements and ~~propose~~ utilize a bid evaluation price adjustment that increases as the portion of contract value flowing to equity eligible persons or contractors increases above the ~~minimum equity standards. This bid~~ MES. Bid evaluation price ~~adjustment would be~~ adjustments are then made on a sliding scale based on the equity eligible commitment above the ~~10% minimum requirement~~. For example, if a bidder commits to using equity eligible contractors for 50% of the project’s development, ~~then in a year for which the MES is 10%, then that bid’s~~ price adjustment ~~would~~ shall be based on the ratio of 50% to the 10% minimum (or 5 times the amount of the minimum equity commitment).

The IPA is proposing a bid evaluation price adjustment for equity eligible commitments above ~~10% the MES~~ to be 1% of the lowest bid received times that ratio of the commitment to the 10% minimum. Like the adjustment for projects located in Energy Transition Community Grant areas, this adjustment ~~would~~ shall only be utilized for bid evaluation, and shall not impact the resulting contracted strike price. As this equity commitment ~~would impact~~ impacts bid selection, any project selected as a result of making an equity commitment ~~will~~ shall have that commitment included as a binding commitment in the resulting REC contract.

~~Table 5-3~~ Table 5-3 demonstrates the bid evaluation price adjustments for equity eligible commitments and Energy Transition Community Grant bids. As discussed in Chapter 10 of this Plan,

entities awarded a REC contract through a competitive procurement will also be required to submit a Compliance Plan within 30 days of ICC approval of the bid. The Compliance Plan shall reflect the entity's plan to meet the minimum equity standard as laid out in their application. Chapter 10 contains additional information on compliance plan requirements.

Table 5-3: Bid Evaluation Price Adjustments

Bids Ranked by Adjusted Bid Price						
- Bidder	Bid Price	Grant Community	Grant Community Price Adj	Equity-Eligible Commitment	Equity-Eligible Price Adj	Adjusted Bid Price
G	\$ 45.00	N	\$	15%	\$ 0.68	\$ 44.33
A	\$ 50.00	Y	\$ 4.50	20%	\$ 0.90	\$ 44.60
D	\$ 60.00	Y	\$ 4.50	30%	\$ 1.35	\$ 54.15
B	\$ 55.00	N	\$	10%	\$	\$ 55.00
E	\$ 58.00	N	\$	40%	\$ 1.80	\$ 56.20
F	\$ 70.00	Y	\$ 4.50	75%	\$ 3.38	\$ 62.13
-						-
Notes	-	-	-	-	-	-
—Grant Community Price Adjustment = 10% of the lowest Bid Price						-
—Equity-Eligible Contractor Minimum Commitments is 10%						-
—Equity-Eligible Price Adjustment = (Bidder EEC Commitment / 10% * 1%) * the lowest bid price						

Bids Ranked by Adjusted Bid Price						
Bidder	Bid Price	Grant Community	Grant Community Price Adjustment	Equity Eligible Commitment	Equity Eligible Price Adjustment	Adjusted Bid Price
C	\$45.00	N	-	15%	\$0.68	\$44.33
A	\$50.00	Y	\$4.50	20%	\$0.90	\$44.60
D	\$60.00	Y	\$4.50	30%	\$1.35	\$54.15
B	\$55.00	N	-	10%	-	\$55.00
E	\$58.00	N	-	40%	\$1.80	\$56.20
F	\$70.00	Y	\$4.50	75%	\$3.38	\$62.13

Note.
 The Grant Community Price Adjustment is equal to 10% of the lowest Bid Price.
 The Equity Eligible Contractor Minimum Commitments is 10%.
 The Equity Eligible Price Adjustment is equal to (((Bidder EEC Commitment / 10%) * 1%) * the lowest bid price).

Finally, Section 1-75(c-20) directs the Agency to “collect demographic and geographic data for each entity awarded contracts under any Agency-administered program.” Therefore, the Agency proposes to conduct an annual survey of entities that have received an Indexed REC contract through an IPA-administered competitive procurement, requesting demographic and geographic data regarding the workforce performing any construction, installation, or maintenance activities on the projects under those contracts. See Chapter 10 for more detail regarding the collection of demographic and geographic information from the clean energy workforce.

5.4.4 Indexed REC Pricing Requirements

Perhaps the most significant change to competitive procurements resultant from P.A. 102-0662 is the shift to an Indexed REC pricing structure. Section 1-75(c)(1)(G)(v) ~~now~~ requires the Agency to procure “Indexed RECs” for all ~~future~~ competitive REC procurements. Under an Indexed REC pricing structure, ~~the actual project’s~~ REC price is determined based on the strike price submitted by ~~bidder~~the bidder participating in the procurement (with that strike price used for bid selection), and the differential between that strike price and wholesale market energy settlement prices, as outlined further below.³⁰⁴

Under Section 1-10 of the IPA Act, an Indexed REC is defined “as a tradable credit that represents the environmental attributes of one megawatt hour of energy produced from a renewable energy resource, the price of which shall be calculated by subtracting the Strike Price offered by a new utility-scale wind project or a new utility-scale photovoltaic project from the Index Price in a given settlement period.”³⁰⁵ The Strike Price is defined as the “contract price for energy and RECs from a new utility-scale wind project or a new utility-scale photovoltaic project.” The Index Price is defined as the “real-time energy settlement price at the applicable Illinois trading hub, such as PJM-NIHUB or MISO-IL, for a given settlement period.”³⁰⁶ The settlement period ~~will be~~ is the period of time utilized by MISO and PJM and their successor organizations as the basis for settlement calculations in the real-time energy market (RTM).³⁰⁷

³⁰⁴ 20 ILCS 3855/1-75(c)(1)(G)(v).

³⁰⁵ 20 ILCS 3855/1-10 (emphasis added).

³⁰⁶ Id.

³⁰⁷ Id.

Under this model, the IPA still ~~may evaluate~~ evaluates competing bids on the basis of price—but on the basis of submitted Strike Price, rather than REC price. A single Strike Price is submitted by a bidder, and the resulting REC price for a settlement period is determined across the course of the contract as the difference between that bidder’s Strike Price and the Index Price. As the Index Price will always be the same for all bidders, evaluating bids from lowest to highest on the basis of Strike Price is effectively the same evaluation as evaluating bids on the ~~bases~~ basis of REC price; the difference is simply that because the resulting REC price floats, the exact price (and resulting RPS budget impact) varies by settlement period.

From a bidder’s standpoint, this Indexed REC approach offers clear advantages. Given the limited market for energy-alone off-take agreements in Illinois and the inability for the IPA to offer bundled PPAs, an Indexed REC price structure offers bidders the revenue certainty of a bundled contract without exposing default supply rates to potentially uneconomic hedges. ~~From the standpoint of developing the most possible renewable energy at the lowest possible cost, this approach offers advantages back to the State of Illinois as well; if bidders receive full revenue certainty at the strike price amount, then risk premiums~~ ~~built~~ built into bids should be ~~minimized~~ reduced relative to a fixed-price REC delivery contract, allowing for the development of more renewable energy generation at ~~the lowest possible~~ a lower RPS budget impact.

As required under Section 1-75(c)(1)(G)(v)(3) of the Act, contracts must have a “minimum tenure of 20 calendar years” ~~“.”~~

5.4.5 Indexed REC Settlement

~~An~~ Under an Indexed REC delivery contract, an Indexed REC Price ~~will~~ shall be calculated for each settlement period. The REC price applicable to a settlement period ~~will be~~ is determined by subtracting the Strike Price from the Index Price for that settlement period. As required under Section 1-75(c)(1)(G)(v)(1), if the difference is a negative number, the indexed REC counterparty (i.e., the public utility) shall owe the seller the absolute value multiplied by the quantity of energy produced during that settlement period. If this difference results in a positive number, the seller shall owe the indexed REC counterparty this amount multiplied by the quantity of energy produced in the relevant settlement period. The Indexed REC Price formula is illustrated below:

$$\text{Indexed REC Price} \text{ (Contract Price)} = \text{Index Price (RTM Settlement Price)} - \text{Strike Price}$$

Section 1-75(c)(1)(G)(v)(2) ~~requires~~ required that “[p]arties shall cash settle every month, summing up all settlements (both positive and negative, if applicable) for the prior month.” ~~Based on comments the IPA has received on the REC settlement process, the~~ As with the 2022 Plan, this Plan proposes an hourly settlement structure for each monthly settlement period.

The example below illustrates a monthly settlement for 2 scenarios—one in which money is owed to the seller, and the other in which money is owed to the Indexed REC Counterparty.

Scenario 1 – Cash Settlement to Seller

Index Price	=	\$30/MWh		
Strike Price	=	\$35/MWh		
Energy Generated	=	100 MWh		
Indexed REC Price	=	30 – 35	=	-\$5/MWh

$$\text{Money owed to Seller} = ||-5|| \times 100 = \$500$$

Scenario 2 – Cash Settlement to Indexed REC Counterparty

$$\begin{aligned} \text{Index Price} &= \$40/\text{MWh} \\ \text{Strike Price} &= \$35/\text{MWh} \\ \text{Energy Generated} &= 100 \text{ MWh} \\ \text{Indexed REC Price} &= 40 - 35 = \$5/\text{MWh} \\ \text{Money owed to Indexed REC Counterparty} &= 5 \times 100 = \$500 \end{aligned}$$

In Scenario 1, the difference between the Index Price and the Strike Price (i.e., the Indexed REC Price) is negative (-\$5/MWh) and so the absolute value of the Indexed REC Price is multiplied by the quantity of energy produced in the relevant settlement period (100 MWh), and the resulting amount (\$500) is paid to the seller. In Scenario 2, the Indexed REC Price is positive (\$5/MWh), and the resulting amount (\$500) is paid to the Indexed REC Counterparty.

5.4.6 Forward Price Curve

~~To ensure funding in the annual~~ As discussed above regarding RPS budget ~~for implications of the~~ Indexed REC ~~procurements for each year of the term of such contracts~~ structure, the Act requires that the annual cost of the contract be quantified utilizing an industry-standard, third-party forward price curve for energy at the appropriate hub or load zone.³⁰⁸

The Agency ~~will review the~~ has developed a forward price ~~curves that are available~~ curve using data from ~~third-party providers~~ Argus and ~~select the~~ EOX and that forward price curve ~~source that will be~~ is used in the annual cost calculations. ~~Each contained in Chapter 3 and Appendix B. The~~ forward price curve ~~will contain~~ contains a specific value of the forecasted market price of electricity for each annual delivery year of the contract. For procurement planning purposes, the impact on the annual budget for the cost of Indexed RECs for each delivery year will be determined as the expected annual contract expenditure for that year, equaling the difference between (i) the sum across all relevant contracts of the applicable strike price multiplied by the contract quantity and (ii) the sum across all relevant contracts of the forward price curve for the applicable load zone for that year multiplied by the contract quantity.

Given that the indexed price of electricity during the delivery year will not likely average to the forecasted market price of electricity for the delivery year, this calculation is simply for budget planning purposes only, and is not meant to establish an annual cost cap for utility REC purchases.

The Act requires that forward price curves be revised on an annual basis. Updated forward price curves will be released and filed with the Commission in the proceeding approving the Agency's ~~most recent long-term renewable resources procurement plan, and the Agency's next long-term plan filing will utilize a forward price curve in estimating Indexed REC contract budget impacts~~ 2024 Long-Term Plan filing.³⁰⁹ If the expected contract spend is higher or lower than the total quantity of contracts multiplied by the forward price curve value for that year, the forward price curve will be updated using then-currently available price forecast data, and the RPS budget projections will be adjusted accordingly.

³⁰⁸ 20 ILCS 3855/1-75(c)(1)(G)(v)(3).

³⁰⁹ See [Final Order, ICC](#), Docket No. 22-0231, ~~Final Order dated July at 6 (Jul. 14, 2022 at 6-)~~.

5.4.7 Application ~~Consideration of the~~ Price Curve Collar

To manage future budget obligations resulting from competitive procurements, Section 1-75(c)(1)(G)(v)(4) states that the Agency may consider the institution of a price collar on REC prices paid under indexed renewable energy credit procurements establishing floor and ceiling REC prices applicable to indexed REC contract prices. Any price collars utilized in competitive REC procurements “shall be proposed by the Agency through its long-term renewable resources procurement plan.”

~~While the Agency appreciates how a price collar may offer slightly better budget stability, after consideration of the increase in the annual RPS funds collections combined with the changes to Section 16-108(k) of the Public Utilities Act that allow for the use of RPS funds over a five year period, as well as the ability to exempt from reconciliation payment obligations entered into, but not yet paid, the Agency does not believe that a price collar is necessary for upcoming competitive procurements as the Agency has these additional tools to manage year to year budget fluctuations.~~

While price collars may provide slightly more budget stability through limiting the RPS budget’s exposure to certain REC price outcomes, price collars also offer more risk back to bidders. Should Indexed REC prices rise to a level that would exceed a price collar, a Seller may then face risk of non-recovery at the Strike Price. As such, a price collar takes an expressed abstract concern around the condition of the RPS budget – specifically, that Indexed REC pricing volatility could leave the RPS budget compromised and provide non-payment risk back to a Seller – and turns that concern into an acute REC delivery contract-related concern.

As it appears that a price collar offers more risk back to Sellers in a way that does not provide commensurate benefits back, no price collar is proposed in this draft 2024 Plan, although the IPA is interested in additional feedback as to whether or how a price collar should be instituted.

5.5. Proposed Procurement Events

An assessment of what needs to be procured to meet ~~these~~ Illinois’ RPS targets starts with an assessment of RECs under contract, and specifically RECs under contract to meet new utility-scale wind and solar procurement requirements from prior procurement events.

Across competitive procurement events conducted to date, some projects have been developed, other projects are pending final energization still, while others appear to never be successfully developed under REC delivery contacts (and thus would not be contributing RECs to meet RPS targets). ~~While~~ From the forward procurements conducted between 2017 and 2019, four utility-scale wind projects ~~and six~~, nine utility-scale solar projects, ~~and two brownfield site projects~~ have begun delivery, ~~other projects have not yet been energized. Five solar projects have requested energization extensions that will take them into 2022-2023 delivery year, and four.~~ Four solar projects and two wind projects have been removed from the REC portfolio, ~~and one solar project remains under development. From the Indexed REC procurements conducted to date across 2022 and 2023, one utility-scale wind project, eighteen utility-scale solar projects, and eight brownfield site photovoltaic projects are currently under development.~~

Table 5-~~34~~ summarizes in aggregate the status of new³¹⁰ utility-scale wind projects, utility-scale solar projects, and brownfield site photovoltaic projects, as of ~~March 21, 2022~~ August 15, 2023. The

³¹⁰ This does not include RECs from the 2010 LTTPAs, as those are not considered RECs from new projects.

quantities listed are the aggregated contracted amounts by expected annual REC deliveries. For planning purposes, the IPA assumes that projects for which extensions have been granted will be successfully developed.

Table 5-4: Utility-Scale REC Portfolio Status (Annual REC Volumes)³¹¹

Status	Solar	Wind	Total
Delivering RECs	-1,238,936	2,065,519	3,304,455
Extensions Granted	1,266,693		1,266,693
Total Expected RECs	2,505,629	2,065,519	4,571,148
Removed³¹²	548,702	879,234	1,427,936

Status	Solar	Wind	Brownfield	Total
Delivering RECs	1,881,298	2,065,519	54,331	3,946,817
Under Development	3,503,351	400,000 - 500,000	128,509	4,031,860 - 4,131,860
Total Expected RECs	5,384,649	2,465,519	128,509	7,9786,77
Removed [1]	548,702	879,234	-	1,427,936

[1] "Removed" indicates RECs that were procured in the 2017 and 2018 procurements but will not be delivered because of the projects failing to meet energization deadlines and thus have been removed from the RPS REC Portfolio.

As a consequence

Based on this portfolio, additional procurement events will be required to ensure that Section 1-75(c)(1)(C)'s new renewable energy project REC delivery targets are met.

~~Section 1-75(c)(1)(C) sets an initial REC procurement target for the 2021 delivery year of 10 million RECs, the bulk of which will be procured from new utility-scale wind, new utility-scale solar projects, and brownfield site photovoltaic projects in a Subsequent Forward Procurement scheduled for the Spring of 2022, prior to the approval of this 2022 Long-Term Plan. That target grows to 45 million RECs by 2030.~~

For purposes of this draft 2024 Plan, the Agency will assume that procurement quantities outlined for ~~that the Fall 2023~~ procurement (~~as listed~~discussed in ~~Table~~Section 5-24 above) will be met, ~~but reserves the right to.~~ The Agency will adjust proposed competitive procurement quantities for future procurement events (~~potentially which will be released in December 2023,~~ while this Plan is pending before the ICC) based on observed results from that ~~Subsequent Forward Procurement~~procurement.

5.4.85.5.1 Utility-Scale Solar and Utility-Scale Wind

As outlined above, ~~across 2017-2019,~~ the Agency conducted a series of forward procurement events between 2017 and 2019 intended to support the development of new utility-scale wind and utility-scale solar projects, ~~and subsequently three Indexed REC procurements.~~ Through these procurement events, approximately 35.4 million annual deliveries of RECs ~~each of utility-scale wind~~

³¹¹ ~~As discussed above, the wind quantity under development is not divulged due to only one project having been selected. For this table, where total quantities are listed, the lower end of the range for wind is utilized.~~

³¹² ~~"Removed" indicates RECs that were procured in the 2017 and 2018 procurements but will not be delivered because of the projects not meeting energization deadlines and thus have been removed from the RPS REC Portfolio.~~

~~and from~~ utility-scale solar ~~and 2.5 million RECs from utility-scale wind~~ were placed under contract. ~~As outlined in tables above, after (net of project attrition, the IPA expects approximately 2.5 million utility-scale solar RECs and 2 million utility-scale wind RECs to be delivered annually as a result of these procurement events.).~~

While wind constitutes 45% of the “45 million by 2030” ~~new build~~ target found in Section 1-75(c)(1)(C) of the RPS, utility-scale wind appears to be the only viable means for cost-effectively developing new wind projects. As a consequence, while photovoltaics may be a larger (55%) portion of the whole, because only 47% of that photovoltaic target is to come from utility-scale solar projects, utility-scale solar constitutes a lower proportion of the minimum RPS quantities than utility-scale wind.

Minimums are not maximums, however, and as the statute a) uses “at least” in referring to those targets and b) sets up proportions within the solar percentage as proportions of a minimum amount, the IPA believes that it can exceed necessary minimums for utility-scale solar RECs if so warranted. ~~Should the Subsequent Forward Procurement prove successful at facilitating new utility-scale solar development, then that will indeed be the case. Nevertheless, the~~

~~The~~ Agency has outlined procurement targets for new utility-scale wind projects that outpace those from new utility-scale solar targets given these larger ~~utility-scale wind targets. statutory utility-scale wind targets. To increase the likelihood of targets being met, unallocated RECs may be rolled over into future procurement events to meet REC procurement targets. As discussed in Section 5.4 above, the Agency’s first utility-scale competitive procurement event was held in the Spring of 2022 with an overall target procurement quantity of 4,625,000 RECs, with 2.5 million annually delivered RECs from new utility-scale wind projects and 2 million annually delivered RECs from new utility-scale solar projects. However, the procurement event failed to procure the target number of RECs and yielded between 400,000-500,000 annually delivered RECs from one utility-scale wind project and 948,091 annually delivered RECs from four utility-scale solar projects.~~³¹³

~~The second utility-scale procurement event was held in the Fall of 2022 with a goal to procure 1.75 million RECs to be delivered annually from new utility-scale wind projects and 1 million RECs to be delivered annually from new utility-scale solar projects. The event yielded no utility-scale wind and 943,430 annually delivered RECs from seven utility-scale solar projects.~~³¹⁴

~~The third utility-scale procurement event was held in the Summer of 2023 with a goal to procure 1.75 million RECs to be delivered annually from new utility-scale wind projects and 1.1 million RECs to be delivered annually from new utility-scale solar projects. The event yielded 1,023,551 annually delivered RECs from seven utility-scale solar projects, and no wind projects were selected.~~³¹⁵

³¹³ The results from the Spring 2022 Indexed REC Procurement Event can be found here: <https://ipa-energyvrfp.com/wp-content/uploads/2022/05/Spring-2022-Indexed-REC-RFP-Results-12-May-2022-posted.pdf>.

³¹⁴ The results from the Fall 2022 Indexed REC Procurement Event can be found here: <https://ipa-energyvrfp.com/wp-content/uploads/2022/12/Fall-2022-Indexed-REC-RFP-Results-15-Dec-2022-posted.pdf>.

³¹⁵ The results from the Summer 2023 Indexed REC Procurement Event can be found here: <https://www.ipa-energyvrfp.com/wp-content/uploads/2023/06/Summer-2023-Indexed-REC-RFP-Results-29-Jun-2023.pdf>. This procurement also featured a change in the project selection protocol to allow for the rounding up of REC projects to accommodate the marginal project in certain cases. This allowed the procured quantity to exceed the target quantity, something that had not been allowed for prior procurement events (which often resulted in totals less than target quantities if the marginal bidder rejected resizing of its bid).

The Agency has received anecdotal feedback that material costs, supply chain delays, increased labor costs, and land use and permitting issues have presented challenges for utility-scale wind developers. For this draft Plan, the Agency seeks feedback on what changes could be successful to better facilitate utility-scale wind project development. As discussed in Section 5.8 below, while benchmark methodology remains confidential by law, the Agency also seeks further information from developers regarding how to increase transparency to better enable REC procurements from utility-scale wind projects.

5.4.95.5.2 Brownfield Site Photovoltaic

In the Initial Plan, the Agency proposed a procurement for RECs from brownfield site photovoltaic projects with a target of 80,000 RECs delivered annually. The procurement was initially held in the ~~fall~~ Fall of 2018 in conjunction with the Photovoltaic Forward Procurement and did not successfully procure any RECs. The Agency subsequently issued a request for comments from stakeholders to better understand barriers to a successful procurement and filed a motion for clarification with the ICC seeking authorization to conduct a second procurement. The Commission granted that motion on April 26, 2019.

The Agency made certain adjustments to the procurement guidelines (notably around acceptable age of documentation of eligibility) and conducted another procurement on July 26, 2019. On August 1, 2019, the Commission approved the results, which resulted in exceeding the at-that-time statutory target of 40,000 RECs delivered annually by 2020-2021.

The first utility-scale procurement event after P.A. 102-0662's passage occurred in the Spring of 2022 had a target quantity of 125,000 annually delivered RECs from brownfield site photovoltaic projects and procured between 8 and 9,000 annually delivered RECs from one brownfield site photovoltaic project. The second utility-scale procurement event in the Fall of 2022 had a target quantity of 65,000 annually delivered RECs from brownfield site photovoltaic projects and procured 49,377 annually delivered RECs from four brownfield site photovoltaic projects. The Agency conducted a third utility-scale procurement event in the Summer of 2023 with a target quantity of 65,000 annually delivered RECs from brownfield site photovoltaic projects and procured 70,639 annually delivered RECs from three brownfield site photovoltaic projects.³¹⁶

The IPA ~~intends~~proposes to ~~use~~continue using a price-based competitive approach for the procurement of brownfield site photovoltaic project RECs ~~conducted pursuant to this Plan~~. While Section 1-75(c)(1)(C) requires that the Agency “consider other approaches, in addition to competitive procurements, that can be used to procure renewable energy credits from brownfield site photovoltaic projects,”³¹⁷ proposing an alternative approach ~~now~~ may not be ~~premature~~. ~~The Agency expects warranted given success observed in recent procurement events. Should that the use of Indexed REC pricing and a more expansive definition of brownfield site photovoltaic projects will address the problem of unmet targets. If these changes do not address the barriers affecting brownfield site photovoltaic REC procurements success not persist,~~ the Agency will determine whether an alternative procurement approach should be implemented as part of its next Plan.

³¹⁶ As discussed above for utility-scale solar, the selection of the marginal bid project allowed for procurement targets to be slightly exceeded for this procurement event; this was not the case for the preceding procurement events, however.

³¹⁷ 20 -ILCS -3855/1-75-(c)(1)(C)(i).

Under this ~~2022~~2024 Plan, the Agency proposes to conduct ~~one~~two brownfield site photovoltaic ~~procurement~~procurements annually for each of the next two delivery years, at quantities intended to keep pace with 2030 brownfield site photovoltaic ~~target~~targets.

5.4.105.5.3 Non-Photovoltaic Community Renewable Generation

In the Initial Plan, the Agency proposed a Community Renewable Generation Program Forward Procurement (see Section 5.8.4 of the Initial Plan). This Community Renewable Generation Program Forward Procurement was intended create an opportunity for non-photovoltaic community generation projects to be developed. That procurement was conducted in December 2019 and did not yield any selected bids. In Docket No. 19-0995 approving the First Revised Plan, no party sought for an additional community renewable generation procurement to be conducted.

Since that time, Section 1-75(c)(1)(N) of the IPA Act has been revised to no longer mandate a Community Renewable Generation Program. In its present form, subparagraph (N) now states that, through this Plan, the Agency “may consider whether community renewable generation projects utilizing technologies other than photovoltaics should be supported through State-administered incentive funding, and may issue requests for information to gauge market demand.”

The Agency appreciates the potential opportunities for additional community renewable generation procurements to expand the range and diversity of renewable energy resources in Illinois, ~~and notes that changes in maximum community renewable generation project size (from 2 MW to 5 MW) may warrant a formal Request for Information being issued between this Plan and the Agency’s next Plan developed across the Summer of 2023-. Though stakeholders’ feedback received by the Agency while developing this plan during the Summer of 2023 did not indicate an interest in non-photovoltaic community renewable generation projects participating in IPA procurements, recent legislative changes from P.A. 103-0380 (discussed below) provide that the Agency should consider procuring RECs from modernized or retooled hydropower facilities.~~

5.5.1. Procurement of RECs from Renewable Energy Resources other than New Wind and Solar

~~The Agency is not proposing any procurements of RECs from resources other than new wind and new photovoltaic projects; this includes both other renewable energy generating technologies as well as procurements for RECs not from specific projects or intended to result in new project development (e.g., RECs from existing projects energized prior to June 1, 2017).~~

5.5.4 Hydropower Facilities

As ~~explained~~discussed further in Section ~~25.6.2.1~~ below, Section 1-75(c)(1)(C) of the ~~IPA Act only established targets for RECs from new wind and furthermore that percentage-based RPS goals — be “met entirely by procurements of~~ Act establishes a target of 45 million RECs delivered annually by the end of delivery year 2030 from new projects. Of these annually procured RECs, 45% were to come from wind projects and 55% were to come from photovoltaic projects. However, recently enacted P.A. 103-0380 changed the 45% annual allocation for RECs from wind projects to distribute the 45% allocation to RECs procured from wind projects “and hydropower projects.”

~~P.A. 103-0380 was enacted on July 28, 2023 and modified the IPA Act, including Section 1-20, which now authorizes the Agency to procure RECs from newly modernized or retooled hydropower³¹⁸ dams or dams that have been converted to support hydropower generation.³¹⁹ "Modernized" or "retooled" means the construction, repair, maintenance, or significant expansion of turbines and existing hydropower dams.³²⁰ REC procurements from hydropower projects are limited to hydropower facilities at existing dams and do not apply to new construction of dams. Mirroring language applicable to brownfield site photovoltaic projects, Section 1-75(c)(1)(C) now also states that the "Agency shall also consider other approaches, in addition to competitive procurements, to procure renewable energy credits from new wind and photovoltaic projects." While the Agency appreciates that other renewable energy technologies are listed and existing hydropower facilities to support the development and maintenance of these facilities."³²¹~~

~~The Agency's REC procurements from hydropower projects must also prioritize projects located in the definition of renewable energy resources contained or adjacent to designated environmental justice communities ("EJCs"), as defined in Section 1-10 of the IPA Act, these provisions subsection (b) of Section 1-75(c)(1)(C) taken in combination with the procurement priorities set forth in Section 1-75(c)(1)(F)56 of the Act preclude consideration, or in projects located in units of a procurement from technologies other than local government with median incomes that do not exceed 82% of the median income of the State.³²²~~

~~The Agency seeks stakeholder feedback on the right approaches for distributing the 45% allocation of target REC procurement quantities between utility-scale wind and solar. RECs generated using technologies other than projects and hydropower projects. One possible approach is conducting simultaneous competitive REC procurements from utility-scale wind and solar can be used hydropower projects with a single target quantity and accepting bids from either technology on the basis of strike price. Alternatively, the Agency could develop separate bid applications, evaluation processes, and benchmarks for other purposes, such as sales into voluntary REC markets outside the IPA's purview, or by Alternative Retail Electric Suppliers competitive REC procurements from utility-scale wind projects and hydropower projects given that the two resources use different energy generating technologies. This would require determining what share should be devoted to each technology in advance through establishing a target number of RECs from each technology or implementing a cap on the RECs procured from each technology. Lastly, as the law allows for "green" or "renewable" retail electric supply offers RECs from hydropower projects to be procured using "other approaches," the Agency is interested in feedback on what other procurement approaches would be support the modernization or retooling of hydropower projects.~~

~~For preference of bids from hydropower projects located in or adjacent to designated EJCs and communities with median incomes that do not exceed 82% of the State's median income, the Agency could use a carveout for an annual number of RECs to be procured from hydropower projects in or near each of either of these qualifying community types. Alternatively, the Agency could consider a REC price adder for RECs procured from hydropower projects in or near each of these qualifying~~

³¹⁸ P.A. 103-0380 included a definition for "Hydropower" that includes any method of electricity generation or storage that results from the flow of water, including impoundment facilities, diversion facilities, and pumped storage facilities. 20 ILCS 3855/1-10.

³¹⁹ 20 ILCS 3855/1-20(a)(2.15).

³²⁰ 20 ILCS 3855/1-10.

³²¹ 20 ILCS 3855/1-75 (c)(1)(C)(i).

³²² Id.

communities similar to the approach taken for Energy Transition Community Grant areas. The Agency is likewise interested in feedback on what approach would best support statutory hydropower procurement objectives.

Table 5-5 below includes proposed annual target REC quantities for the Agency's upcoming utility-scale wind/hydropower, utility-scale solar, and brownfield site photovoltaic project procurement events. These proposed quantities do not include a division between wind and hydropower projects, but the Agency plans to provide more clarity in its Plan scheduled to be filed with the ICC.

5.6. Proposed Schedule for Competitive Procurements

As discussed above, Section 1-75(c)(1)(C) of the Act ~~establishes~~established a 2021 delivery year target of 10 million RECs delivered annually from new wind and solar projects. That target increases ratably to 45 million RECs delivered annually from new wind and new solar projects by the end of the 2030 delivery year.

The Agency understands the phrase "increasing ratably" to mean that the IPA should generally strive to procure an equal incremental amount of RECs each year, from 2022 to 2030, until the 2030 delivery year target of 45 million RECs is met. ~~Based on RECs under contract and those targeted to be under contract (from the May 2022 competitive procurements and the December 2021 blocks from the Adjustable Block Program—which would total at least 10 million RECs delivered annually to meet the 2021 target, and the Agency will use 10 million RECs as the baseline quantity in determining a trajectory), the Agency would need to procure contracts for 3,888,889 RECs delivered annually each year starting in the 2022-2023 delivery year to meet that target. Of that total, 72.5% would be required from competitive procurements, or 2,819,445 RECs delivered annually through each year's new REC delivery contracts (with the remaining balance from the Adjustable Block Program).~~ Further informed by the proportion of RECs required within each category under Section 1-75(c)(1)(C), this results in annual (rounded) procurement quantities of 1,750,000 utility-scale wind and hydropower RECs, 1,000,000 utility-scale solar RECs, and 65,000 brownfield site photovoltaic RECs for each year's competitive procurement events.

Section 1-75(c)(1)(C)(ii) also requires that ~~the if~~ "if forecasted expenses are less than the maximum budget available under subparagraph (E) of this paragraph (1), the Agency shall continue to procure new renewable energy credits until that budget is exhausted." In the case of competitive procurements for RECs from new utility-scale projects, however, "continuing to procure" is a more fraught alternative: contract obligations are paid upon delivery, meaning that procurement quantities now carry budget obligations 20+ years into the future and preclude additional program and procurement activity from being conducted. ~~Further, making too cavalier of an increase in competitive procurement event quantities may reduce the~~

The Agency has considered increasing utility-scale REC procurement event frequency to meet annual REC procurement targets. However, downsides to more frequent procurement include market confusion, increased administrative costs for participating bidders, and potentially reduced competitiveness of individual procurement events, thus risking a negative impact on resulting prices (and resulting budget impacts). Lastly, as the IPA has yet to observe results from the new Indexed REC price structure and how possible volatility from that structure risks future years' budgets, it has elected to pursue more conservative procurement quantities.—However, the Agency may roll over unallocated utility-scale wind/hydropower, utility-scale solar, and brownfield site photovoltaic project REC targets and increase the size of REC procurement targets at future procurement events.

Therefore, in addition to the Subsequent Forward Procurement to be held in the Spring of 2022, the Agency ~~is proposing to conduct~~ **The Agency proposes conducting** the following competitive procurements during the ~~2022~~**2024** and ~~2023~~**2025** calendar years at quantities developed to meet Section 1-75(c)(1)(C)'s statutory delivery year REC targets. These targets take the annual quantities described above (1.75 million wind, 1 million solar, and 65,000 brownfield) and spread two years of procurement quantities over three procurement events, with the fourth procurement event designed to procure any unmet quantities from the prior procurement events. Targets may be adjusted upward based on results observed through ~~the Subsequent Forward Procurement Event; as that procurement's results will be known before the Commission's procurement events, and the Agency will propose changes to these target quantities based on results observed in the Fall 2023 procurement event (which is included in the table below, but conducted under authority from approval of this~~ **the 2022 Plan, the IPA may propose those changes during the proceeding before the Commission seeking approval of this Plan-).**

Table 5-5: Proposed ~~Procurements~~ Targets for Upcoming Competitive Procurement Events

Procurement	Technology	Procurement Date	Annual REC Target
Wind Forward Procurement	Wind (utility-scale)	Fall 2022	1,750,000
Solar Forward Procurement	Solar (utility-scale)	Fall 2022	1,000,000
Brownfield Site Photovoltaic	Photovoltaic (brownfield)	Fall 2022	65,000
Wind Forward Procurement	Wind (utility-scale)	Summer 2023	1,750,000
Solar Forward Procurement	Solar (utility-scale)	Summer 2023	1,000,000
Brownfield Site Photovoltaic	Photovoltaic (brownfield)	Summer 2023	65,000

~~With this~~ **From the 2022 Long-Term Plan** being approved in July 2022, the Agency expects to conduct the 2022 procurements late in the calendar year to allow for time to implement any changes to the procurement requirements resulting from the approval of this plan.

Procurement	Technology	Procurement Date	Annual REC Target
Wind Forward Procurement	Wind (utility-scale)	Fall 2023	5,600,000
Solar Forward Procurement	Photovoltaic (utility-scale)	Fall 2023	1,100,000
Brownfield Site Photovoltaic	Photovoltaic (Brownfield)	Fall 2023	127,000

Table 5-6: Procurement Targets Proposed in this 2024 Long-Term Plan (prior to adjustment for any unfilled quantities from the Fall 2023 Procurement)

Procurement	Technology	Procurement Date	Annual REC Target
Wind Forward Procurement	Wind (utility-scale)	Summer 2024	1,116,666
Solar Forward Procurement	Photovoltaic (utility-scale)	Summer 2024	666,666
Brownfield Site Photovoltaic	Photovoltaic (Brownfield)	Summer 2024	43,333
Wind Forward Procurement	Wind (utility-scale) /Hydropower	Fall 2024	1,116,666
Solar Forward Procurement	Photovoltaic (utility-scale)	Fall 2024	666,666
Brownfield Site Photovoltaic	Photovoltaic (Brownfield)	Fall 2024	43,333
Wind Forward Procurement	Wind (utility-scale) /Hydropower	Summer 2025	1,116,666
Solar Forward Procurement	Photovoltaic (utility-scale)	Summer 2025	666,666
Brownfield Site Photovoltaic	Photovoltaic (Brownfield)	Summer 2025	43,333
Wind Forward Procurement	Wind (utility-scale) /Hydropower	Fall 2025	Remaining Unfilled Quantities
Solar Forward Procurement	Photovoltaic (utility-scale)	Fall 2025	Remaining Unfilled Quantities
Brownfield Site Photovoltaic	Photovoltaic (Brownfield)	Fall 2025	Remaining Unfilled Quantities

For ~~2023~~2024, the Agency ~~proposes plans~~ to hold ~~the its first~~ procurement ~~event~~ in late spring or early summer ~~—and if procurement volumes are not filled, the IPA would consider holding a subsequent procurement in late 2023.~~ The Agency may request stakeholder feedback after a procurement event that does not meet ~~it~~ REC ~~target~~targets to consider changes to the procurement requirements that could be made outside of updating this Long-Term Plan.

5.6.1. Proposed Schedule for Competitive Procurements After 2025

This ~~2022~~2024 Long-Term Plan covers the Agency’s potential proposed procurements conducted during delivery years ~~2022~~2024 and ~~2023~~2025. Procurements to be conducted after the ~~2023~~2025 delivery year will be considered in the next revised Plan. A draft of that Plan is scheduled for release by mid-August ~~2023~~2025.

5.7. Contracts

For ~~the Initial Forward Procurements and additional~~ competitive REC procurements conducted pursuant to the ~~Initial~~ Long-Term Plan, the Agency ~~updated~~ updates its REC contract used in previous competitive procurements for renewable energy credits. ~~This update made changes prior to each procurement event. These updates ensure that the contract was in use is compliant with new the requirements found in P.A. 99-0906, but otherwise followed of the standard format of a Cover Sheet, Revisions to the Master REC Agreement, and the Master REC Agreement itself.~~

~~Through the First Revised Plan, the Illinois Power Agency proposed significant revisions to the REC delivery contract structure utilized in competitive procurement events, Act, Public Utilities Act, and Commission Orders (including integrating what had been three separate sections of the contract into a single, more streamlined contract instrument. This revised contract was utilized in the March 2021 Subsequent Forward Procurement, and a version of it (otherwise updated for consistency with changes in law found in P.A. 102-0662) has also been utilized for the Subsequent Forward Procurement required under Section 1-75(c)(1)(G)(iii). the Order approving the IPA's Long-Term Plan).~~

5.7.1. Credit Requirements

To ensure that RECs under contract to satisfy a compliance requirement are indeed delivered, the Agency proposes to continue requiring collateral with contracts, with the collateral amount established as a function of contract value. While specific collateral levels are not proposed as part of this ~~2022~~ 2024 Long-Term Plan (and have traditionally been determined through the contract development process), the Agency believes that the level of collateral must be low enough to encourage participation (especially from small businesses and other newer market entrants) and high enough to discourage suppliers from voluntarily defaulting on contracts for economic reasons.

~~As an initial step, to Any forfeiture of a Seller's collateral by a project under a competitively procured REC contract with a utility will be considered to be returned to the Renewable Resources Budget. The Agency's competitive REC procurements have always featured a requirement for Sellers under those contracts to post collateral; however, the contracts have never featured Buyer-side collateral. The IPA consistently hears feedback from the market that the risk of non-payment by the Buyer is a significant enough risk that it impacts the ability of potential Sellers to obtain financing and, ultimately, participate in the procurement. The IPA has considered the employment of Buyer-side collateral that could then be drawn upon should the Buyer be unable to perform – that is, if funds are unavailable under the RPS budget.~~

~~The implementation of a Buyer-side collateral requirement comes with new challenges for implementation. It is unclear where the collateral funding could come from. It is possible that the RPS collections could be leveraged to fund this requirement; however, this creates a series of additional challenges. Funding for projects themselves would be more restricted if using RPS collections for Buyer-side collateral, and this also could be seen as further exacerbating the risk for Buyer non-performance. Alternatively, Buyer-side collateral could be funded from other utility collections, but this likely would have to be addressed through a separate proceeding, such as the multi-year rate plans.~~

~~Ultimately, while the implementation of a Buyer-side collateral requirement may reduce the risk of non-payment, the IPA declines for the reasons outlined above to recommend the adoption of one at~~

this time. The Agency understands that parties may offer solutions to these challenges in public comments on this draft Plan or in litigating the Plan before the Commission; the IPA encourages stakeholders to provide proposals which contain specifics on implementation if they urge the adoption of a collateral requirement for Buyers.

5.7.2 Voluntary Default and Misrepresentations

To ensure that entities who participate in procurement events are committed to following through on contract performance, the IPA ~~proposes~~has imposed a strict requirement ~~for any procurements held pursuant to this 2022 Long-Term Plan~~ that suppliers and associated facilities who voluntarily default on contracts for economic reasons (such as choosing to sell the RECs elsewhere after making the commitment to sell them to an Illinois utility) or misrepresent their eligibility to participate in a procurement event will risk being ineligible for participation in future RPS procurements. This requirement was initially approved in the 2022 Long-Term Plan, and the Agency believes that the requirement should continue to be in place moving forward. For voluntary economic default, an initial two-year suspension term will be considered to be a generally reasonable penalty, and the IPA has discretion to consider a harsher penalty for a second default for economic reasons or if it finds a party knowingly made misrepresentations or acted in bad faith.³²³

Thus, in determining whether precluding future participation is warranted, the Agency will review all available facts and evidence and consider whether the supplier or applicant made a good faith effort at compliance and whether non-compliance resulted from circumstances outside of that party's control. The Agency will monitor and review this requirement and will consider refinements or updates to it in future Plan revisions if necessary.

~~Any forfeiture of collateral by a project under a competitively procured REC contract with a utility will be considered to be returned to the Renewable Resources Budget.~~

5.8. Benchmarks

Prior to the revisions to the RPS contained in Public Act 99-0906, benchmarks used for renewable energy resources procurements (i.e., confidential price levels above which no bids would be accepted) were developed pursuant to a statutory provision requiring that the price paid for renewable energy resources being procured "not exceed benchmarks based on market prices for renewable energy resources in the region," and required that such benchmarks "be developed by the procurement administrator, in consultation with the Commission staff, Agency staff, and the procurement monitor" and "subject to Commission review and approval."³²⁴

As ~~now~~ modified through changes found in P.A. 102-0662, "cost-effective" means that the prices for RECs

³²³ See Docket No. 22-0231, Final Order dated July 14, 2022 at 7-10. In discussing "suppliers and associated facilities who voluntarily default on contracts for economic reasons," the Agency is specifically referencing voluntary default on an Indexed REC contract because the developer elects to sell its RECs to another buyer under circumstances within that developer's control—in particular, because of a more attractive REC price or contract structure offered by a different buyer. Should default occur because of circumstances outside of that entity's control—including the RPS budget being exceeded in a delivery year, unanticipated significant interconnection costs making development uneconomic, or other unforeseeable costs or circumstances sufficient to significantly alter project economics—then suspension would not be warranted. See Final Order, ICC Docket No. 22-0231 at 7-10 (Jul. 14, 2022).

³²⁴ 20 ILCS 3855/1-75(c)(1) repealed effective June 1, 2017.

do not exceed benchmarks based on market prices for like products in the region. For purposes of this subsection (c), "like products" means contracts for renewable energy credits from the same or substantially similar technology, same or substantially similar vintage (new or existing), the same or substantially similar quantity, and the same or substantially similar contract length and structure. Benchmarks shall reflect development, financing, or related costs resulting from requirements imposed through other provisions of State law, including, but not limited to, requirements in subparagraphs (P) and (Q) of this paragraph (1) and the Renewable Energy Facilities Agricultural Impact Mitigation Act. Confidential benchmarks shall be developed by the procurement administrator, in consultation with the Commission staff, Agency staff, and the procurement monitor and shall be subject to Commission review and approval. If price benchmarks for like products in the region are not available, the procurement administrator shall establish price benchmarks based on publicly available data on regional technology costs and expected current and future regional energy prices.³²⁵

Changes through P.A. 102-0662 ~~serve to clarify~~ clarified that a) benchmarks are "confidential" (which is separately required under Section 16-111.5 of the PUA) and b) benchmarks developed shall reflect any costs imposed by "other provisions of State law" (which the Procurement Administrator would generally otherwise seek to do).

Due to the sensitive nature of the benchmark development process and how the release of information related to the level of the benchmark could impact bidder behavior in competitive procurements, additional information ~~will not be provided regarding the process for developing the benchmark or any range of potential benchmark prices~~ has never been provided regarding the process for developing the benchmark or any range of potential benchmark prices. However, the Agency recognizes that parties have some interest in understanding inputs and assumptions informing the benchmark development process, even if the benchmark prices themselves must remain confidential. In comments on the draft Plan, the Agency is interested in feedback on whether and how more transparency can be provided into the benchmark development process consistent with the statutory language outlined above and consistent with the objective that confidential benchmarks force bidders to propose bid prices based on a project's necessity, and not based on visibility into what maximum prices might be considered acceptable.

By law, these benchmarks are not to be used to curtail or otherwise reduce contractual obligations entered into by or through the Agency prior to June 1, 2017.³²⁶

5.9. Release of REC Quantity Information from Selected Bids

As discussed earlier in this chapter, the Agency has not released REC quantities for selected bids when the number of winning bidders for a given product is two or fewer. This practice flows from ICC's determination on the release of information in Docket No. 08-0519, which approved the first procurement plan developed by the Agency. Prices would be released, but not quantities in these cases. That approach also mirrors the approach taken around the release of bid information for block energy and capacity procurements and has been applied to REC procurements since that time.

³²⁵ 20 ILCS 3855/1-75(c)(1)(D).

³²⁶ Id.

Section 16-111.5(h) of the PUA now provides that the address and nameplate capacity of each project be released with the results of procurements of renewable energy resources. The Act also states that “[a]n estimate or approximation of the nameplate capacity of the new renewable energy generating facility may be disclosed if necessary to protect the confidentiality of individual bid prices” and further, [t]he Commission, the procurement monitor, the procurement administrator, the Illinois Power Agency, and all participants in the procurement process shall maintain the confidentiality of all other supplier and bidding information in a manner consistent with all applicable laws, rules, regulations, and tariffs.”³²⁷

As is evident from discussion of procurement results in this chapter, not disclosing REC quantities can make it difficult to discuss the status of utility-scale procurements and targets to be filled. While confidentiality related to specific bid prices is important, the Agency is interested in stakeholder feedback on whether this policy should be revised to allow for the release of REC quantities if two or fewer projects in a category are selected in future procurement events. As nameplate capacities are already released, and typical capacity factors to translate nameplate capacities into REC quantities are industry knowledge, the Agency does not believe any harm would come from releasing REC quantities of individual projects so long as the confidentiality of bid prices is maintained.

³²⁷ 220 ILCS 5/16-111.5(h).

6. Self-Direct Renewable Portfolio Standard Compliance Program

6.1. Introduction

~~Public Act 102-0662 also introduced new~~ Section 1-75(c)(1)(R) of the IPA Act ~~into Illinois law; this new subparagraph~~ requires that the ~~Illinois Power~~ Agency “establish a self-direct renewable portfolio standard compliance program for eligible self-direct customers that purchase renewable energy credits from utility-scale wind and solar projects through long-term agreements.” By law, and as described more extensively below, qualifying customers must meet certain size thresholds, while qualifying projects must be “new” projects sited in locations otherwise eligible for RPS compliance. ~~This Chapter provides the IPA’s discussion of this new self-direct program, including how to address items left by statute to be settled through this Long-Term Plan.~~

~~6.1.1. Self-Direct Program Overview – What is a Self-Direct Program?~~

~~Since enactment of the Future Energy Jobs Act (P.A. 99-0906), As explained above in Chapter 3, RPS compliance in Illinois has been is~~ managed by the Illinois Power Agency through its administration of programs and procurements. ~~Requirements applicable to those programs and procurements are outlined in Illinois law, with further refinements, requirements, and operationalized approaches for how to meet RPS goals and targets set forth through the IPA’s biannually developed Long-Term Renewable Resources Procurement Plan.~~ Deliveries of renewable energy credits (“RECs”) are brought under contract through the IPA’s programs and procurements, with Illinois electric utilities serving as the Buyers and recipients of RECs produced by participating renewable energy projects. ~~Funding to support the purchase of RECs is provided by Illinois electric utility ratepayers through volumetric, non-bypassable electric bill charges, with that funding providing needed revenue (and revenue certainty) back to developers of these of new renewable energy projects.~~

~~As a restructured state, electric utilities do not and cannot own these renewable energy projects (subject to limited exceptions), and do not supply electricity to support most retail customer load—most retail customer electric supply needs are instead met through competitive suppliers. Instead, those utilities receive and retire RECs associated with energy that, in many cases, is sold separately from the transfer of RECs, with the retirement of those RECs allowing for the state to measure its progress against percentage-based RPS goals (e.g., “25% by 2025,” meaning that 25% of retail sales are to be met by REC retirements by 2025) or quantity-based targets (e.g., 2,000,000 RECs from new wind projects delivered annually by 2020). Progress toward meeting RPS goals has thus been Prior to the enactment of P.A. 102-0662, progress toward meeting RPS goals was~~ measured exclusively through projects participating in IPA programs and procurements, featuring RECs purchased by, delivered to, and retired by Illinois electric utilities. The self-direct program, established under changes in law pursuant to P.A. 102-0662, provides a mechanism for RECs procured and retired by private entities to count toward RPS compliance for the Agency.

~~In general terms, an~~The Illinois RPS self-direct program operates in contrast to the IPA-administered RPS activities in the following ways:

1. Under ~~at the~~ self-direct program, RECs are received and retired by individual customers through ~~its~~their own purchases, rather than by the electric utility ~~itself, thus allowing. Because the customer is responsible for that customer to retire those retiring the~~ RECs and ~~itself under their contract, the customer can~~ make environmental claims regarding ~~the its own~~ use of renewable energy.

2. As that customer ~~is meeting~~meets RPS requirements through its own REC purchases, its electricity usage is no longer included in the ~~denominator calculation~~ used to track the state's broader RPS compliance.
3. As that customer is engaged in its own REC procurement activities ~~to support renewable energy procurement progress~~, it is credited back for, or excused from, some portion of ~~non-bypassable~~ RPS charges levied to support RPS activities.

As this RPS compliance occurs through private bilateral transactions entered into at the election of those private parties, rather than through a centralized planning ~~process~~ or ~~by~~ regulatory ~~flat~~process, that RPS compliance pathway is viewed as “self-compliance” or “self-direct.” This Chapter provides the requirements for participation in the self-direct program, including an explanation of interpretive decisions of the IPA Act arising from the Commission’s approval of the Agency’s 2022 Long-Term Plan in June 2022.³²⁸

6.1.2. Prior RPS Self-Direct Programs in Illinois

~~Prior to the enactment of Public Act 99-0906, the Illinois RPS was met through centralized IPA planning only for those customers taking electric supply from Illinois electric utilities. For those customers taking supply from an alternative retail electric supplier, Section 16-115D of the PUA provided a different path for compliance. Each ARES—and not each individual customer—was required to satisfy a renewable portfolio standard requirement as a percentage of its electricity sales, but could satisfy its obligation by making alternative compliance payments at a rate reflecting that rate paid by default supply customers for no less than 50% of its RPS obligation. For the remaining 50% of its obligation, the ARES could either pay additional alternative compliance payments and/or self-procure RECs. Qualifying RECs needed to be sourced from facilities within the regional transmission territories of PJM Interconnection, L.L.C. (“PJM”) and Midcontinent Independent System Operator, Inc. (“MISO”), a relatively broad geographic footprint, and from any qualifying renewable energy technology.~~

~~With ARES competing with one another for customers (and, for residential and small commercial customers, also competing against default supply service), this paradigm created an incentive for an ARES to comply at the lowest cost possible. Thus, alternative compliance payments (“ACPs”) were generally made for the minimum 50% amount (as the rate applicable to those ACPs reflected more expensive procurements made by the Agency to support new project development, such as through the 2010 Long-Term Power Purchase Agreements used to support new wind and solar projects), and the self-procurement obligation was not structured to lead to the development of new renewable energy generation. If RECs were available for purchase from facilities already built and financed, or from projects located in vertically integrated states with development costs already covered by that state’s ratepayers, then those RECs could be utilized for compliance.~~

~~This short-term, transactional incentive structure for ARES self-directed RPS compliance meant that very little new renewable generation was able to be developed through this compliance mechanism. Even though ARES were procuring millions of RECs in aggregate each year, the incentive structure facing those suppliers made it highly unlikely that those RECs would be sourced from anything other than the lowest-priced seller: these were generally facilities that had already been built and financed~~

³²⁸ For a comprehensive overview of RPS self-direct programs which preceded the Self-Direct Program outlined in Section 1-75(c)(1)(R) of the IPA Act, please see Section 6.1.2 of the Agency’s 2022 Long-Term Plan.

~~without reliance on this revenue stream, and potentially from projects in vertically integrated states with costs already being fully recovered through rates. By contrast, supporting new development required long-term revenue certainty at REC prices likely higher than what already-constructed facilities could offer. Furthermore, the RPS budget volatility introduced by customer load switching to and from ARES supply service presented significant planning challenges, with long-term contracts needed to provide revenue certainty to new projects disfavored given the year-over-year uncertainty about the presence of funding supporting those obligations.~~

~~Public Act 99-0906 introduced a two-year sunset to this alternative ARES compliance mechanism, and by mid-2019, the entirety of RPS compliance (whether for default supply customers, ARES customers, or hourly pricing customers) had transitioned to a centralized planning and procurement structured administered by the IPA.³²⁹ Through new Section 1-75(c)(1)(R), Illinois law now allows for a return to a self-direct structure—but with significant guardrails regarding the customer, qualifying facility, REC delivery contract, and self-direct benefit intended to ensure that participation in this self-direct program supports the spirit informing the Illinois RPS (namely, to support new renewable energy projects sited in areas that bring benefits back to Illinois residents and businesses). As the IPA believes that the challenges outlined above inform many of the requirements found in Section 1-75(c)(1)(R), this background is vital for understanding why self-direct RPS compliance in Illinois has taken this particular form.~~

6.2. Self-Direct Customer Eligibility

~~One such area where limitations on self-direct participation can be found is in Illinois statute limits which customers may qualify, participate in the self-direct program. By law, only “eligible self-direct customers” may qualify, ~~and~~; Section 1-75(c)(1)(R)(1) provides the following definition ~~to support~~ outlining that requirement:~~

"Eligible self-direct customer" means any retail customers of an electric utility that serves 3,000,000 or more retail customers in the State and whose total highest 30-minute demand was more than 10,000 kilowatts, or any retail customers of an electric utility that serves less than 3,000,000 retail customers but more than 500,000 retail customers in the State and whose total highest 15-minute demand was more than 10,000 kilowatts.

This definition ~~offers a few key~~ imposes limitations: ~~first on customer eligibility. First,~~ the customer must be a retail customer of either Commonwealth Edison ~~company~~ Company (as the only electric utility in Illinois which serves over 3 million retail customers) or Ameren Illinois ~~(as the only electric utility in Illinois that serves less than 3 million but more than 500 thousand retail customers).~~ Customers of municipal electric utilities, rural electric co-operatives, or ~~other incumbent~~ electric utilities in the State (such as MidAmerican Energy Company, which serves fewer than 500 thousand retail customers in Illinois) are ineligible ~~to participate in the self-direct program~~. Second, ~~the customer to be eligible, the customer's demand~~ must be of at least a threshold size: 10,000 kilowatts of peak demand, ~~which. Thus, the Illinois RPS self-direct compliance program is a program for only large customers of the largest Illinois electric utilities.~~

³²⁹ ~~One limited exception is Section 1-75(c)(1)(H)(i) of the IPA Act, which allows an ARES self supply a finite quantity of RECs from qualifying renewable energy generating facilities owned by that ARES in exchange for a bill credit for its customers. See Section 3.6 for more information.~~

~~In order to determine customer eligibility, the IPA believes should be~~ interpreted ~~the 10,000 kilowatt threshold as non-coincident peak demand and evaluated. The evaluation of whether customers have met this threshold is based on~~ upon customer billing information ~~available at the time of application approval. Should the customer's demand subsequently decline below the 10,000 kilowatt threshold, that demand decline would not invalidate an approved customer's established eligibility.~~ Meeting ~~this~~ the threshold may be established by monthly utility bills or utility historical consumption reports, so long as that proof is derived from the 12 consecutive billing periods prior to the start of the year in which the application is filed. ~~Thus, the Illinois RPS self-direct compliance program is a large customer self-direct program for only customers of the largest Illinois electric utilities.~~

~~Additional requirements apply to both the renewable energy facilities with which these customers contract for RECs, as well as the REC delivery contracts executed by those customers, as discussed further in this Chapter. For established utility customers whose demand subsequently declines below the 10,000 kilowatt threshold, that demand decline would not invalidate an approved customer's established eligibility. A customer may apply to participate in the self-direct program based on anticipated demand of a new or expanded facility that does not yet have bills from 12 consecutive billing periods to establish that the threshold has been met. An applicant that lacks billing history will be accepted on a conditional basis if the customer is able to clearly demonstrate from recent consecutive billing history either a consistent or increasing facility demand toward meeting the 10,000 kilowatt threshold. A conditionally accepted applicant must submit supplemental consecutive billing data to prove that the facility is meeting the 10,000 kilowatt threshold by June 1 of the program year following the large customer's initial acceptance. Failure to demonstrate that this threshold has been met will result in the removal of the customer from the self-direct program.~~

6.2.1. Common Parents

Section 1-75(c)(1)(R)(1) also provides a definition of "retail customer" that allows for account aggregation in the case of common corporate parents:

"Retail customer" has the meaning set forth in Section 16-102 of the Public Utilities Act and multiple retail customer accounts under the same corporate parent may aggregate their account demands to meet the 10,000 kilowatt threshold. The criteria for determining whether this subparagraph is applicable to a retail customer shall be based on the 12 consecutive billing periods prior to the start of the year in which the application is filed.

Thus, in the case of common corporate parents, multiple individual accounts from affiliated companies (~~such as e.g.,~~ individual retail branch locations from the same company) may be aggregated for purposes of meeting this size threshold, and by extension for purposes of establishing those customer accounts ~~which that~~ may benefit from the self-direct program through a reduced RPS charge. For an individual retail account to be eligible to be aggregated under a corporate parent's application, the IPA ~~will require~~ requires that an individual retail account entity be a fully owned, integrated operation of the corporate parent or a subsidiary in which the corporate parent holds a controlling interest of more than 50 percent. Applicants will be required to demonstrate that this controlling interest threshold has been met at the time of the application.

~~For its filed Plan, the IPA had originally proposed that because bill crediting operates specific to each individual electric utility, the aggregated demand must be for individual accounts within one of the utilities' service territories (with bill crediting then awarded by that utility specific to those qualifying customers of that utility)—and would not allow for aggregating individual accounts located across more than one utility service territory to meet the 10,000 kW threshold. However, in ICG Docket No. 22-0231 approving the Plan, the Commission instead concluded that the Plan “should be modified to reflect the ability of customers under the same corporate parent to aggregate their account demands to meet the 10,000 kW threshold and that customers~~ In accordance with the Commission's Order in Docket No. 22-0231, customers under the same corporate parent may aggregate their account demands across the ComEd and Ameren service territories to meet the 10,000 kW threshold. These customers “must qualify their accounts according to the statutory definition of ‘Eligible self-direct customer’ for each of the utilities in which the customer has accounts that it seeks to aggregate to meet the 10,000 kW threshold.”³³⁰ ~~While not crystal clear, the IPA understands the Commission's Order adopts a proposal made by the NRG Companies and supported by other parties allowing for aggregation across utility service territories for affiliated customers seeking to meet the 10,000 kW demand threshold. The Order additionally clarifies that~~ Furthermore, “customer accounts may only receive the Self-Direct Program credit that is specific to the utility that serves that account.”³³¹

An example of how the aggregation of demand would be applied: Corporate Parent owns two manufacturing facilities—Facility A, which is in the ComEd service territory, and Facility B, which is in Ameren's service territory. Facility A's peak 30-minute demand of 7,000 kW can be combined with Facility B's peak 15-minute demand of 4,000 kW to exceed the 10,000 kW threshold for self-direct program qualification. Facility A will receive the self-direct credit for ComEd customers, and Facility B will receive the self-direct credit for Ameren customers.

~~During stakeholder comments, one question~~ The Agency understands that ~~arose was whether questions may arise related to the affiliation of facilities that cannot as easily demonstrate corporate ownership; for example, multiple affiliated government accounts could be aggregated to meet this retail customer threshold.~~ The IPA believes that, for example, the ~~has interpreted the “common parent” provisions to provide that~~ individual government buildings for a given municipality should be understood as ~~featuring~~ having the same “corporate parent,” but less obvious cases may require judgment once applications are reviewed. A certified resolution or affidavit from an appropriate municipal official that identifies the specific accounts and verifies that those accounts are controlled by the municipality is acceptable proof of eligibility for the 10,000 kilowatt threshold. However, individual customer accounts assembled under an aggregation contract (such as with opt-out municipal aggregation as contemplated under Section 1-92 of the IPA Act) cannot qualify, unless those customers ~~could~~ separately establish a common corporate parent. ~~Neither can~~ Likewise, individual municipal accounts across municipalities joined together by an Intergovernmental Cooperation Agreement may not qualify under the “common parent” provision, as the character of an intergovernmental agreement between multiple and separate municipalities more closely resembles a contractual relationship than a common corporate parent.³³²

³³⁰ Docket No. 22-0231, Final Order dated July 14, 2022 at 14.

³³¹ Id.

³³² This conclusion was ~~reaffirmed~~ affirmed by the Commission in Docket No. 22-0231, in which the Commission stated that “[m]unicipalities that have entered into an intergovernmental agreement are not ‘under the same single corporate parent’ as required by

~~The IPA also understands that although eligibility for the self-direct program is expressly required to be based on the prior 12 billing periods, a customer could qualify for the self-direct program through monthly billing demonstrating that this 10,000 kilowatt threshold is met. However, a customer lacking eligible billing history (such as a new customer or customers) could not qualify for the self-direct program until qualifying billing history has been established.~~

6.3. Project Eligibility

To qualify, an eligible self-direct customer must hold a long-term contract for the delivery of RECs from an eligible renewable energy generating facility. Section 1-75(c)(1)(R) ~~also~~ provides requirements applicable to those renewable energy projects. ~~As a threshold matter, only utility-scale (above 5 MW) wind or photovoltaic projects may qualify.~~

6.3.1. “New” Utility-Scale Projects

Under Section 1-75(c)(1)(R)(2)(vi) of the Act, RECs must be sourced “from new utility-scale wind projects or new utility-scale solar projects.” ~~Unlike Section 1-75(c)(1)(R) provides no definition of a “new” project, subsection 1-75(c)(1)(C)(iii), which, of the IPA Act expressly provides that “new” projects are those energized after June 1, 2017, Section 1-75(c)(1)(R) provides no definition of a “new” project. However, because the~~ As the definition of a “new project” found in Sections subsection 1-75(c)(1)(C)(iii) is stated as broadly applying “[f]or purposes of this Section,” the IPA believes has interpreted the provisions of 1-75(c)(1)(R) to require that energization after June 1, 2017, is the applicable threshold for determinative as to whether a project may be considered “new” for self-direct RPS compliance purposes.³³³ Under the express language used throughout Section 1-75(c)(1)(R), only utility-scale (above 5 MW) wind or photovoltaic projects may qualify.

6.3.2. Locational Requirements

Section 1-75(c)(1)(R)(2)(ii) provides that RECs must be sourced from a facility compliant with “the geographic requirements as set forth in subparagraph (I) of paragraph (1) of subsection (c) as interpreted through the Agency's long-term renewable resources procurement plan, or, where applicable, the geographic requirements that governed utility-scale renewable energy credits at the time the eligible self-direct customer entered into the applicable renewable energy credit purchase agreement.” ~~This~~ The first half of this requirement is relatively straightforward; in Chapter 4, the IPA describes its approach to qualifying renewable energy projects located in adjacent states under Section 1-75(c)(1)(I) of the IPA Act. Those adjacent state facilities must meet a threshold score based on project application, and the Agency has a predetermination process for entities seeking to understand whether certain facilities qualify. ~~The public interest criteria that the Agency takes into consideration for this scoring are as follows: In order to be eligible for the self-direct program, the renewable generating facility located in an adjacent state that provides RECs to the self-direct customer must achieve a total score of at least 60 points based upon the scoring criteria outlined in Chapter 4.~~

the IPA Act.” ~~Docket No. 22-0231, Final Order dated July 14, 2022 at 15. Final Order, ICC Docket No. 22-0231, at 15. (Finding that “[m]unicipalities that have entered into an intergovernmental agreement are not ‘under the same single corporate parent’ as required by the IPA Act.”).~~

³³³ To support equivalent treatment between projects, the IPA does not understand “new” projects to include *repowered* projects, such as an existing wind farm featuring replaced turbines; otherwise, facilities may seek to repower well before the useful life of renewable energy generation equipment has expired in seeking a more lucrative REC delivery contract.

- ~~1. Minimizing sulfur dioxide, nitrogen oxides, particulate matter and other pollution that adversely affects public health in Illinois;~~
- ~~2. Increasing fuel and resource diversity in Illinois;~~
- ~~3. Enhancing the reliability and resiliency of the electricity distribution system in Illinois;~~
- ~~4. Meeting goals to limit carbon dioxide emissions under federal or state law; and~~
- ~~5. Contributing to a cleaner and healthier environment for the citizens of Illinois.~~

~~To assess whether a renewable generating facility located in an adjacent state that provides RECs to the self-direct customer so that the self-direct customer is eligible to participate in the program, the Agency assigns a maximum of 20 points to each of the five public interest criteria for a total of 100 possible points. For a renewable energy generating facility in an adjacent state to be able to supply RECs to a self-direct customer that would qualify to participate in the program, the adjacent state facility needs to demonstrate that it can achieve a total score of at least 60 points. As this criteria and scoring has remained unchanged across the IPA's Long-Term Renewable Resources Procurement Plans published in 2017, 2019, 2021, and now in 2022, the process for determining locational facility eligibility for projects falling under Section 1-75(c)(1)(I)'s requirements should by now be known and straightforward.~~

~~Less clear~~ Less straightforward is the specific point in time at which this Section 1-75(c)(1)(I) criteria applied versus a preceding location construct. ~~While the~~ The scoring methodology and threshold score under Section 1-75(c)(1)(I)'s public criteria were ~~not~~ finalized ~~until~~ through the April 3, 2018, ICC approval of the IPA's Initial Long-Term Renewable Resources Procurement Plan, ~~Section 1-75(c)(1)(G) of the Act required the Agency to conduct "initial forward procurements" for RECs delivered from new utility scale wind and solar projects in advance of that criteria's finalization (including as early as the Fall of 2017).~~ In outlining requirements applicable to projects participating in initial forward procurements (including those initial forward procurements as early as the Fall of 2017) under Section 1-75(c)(1)(G) of the IPA Act, the Agency determined the Section 1-75(c)(1)(I)'s requirements still-to-be-determined through the Initial Long-Term Plan approval process must nevertheless apply, ~~and thus that any participating adjacent state projects risked being excluded after receiving a contract award pending final determination of adjacent state criteria.~~ Thus, because the Agency previously applied these criteria to REC delivery contracts executed between June 1, 2017 ~~(the effective date of P.A. 99-0906),~~ and April 3, 2018 ~~(the ICC's approval of the IPA's initial Long-Term Plan, and thus the point in time at which Section 1-75(c)(1)(I)'s locational criteria was finalized),~~ June 1, 2017 constitutes the date at which Section 1-75(c)(1)(I)'s locational criteria became effective for purposes of Section 1-75(c)(1)(R) ~~purposes.~~

While no qualifying facility can have an *energization date* pre-dating June 1, 2017, it is possible that some REC supply contracts were nevertheless *executed* before June 1, 2017 for projects still under development. In this case, the precursor to Section 1-75(c)(1)(I) was the "Illinois and adjacent state" preference then found in Section 1-75(c)(1) of the IPA Act—through which, under competitive procurements, RECs from Illinois and adjacent states were given selection priority, with consideration of RECs from elsewhere only provided if procurement quantities could not be met through Illinois and adjacent state projects. ~~The IPA thus understands that should a qualifying REC supply contract have been entered into before June 1, 2017, that facility may be located anywhere within Illinois or an adjacent state, but not outside of that footprint.~~

6.3.3. Labor and DEI Requirements

Section 1-75(c)(1)(R)(2)(vii) requires that, for self-direct REC delivery contracts entered into after the September 15, 2021, effective date of Public Act 102-0662, “the new utility-scale wind projects or new utility-scale solar projects must comply with the requirements established in subparagraphs (P) and (Q) of paragraph (1) of this subsection (c) and subsection (c-10).”

~~With respect to project labor requirements found in subparagraph (Q), projects will be required to comply with both the Prevailing Wage Act and to enter into a project labor agreement, as required for utility-scale wind and solar projects under Section 1-75(c)(1)(Q)(2) of the Act. For Prevailing Wage Act compliance, customers will be required to submit certified transcripts of payroll applicable to those facilities in a manner mirroring requirements applicable to projects under development under the Adjustable Block Program, as outlined in Chapter 7. For project labor agreements, the timing for the receipt of such agreements, and the content required within such agreements, will mirror requirements applicable to utility-scale projects participating in IPA procurements as outlined in Chapter 5; whether such agreements qualify will be based on both the body of the PLA and any addenda thereto. Additional details on processes for submittal will be made available as the IPA develops self-direct RPS program application forms and processes.~~

~~With respect to the diversity, equity, and inclusion requirements found in subsection (c-10), projects must comply with the minimum equity standard and the associated planning and reporting requirements detailed in Chapter 10. The self-direct customer shall submit a Minimum Equity Standard Compliance Plan with its application to the program and report on compliance as part of its annual report required pursuant to Section 1-75(c)(1)(R)(3) and discussed further in Section 6.9 below. The minimum equity standard that is in place at the time of approval of the customer’s participation in the self-direct program will be the percentage standard applicable to the construction of the new utility-scale wind or solar project from which that customer receives and retires RECs.~~

~~Additional information on compliance with minimum equity standards will be made available after the conclusion of this proceeding, after minimum equity standards applicable to utility-scale projects participating directly in IPA-administered competitive procurements have been finalized and approved by the Commission. The Agency plans to hold a stakeholder comment process on how best to mesh self-direct program participation (which takes place through large retail customers) with equity standards compliance (which generally concerns project development).~~

With respect to the requirements of subparagraph (P), priority in selection will be given to applications featuring projects located in Energy Transition Community Grant communities should the program receive qualified applications exceeding program size. -That approach is outlined in Section 6.6.3 below.

The referenced subparagraph (Q) requires that projects comply with the Prevailing Wage Act and enter into a project labor agreement. For Prevailing Wage Act compliance, customers must submit certified transcripts of payroll (forms created by Illinois Department of Labor) to both the IPA and the Illinois Department of Labor (“IDOL”) for each month in which construction activity occurs. For project labor agreements, utility-scale projects participating in IPA procurements as outlined in Chapter 5 are required to submit a project labor agreement at least 60 days prior to beginning construction; such timing does not align with the self-direct project application timing, whereby projects are applied after construction. Therefore, self-direct program applicants must submit a copy

of the PLA and/or certified transcripts of payroll for the construction of their facility, with the application for participation in the self-direct program.

Subsection 1-75(c-10) of the IPA Act provides that projects must comply with the minimum equity standard detailed in Chapter 10 of this Plan. Not all elements of the Minimum Equity Standard fit with the unique structure of the self-direct program, however. For example, the MES Compliance Plan is intended to be a roadmap to demonstrate how a developer of renewable projects plans to comply with the Minimum Equity Standard at the outset of project development and through construction and maintenance; yet the self-direct program involves applications from projects already constructed, possibly years before application. Under the 2022 Long-Term Plan, the Agency required the self-direct applicant to submit a Minimum Equity Standard Compliance Plan with its application to the program, though a waiver was available. As the Minimum Equity Standard was not in effect until June 1, 2023, the Agency allowed self-direct program applicants seeking to participate in the program in the 2022-2023 program year to seek a waiver of this requirement.

For future applications to the self-direct program, including those submitted in 2024 shortly after approval of this Plan, the Agency proposes that the MES applicable to the construction of projects applied to the self-direct program will be the MES percentage in effect for the years in which the construction occurs – not the year in which the project is applied to the program. For projects where construction spans multiple program years, the project must demonstrate compliance with all applicable MES percentages, not just the percentage in effect during the first year of construction. The Agency will encourage, but not require, that a Minimum Equity Standard Compliance Plan be created and submitted with the self-direct program application. However, the Agency will require that the self-direct program applicant demonstrate that the MES percentage requirements applicable to the years of the project’s construction were met in order to accept the project into the program. The Agency will provide additional guidance as to the form of that demonstration.

Self-direct customers must report on compliance as part of its annual report required pursuant to Section 1-75(c)(1)(R)(3) and discussed further in Section 6.9 below.

6.4. REC Delivery Contract Eligibility

Even with a qualifying customer and qualifying project, certain Section 1-75(c)(1)(R) requirements also apply to the legal instrument through which that customer receives RECs from that “new,” locationally-appropriate utility-scale wind or utility-scale solar facility. Notably, that instrument need not be exclusively for RECs; bundled agreements (including, e.g., delivery of energy) may also qualify, so long as REC delivery requirements are met through those instruments. By extension, delivery to the customer may also occur through an instrument executed with an intermediary, such as an alternative retail electric supplier; however, any instruments executed with an intermediary (i.e., not with the qualifying facility itself) must be structured to ensure that (1) sufficient quantities of RECs will be delivered from qualifying facilities across the minimum contract term—and ~~cannot be open-ended as to~~ (2) the specific source of RECs is identified.

6.4.1. Contract Term

Mirroring the long-term REC delivery contracts provided for elsewhere throughout Section 1-75(c)(1) of the IPA Act, Section 1-75(c)(1)(R)(2)(iii) requires that RECs “be procured through long-term contracts with term lengths of at least 10 years” from qualifying facilities. The IPA understands that this requirement is intended to help ensure that qualifying facilities may not have been built but

for the REC delivery contract that provided long-term revenue certainty back to that facility, and thus that the Illinois RPS self-direct program provides benefits to credit new renewable energy project development.

Section 1-75(c)(1)(R)'s ~~requirements do~~ does not ~~apparently~~ require 10 years of REC deliveries from the date of application into the program; instead, only that the contract term itself is at least 10 years in length. Consequently, ~~the IPA understands that~~ a customer could already be receiving RECs under a qualifying REC delivery contract at the time of application to the program ~~in 2023~~ with ~~less~~ fewer than 10 years of deliveries remaining, and benefit from self-direct participation for the remaining years of that contract. ~~However, the IPA believes that~~ However, as 10 years of deliveries under compliant terms are required to meet the contract length threshold, should any aspect of that contract have been non-compliant with self-direct program requirements, ~~then 10 years of deliveries under compliant terms is~~ the REC delivery contract may be required to ~~meet this contract length~~ extend beyond the 10-year minimum threshold.

As discussed further in this Chapter, to demonstrate compliance with these and other requirements, applicant customers will generally need to provide the legal instrument through which RECs are required to be delivered as supporting evidence. The Agency recognizes that this instrument may contain information that is confidential, proprietary, and/or commercially sensitive. As the materials submitted with an application become State records subject to the requirements of the Illinois Freedom of Information Act, the Agency requests that any such materials provided to the Agency with an application, including but not limited to this instrument, be marked as such at the time of the application. For program compliance purposes, the Agency requests that an accepted applicant report the number of RECs received by the entity for the entire length of the delivery year. This shall be reported by the applicant to the agency, no more than 120 days following the end of the applicable delivery year.

6.4.2. Delivery Quantity Requirement

Section 1-75(c)(1)(R)(2)(iv) requires that RECs delivered to an eligible self-direct customer from a qualifying facility or facilities “be equivalent in volume to at least 40% of the eligible self-direct customer's usage, determined annually by the eligible self-direct customer's usage during the previous delivery year, measured to the nearest megawatt-hour.” Thus, if a customer used 10,000 megawatt-hours in the previous delivery year, then the contracted delivery quantity must be at least 4,000 RECs. A customer ~~can~~ may receive and retire additional RECs from that same facility, although no additional credit is provided beyond the applicable published self-direct credit amount,³³⁴ with that published self-direct credit amount then applying to the entirety of that customer's load. Thus, the self-direct credit operates in a binary manner—if a customer qualifies, then the entirety of the customer's volumetric RPS charges are credited accordingly, with that customer's load no longer included in the denominator used for determining how many RECs must be procured by the IPA to meet Section 1-75(c)(1)'s RPS goals. ~~However, if a customer fails to meet this 40% threshold, then no credit is provided, and the customer simply fails to qualify for the self-direct program.~~

³³⁴ ~~This conclusion was reinforced by the Illinois Commerce Commission's Final Order in Docket No. 22-0231. That Order clarified that “[t]he 40% threshold in the statute is an eligibility criteria, nothing in the statute suggests that the credit should be scaled based on the level of RECs purchased” and thus declined to adopt a proposal under which REC procurements above that 40% threshold would have resulted in an increased self-direct credit back to the customer. Docket No. 22-0231, Final Order dated July 14, 2022 at 39. Final Order, ICC Docket No. 22-0231 (Jul. 14, 2022) at 39.~~

~~This raises the question~~The issue of whether that 40% threshold is ~~determined annually for compliance as customer usage changes, or a one-time threshold~~subject to an annual determination ~~for that customer's eligibility. In light~~was settled in the approval of the Agency's 2022 Long-Term Plan. Section 1-75(c)(1)(R)(5)'s instruction states in relevant part that "[o]nce the Agency determines that a self-direct customer is eligible for participation in the program, the self-direct customer will remain eligible until the end of the term of the contract,"[.] Given this language and given the administrative burden of annually comparing customer usage to REC deliveries (and then possibly distinguishing between good faith non-compliance versus gaming), the IPA ~~believes that~~conducts an initial determination ~~that as to whether~~ the legal instrument is sufficiently structured to meet 40% of the customer's usage through REC deliveries ~~will be generally sufficient~~. However, the Agency reserves the right to make inquiries of customers should it have reason to believe that ~~this~~the threshold is consistently being missed and may take action under Section 1-75(c)(1)(R)(6) of the Act should that customer fail to provide documentation demonstrating ongoing compliance (including through required annual compliance reporting, as discussed in Section 6.9 below). ~~Similarly, the Agency believes that eligibility should be based upon meeting the 10,000 kilowatt threshold at the time of application approval. Should the customer's demand subsequently decline below the 10,000 kilowatt threshold, that demand decline would not invalidate an approved customer's established eligibility.~~

6.5. Self-Direct Crediting and Accounting

~~As customers may already engage in any of the qualifying REC delivery contracting contemplated in Section 1-75(c)(1)(R), the~~The benefit of self-direct RPS program participation for an eligible self-direct customer is simply a reduction in the non-bypassable charges levied by Illinois electric utilities to support RPS activities (or, stated differently, a "credit" against those charges). The methodology for determining bill credits for participating customers is outlined in Section 1-75(c)(1)(R)(4) of the IPA Act, ~~and the IPA explains its understanding. The interpretation~~ of that bill crediting methodology ~~further as approved by the Commission in ICC Docket No. 22-0231 is explained~~ below.

Meanwhile, the benefit to the State of Illinois in providing the self-direct program is a reduction in the quantity of RECs required to be procured through IPA-administered utility-scale procurements, as "[e]ach renewable energy credit procured . . . by a self-direct customer shall reduce the total volume of renewable energy credits the Agency is otherwise required to procure from new utility-scale projects." ~~Thus, while the~~The self-direct program ~~does result in a reduction of available RPS budgets, it also~~thus allows the Illinois RPS to recognize private sector renewable energy support through a reduction in required REC procurement quantities. ~~Further, the, albeit with a corresponding reduction to available RPS budgets. The~~ requirement that contracts be at least 10 years in length ~~reduces~~should reduce the year-to-year budget volatility resultant from other possible self-direct regimes.

6.5.1. Self-Direct Bill Crediting

Section 1-75(c)(1)(R)(4) authorizes a "reduction in the volumetric charges collected pursuant to Section 16-108 of the Public Utilities Act for approved eligible self-direct customers" as ~~those customers'~~the benefit for to those customers from self-direct program participation. ~~As this program operates as an self-direct RPS compliance program only, the~~The IPA understands "volumetric charges collected pursuant to Section 16-108" to refer only to those charges utilized to support RPS program and procurement activities pursuant to Section 16-108(k) of the PUA, and not charges used

to support the procurement of zero emission credits, carbon mitigation credits, Coal to Solar and Energy Storage Initiative Charges, or other collections and initiatives referenced in Section 16-108(k).

That reduction, or “credit,” is calculated to be “equivalent to the anticipated cost of renewable energy credit deliveries under contracts for new utility-scale wind and new utility-scale solar entered for each delivery year after the large energy customer begins retiring eligible new utility scale renewable energy credits for self-compliance.” Section 1-75(c)(1)(R)(4) ~~–further~~ clarifies that the self-direct credit amount shall be “equal to the estimated portion of the cost authorized by subparagraph (E) of paragraph (1) of this subsection (c) that supported the annual procurement of utility-scale renewable energy credits in the prior delivery year using a methodology described in the long-term renewable resources procurement plan, expressed on a per kilowatthour basis.” ~~–By law, the credit back to the customer cannot include “costs associated with any contracts entered into before the delivery year in which the customer files the initial compliance report to be eligible for participation in the self-direct program” or “costs associated with procuring renewable energy credits through existing and future contracts through the Adjustable Block Program, subsection (c-5) of this Section 1-75, and the Solar for All Program,” although as the ICC recognized in Docket No. 22-0231, Section 1-75(c)(1)(R)(4)’s reliance on crediting the “estimated portion” of utility-scale REC delivery costs could create overlap into actual costs from those categories.~~³³⁵

6.5.1.1. Interpretation of the Self-Direct Bill Crediting: Interpretive Issues-Credit

~~As described under this language, this calculation has multiple parts, including some contradictory elements. The credit back to that customer hinges then on Section 1-75(c)(1)(R)(4) of the IPA Act specifies that the bill credit available to approved self-direct program customers is equivalent to the “anticipated cost of renewable energy credit deliveries under contracts for new utility-scale wind and new utility-scale solar entered for each delivery year after” that participation begins. But that The credit must be must also be “the estimated portion of the cost authorized by subparagraph (E) of paragraph (1) of this subsection (c) that supported the annual procurement of utility-scale renewable energy credits in the prior delivery year.” Reconciling this language is not easy, but certain framing principles emerge that the IPA believes are appropriate for implementation of the self-direct program.~~

As outlined above and reinforced by the Illinois Commerce Commission in Docket No. 22-0231, self-direct bill crediting concerns *only* costs reflective of utility-scale wind and utility-scale solar procurements, and expressly not “costs associated with procuring renewable energy credits through existing and future contracts through the Adjustable Block Program, subsection (c-5) of this Section 1-75, and the Solar for All Program.” ~~This provides a defined universe of contract types for which costs can be utilized in establishing bill crediting levels.~~³³⁶ Self-direct bill crediting ~~should~~ also does not include “costs associated with any contracts entered into before the delivery year in which the customer files the initial compliance report to be eligible for participation in the self-direct program,” ~~but this limitation introduces[.]” In the 2022 Long-Term Plan, the Agency noted these limitations~~

³³⁵ ~~See Final Order, ICC Docket No. 22-0231, Final Order dated July at 39-40 (Jul. 14, 2022 at 39-40.).~~

³³⁶ 20 ILCS 3855/1-75(c)(1)(R)(4).

~~introduced~~ problematic variance in the self-direct credit level by basing that credit level on the specific year of a given ~~customer's~~ self-direct ~~customer's~~ participation. ~~— in the program.~~

~~The~~In approving the 2022 Long-Term Plan, the Illinois Commerce Commission addressed these issues ~~in approving the IPA's Long-Term Renewable Resources Procurement Plan in Docket No. 22-0231. The IPA's filed Plan had originally proposed, concluding that a customer's crediting level be pegged to that customer's first year of self-direct program participation, with only REC delivery contract costs for utility-scale REC contracts entered into after that participation providing the universe of contracts whose costs could be credited back to customers. In its Final Order approving the Plan, the Commission concluded that "it is more appropriate that to calculate the self-direct bill credit using a three-year rolling average of eligible utility-scale REC delivery contracts, where the three years to be used, consisting consist of "the two-years prior to the year being determined and the third year being the anticipated costs" outlined in the Plan.~~³³⁷ This approach both addressed the Commission's concern that establishing the credit based on the self-direct customer's participation date "instills too much instability for Self-Direct Program participants"~~—~~³³⁸ while also ensuring that only costs associated with utility-scale REC delivery contracts were credited.

~~Based on the IPA's understanding of the Commission's Order, self-direct crediting levels are still to be determined annually—the Commission states that "the IPA's proposed implementation of the requirement to annually calculate the credit, which provides different credit levels based on a customer's date of enrollment" is what offers undesirable instability, and a methodology which looks at "two year priors to the year being determined and the third year being the anticipated costs" will necessarily require a different determination annually—but self-direct crediting levels are fixed across all participants for a given delivery year, regardless of that customer's first year of self-direct program participation.~~

The Commission's direction regarding the use of a three-year rolling average did not explicitly address how the costs for each of the three years should be determined. The Commission explained that the averaging approach would "reflect [the] statutory inconsistencies" and directed that "a three-year rolling average of *eligible* utility-scale REC delivery contracts be used, consisting of the two-years prior to the year being determined and the third year being *the anticipated costs as outlined in the [Plan]*."³³⁹ The Order does not elaborate on which utility-scale REC contracts should be considered "eligible," nor does it reference the section of the Plan it is referring to regarding anticipated costs. ~~The Order might be understood to mean that only costs reflecting new contracts in each of the three years should be considered. The Order might alternatively be read to mean that the costs for all utility-scale RECs procured by the IPA for RPS compliance count for the previous two years (regardless of when the contracts were entered into), but that for the future (third) year, the Agency should use the methodology proposed in the Plan and limit the costs to those for new contracts. Finally, the Order could be read to mean that actual or expected costs from all utility-scale REC contracts used for RPS compliance should be considered (regardless of when the contracts were entered into) for each of the three years.~~

~~The first of these options (only considering costs from new contracts in each of~~In finalizing the three years) is problematic because of the lag between when 2022 Long-Term Plan, the Agency enters into

³³⁷ ~~Id. at 40.~~ Final Order, ICC Docket No. 22-0231 at 40 (Jul. 14, 2022).

³³⁸ ~~Id. at 39.~~

³³⁹ ~~Id. at 39-40~~ (emphasis, (Emphasis added).

~~contracts for utility-scale REC procurement, and when those RECs are actually delivered and paid for. New utility-scale REC contracts virtually never have “costs” in the first year, so the credit would be set to zero for much or all of the time. This does not appear to be consistent with the Commission’s intent, as the Commission expressly stated that it sought to avoid a lag between participation and crediting.~~

~~The second option (considering utility-scale contracts regardless of year entered into for the previous two years, but only considering new contracts for the future year) is problematic because that methodology would not produce a rolling average. To calculate a three-year rolling average, each calculation removes the data for the first year, retains the data for the second and third years, and adds in a new subsequent year, thereby “shifting” the three-year window forward by one year. If the Agency limited the costs for the “future” or third year to only new contracts, but included contracts regardless of age for the “previous” years one and two, it would be mixing apples and oranges. Each new calculation shifting the window would change the cost amount for individual years, because the universe of contracts (and therefore costs) would change.~~

~~The Agency believes the third option is the best ultimately settled on an interpretation of the Commission’s Order: through which the self-direct credit level is established by “including costs for utility-scale REC contracts regardless of when the contracts were entered into in calculating the costs for each of the three years. This allows the Agency to calculate a three-year rolling average as directed by the Commission, and the resulting credit amount will be a non-zero number, which appears to best reflect the Commission’s desire to avoid a lag between participation and crediting. As the Commission acknowledges in its Order, it could be argued that, “Under this approach is inconsistent with the statutory directive to “not include . . . , REC delivery costs associated with any contracts entered into before the delivery year in which the customer files the initial compliance report to be eligible for participation in the self-direct program.””³⁴⁰~~

~~However, it is essentially impossible for an approach to comply with the requirement to not include costs associated with pre-existing contracts and also comply with the Commission’s directions to 1) apply the same annual credit amount to all the utility-scale REC delivery contracts dating as far back as the 2010 Long-Term Power Purchase Agreements (“LTPPAs”) are used in determining the self-direct customers, regardless of when the customers began participation, and 2) avoid a lag between participation and crediting. Compliance with both directions would only be possible if the credit (that applied to all self-direct customers) was limited to costs for utility-scale REC contracts entered into after the date that the most recent self-direct customer began participating; this would likely reset the credit to zero or near zero each time a new self-direct customer begins participating. This seems entirely inconsistent with the Commission’s intent. Therefore, in light of the conflicting directives, the Agency will follow the approach that appears to best integrate both the statutory language and the Commission Order. That is, the Agency will determine the self-direct credit each year based on the costs for utility-scale REC contracts in the previous two years and anticipated costs for the next year, regardless of what year the underlying REC contract was signed.~~

~~The Commission must “approve the self-direct credit amount by June 1, 2023 and June 1 of each delivery year thereafter.” Under the methodology outlined in the Commission’s Order, the IPA understands that its compliance filing seeking approval of the amount thus must include a credit value “expressed on a per kilowatt hour basis” that would apply to all participants. Notably, if the~~

³⁴⁰ Id. at 40 (quoting 20 ILCS 3855/1-75(c)(1)(R)(4)).

~~IPA's understanding of this methodology is incorrect, parties may contest the proposed self-direct values before the Commission and the Commission will provide a vote affirming those values before finalization.~~

credit amount. This crediting approach reflects something akin to a “like for like” crediting by class of expenditure—the customer’s bill crediting level is determined using *only* utility-scale project RPS costs, based on an average of those costs to the RPS budget over a three-year period, and ~~should~~does not reflect costs used to support the ABP or ILSFA programs.

A related interpretive decision concerns the treatment of brownfield site photovoltaic project REC delivery contract costs. The IPA interprets the Commission’s reference to “eligible utility-scale REC delivery contracts” to mean the costs associated with brownfield site photovoltaic projects – which technically did not participate in utility-scale wind or utility-scale solar procurement events – should be included in the calculation as long the project qualifies as “utility-scale” (i.e., over 5 MW) under Illinois law. However, costs associated with coal-to-solar procurements would not qualify as those projects are funded through an entirely separate stream of collections (and not those collections authorized by Section 1-75(c)(1)(E) of the IPA Act).

6.5.1.2. Self-Direct Bill Crediting: Example

Consistent with the express limitations of Section 1-75(c)(1)(R)(4) and the Commission’s interpretive decisions from Docket No. 22-0231, the following is an example of how the Agency ~~understands a calculates~~ self-direct crediting ~~rate to be established. The Commission’s Order requires that “a three-year rolling average of eligible utility-scale REC delivery contracts be used, consisting of the two years prior to the year being determined and the third year being the anticipated costs as outlined in the [draft] LTRRPP.”³⁴⁴ rates.~~ For illustrative purposes, ~~assume~~assuming participation for the 2023 delivery year (the first year of the program). ~~For this example,~~ the IPA will average the RPS budget impacts for utility-scale REC delivery contracts across the 2021-22 and 2022-23 delivery years *regardless of when such contracts were executed and anticipated procurement costs associated with those contracts* for the upcoming (2023-24) delivery year. Similarly, self-direct crediting for the 2025 delivery year would be dependent on actual utility-scale REC delivery contract costs from the 2023 and 2024 delivery years and anticipated costs for the 2025 delivery year. Anticipated costs would be determined through a) the Agency’s estimate of by when those projects will become energized and begin delivering RECs, and b) the Agency’s anticipated budget impacts from those contracts based on its forward price curve calculation under Section 1-75(c)(1)(G)(v).

~~As distinguished from the proposal found in the filed Plan, one possible~~The benefit of this approach is the presence of a single self-direct crediting rate for a given program year. A “three-year rolling average” will change year by year as the delivery years to compute that average change and those years’ costs vary. But, for the 2027 delivery year, a customer with initial participation in 2024 would receive the same crediting level as a customer with initial participation in 2026—even if that crediting level will be different in the 2028 delivery year.

These anticipated delivery year costs ~~would are~~ then ~~be reduced down~~translated to an average fractional amount of the amount of collections authorized under Section 1-75(c)(1)(E) of the Act for

³⁴⁴~~Id.~~

the three delivery years. That fractional amount may be expressed as a percentage, and that percentage ~~would then be used for a per kwh calculation of the credit due back to participating customers. Thus, if the volumetric RPS charge authorized by Section 1-75(c)(1)(E) was 1 cent per kilowatt hour, and anticipated qualifying contract costs constituted 10% of the RPS expenditures across those three years, then the applicable self-direct credit would be calculated as 0.1 cents per kilowatt hour. That crediting level would then be applied to the entirety of that customer's load so long as that customer was retiring the qualifying percentage of RECs (at least 40% of load); for additional REC retirements beyond 40%, the law does not contemplate an adjustment in crediting rate and the customer would continue to be able to claim the environmental benefits of that renewable energy usage~~ is then used for a per-kilowatt-hour calculation of the credit due back to participating customers.

Thus, if the volumetric RPS charge authorized by Section 1-75(c)(1)(E) was 1 cent per kilowatt-hour and anticipated average qualifying contract costs across those three years constituted 10% of the RPS expenditures, then the applicable self-direct credit would be calculated as 0.1 cents per kilowatt hour. That crediting level is applied to the entirety of that customer's load so long as that customer was retiring the qualifying percentage of RECs (at least 40% of load). As noted above, the law does not contemplate an adjustment in crediting rate for additional REC retirements beyond 40%.

Based on this example, the customer will then receive a ¢/kWh credit for its purchase of RECs as determined pursuant to subsection 1-75(c)(1)(R) of the IPA Act. Outlined below is the methodology in the self-direct credit rate as approved by the Commission in Docket No. 22-0231.

Equation 6-1: Self-direct Credit Rate Calculation

$$\left(\frac{\beta}{\mu}\right)_t = X$$

In the equation above, t indicates year of delivery.

Given:

$$X * (kWh \text{ of RPS Collections}) = \text{Self_Direct Credit}$$

This percentage is then multiplied against the per kwh RPS collections charge assessed to retail customers to produce a per kWh self-direct credit value.

Assuming this, the following costs are included in the self-direct program credit calculation:

β is the summation of:

2010 Long-Term Power Purchase Agreements Total Cost

Bundled REC + energy contracts entered into in 2010 to facilitate the development of new utility-scale renewable energy generation; only the REC portion of the expense (the imputed REC price) is calculated as a drawdown from the RPS budget.

Initial Forward Procurements (utility-scale wind, utility-scale solar) Total Cost

Authorized under P.A. 99-0906, these procurements were intended to support the development of new utility-scale wind and solar projects through 15-year REC delivery contracts paid upon actualized REC deliveries and invoiced monthly.

Other Forward Procurements (utility-scale wind, utility-scale solar, brownfield site photovoltaics) Total Cost

Authorized under the Initial Long-Term Plan approved by the Commission in ICC Docket No. 17-0838, these procurements were intended to support the development of new utility-scale wind and solar projects, and new brownfield site photovoltaic projects, to meet future years' Section 1-75(c)(1)(C) new project REC delivery targets. As with the initial forward procurements, these procurements feature 15-year REC delivery contracts with payments made upon delivery.

Indexed REC Procurements (utility-scale wind, utility-scale solar, brownfield site photovoltaics)

Authorized under P.A. 102-0662 and the IPA's 2022 Long-Term Plan, none of these projects have yet been energized and thus feature costs used in this calculation, and it is possible that none may become energized across the next two years. When these projects near energization, their anticipated REC delivery contracts may be included in the calculation.

The beta is then divided by μ , where μ is the RPS collections.

The resulting, X , is expressed as a percentage. X is then multiplied against the per kwh RPS collections charge assessed to retail customers producing the per kWh self-direct credit value the applicant receives on their bill.

$$X * (kWh \text{ RPS Collections}) = Self_Direct \text{ Credit}$$

This formula was utilized to determine the bill crediting rate for the self-direct program over the 2023-2024 delivery year and was approved by the Commission in Docket No. 22-0231 as explained further below in Section 6.5.1.3. The Agency will continue to utilize this Commission-approved approach in determining the bill crediting amount for future delivery years under this Long-Term Plan.

6.5.1.3. Self-Direct Bill Crediting: Compliance Filing

Section 1-75(c)(1)(R)(4) ~~also~~ requires that the IPA annually calculate the self-direct crediting amount(s) and "submit this to the Commission in an annual compliance filing," with the Commission required to "approve the self-direct credit amount by June 1, 2023 and June 1 of each delivery year thereafter." ~~This provision raises a series of procedural questions, as outlined below.~~

~~The first question is in what proceeding the Agency should provide its Traditionally, compliance filing. The Agency believes that the proceeding featuring the most recently approved Long-Term Plan should be the proceeding in which a compliance filing is made. Thus, for 2023, the Agency will submit its self-direct crediting calculation within the proceeding used to approve this Long-Term Plan.~~

~~The second question concerns how the Commission is to "approve the self-direct amount," as the Commission does not traditionally "approve" a compliance filing. Instead, a compliance filing is simply filings made in a Commission proceeding are made to ensure compliance with a prior Commission directive; but unless prompted by a reopening or motion, no Commission action is on a compliance filing is typically required. Here, the IPA believes it can best manage the tension between Commission approval and the form of a compliance filing by a) engaging stakeholders in a comment process on the self-direct crediting rate prior to making its compliance filing and b) making its~~

~~compliance filing early enough to allow for any parties to challenge that filing through petition to the Commission. Further, under Under the Commission's Final Order in Docket No. 22-0231, however, the Commission must take an overt action every year to approve the self-direct credits, credit amount in the same manner as the Commission approves benchmarks utilized for competitive procurements.³⁴² Thus, after the IPA's compliance filing and after allowing sufficient time for parties to contest that filing, the Commission shall place on its agenda a vote to approve the self-direct credit.³⁴³ —The Commission must approve a self-direct crediting amount by June 1, the start of a delivery year. The Agency understands that this amount must be known to Illinois electric utilities no later than May 20 for application within the June billing period of the delivery year beginning June 1.~~

~~The third question concerns timing: while the Commission must approve a self-direct crediting amount by June 1—the start of a delivery year—the Agency understands that this amount must be known to Illinois electric utilities well before June 1 for application within the delivery year beginning June 1. The Agency has proposed a schedule for the first year of the self-direct program later in this Chapter and hopes that schedule may accommodate the utilities' bill crediting calculation needs.~~

~~For the substance of the compliance filing, the Agency will include, at minimum, the following: The Agency will include the following information in its annual compliance filing: (1) actual or anticipated costs of utility-scale REC delivery contracts by delivery year for the three years utilized for the rolling average, including the anticipated volumes of REC deliveries from those projects and aggregated assumptions about price (mindful of the confidentiality of individual bid prices) and, (2) a narrative explanation of how and why those the calculations were made, as well as, and (3) the self-direct credit applicable to all customers expressed as a per kilowatt-hour value. As the self-direct program confers a benefit onto a large energy customer that is not otherwise available to other customers, the compliance filing may also include an identification of participating customers and renewable energy projects.~~

~~Separate from that compliance filing, Section 1-125(b)(5) of the IPA Act also now requires the Agency to report annually on “the total amount of customer load featuring renewable portfolio standard compliance obligations scheduled to be met by self-direct customers” pursuant to the self-direct program, as well as “the minimum annual quantities of renewable energy credits scheduled to be retired by those customers and amount of installed renewable energy generating capacity used to meet” the self-direct program's requirements.³⁴⁴~~

6.5.2. Procurement Target Adjustments

Section 1-75(c)(1)(R)(3) provides that each REC procured in connection with the self-direct program “shall reduce the total volume of renewable energy credits the Agency is otherwise required to procure from new utility-scale projects pursuant to subparagraph (C) of paragraph (1) of this subsection (c) on behalf of contracting utilities where the eligible self-direct customer is located.”

³⁴² ~~Id. Final Order, ICC Docket No. 22-0231 at 40-41, (Jul. 14, 2022).~~

³⁴³ ~~See id. Id.~~

³⁴⁴ ~~Separate from that compliance filing, Section 1-125(b)(5) of the IPA Act also requires the Agency to report annually on “the total amount of customer load featuring renewable portfolio standard compliance obligations scheduled to be met by self-direct customers” pursuant to the self-direct program, as well as “the minimum annual quantities of renewable energy credits scheduled to be retired by those customers and amount of installed renewable energy generating capacity used to meet” the self-direct program's requirements. The IPA publishes its annual report on its website by February 15 of each year with copies provided “to the Governor and the General Assembly.”~~

The Agency will include estimates of RECs procured in connection with the self-direct program, as well as anticipated RPS budget adjustments necessitated by self-direct program bill crediting, in its analyses of RPS Goals, Targets, and Budgets produced through its Long-Term Plans and interim updates posted on its website. -For a more in-depth look at the Agency budget with the self-direct program's impacts on overall Agency targets and goals, please see Chapter 3 of this Plan.

6.6. Self-Direct Program Size & Selection

Section 1-75(c)(1)(R)(3) requires ~~that~~ the Agency ~~shall to~~ “annually determine the amount of utility-scale renewable energy credits it will include each year from the self-direct renewable portfolio standard compliance program.” In making this determination, “the Agency shall evaluate publicly available analyses and studies of the potential market size for utility-scale renewable energy long-term purchase agreements by commercial and industrial energy customers and make that report publicly available.” ~~The Agency did not seek to establish a fixed first-year program size through this Plan's approval, and instead determined that it would be inappropriate to do so until after the Plan's approval by the Commission (after which all parties now have more certainty regarding the self-direct program's mechanics). In the 2022 Long-Term Plan, the Agency noted that it would determine the appropriate program size following the Commission's approval of that Plan in Docket No. 22-2031, thereby allowing all parties more certainty regarding the mechanics of the self-direct program. In accordance with the 2022 Long-Term Plan, on November 30, 2022, the Agency issued Requests for Information (“RFIs”) to stakeholders to solicit information to inform the determination of program size for the 2023-2024 program year. The Agency evaluated publicly available analyses and studies of the potential market, as well as responses to the RFIs. On January 20, 2023, the Agency published a Report that proposed a program size of 3 million annual Renewable Energy Credits (“RECs”).³⁴⁵ The size was finalized in the Agency's February 1, 2023, announcement.~~

In anticipation of increased interest in the self-direct program, the Agency proposes to expand the program size to 4 million RECs for the 2024-2025 delivery year, and then the Agency will reevaluate the program size for the subsequent 2025-2026 delivery year.

6.6.1. Self-Direct Program Size Report

In the first program year, applicants did not reach the total program size of 3,000,000 RECs. As stated in the IPA's February 1, 2023 announcement, “if an entity is not selected to participate in the upcoming program year because of any program size limitations, the Agency will be accepting applications on an annual basis and will take into consideration applications not selected for establishing the program size for subsequent program years.” The Agency also notes that given the realities of development timelines for large renewable energy projects, this program size will accommodate a realistic growth trajectory for the self-direct Program.

The 2023-2024 program size was determined through a formal RFI process in conjunction with an analysis of potential market size trajectory. For the 2023-2024 delivery year, participants are scheduled to retire a total of between 500,000 and 1 million RECs through the self-direct program, well below the 3,000,000 REC program size. For the development of this 2024 Long-Term Plan, the Agency held a stakeholder feedback process to solicit input from stakeholders regarding the size of the self-direct program. The Agency received feedback asserting that the self-direct program should

³⁴⁵ See: <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/self-direct-program-size-report-20-jan-2023.pdf>.

~~be sized at 14 million RECs to provide certainty to potential participants that there will be sufficient capacity; however, this feedback was not supported by an analysis demonstrating that this is reflective of the potential market size for the program. The Agency has publicly stated that it intends to reevaluate the program size if program capacity is reached. At this time, the Agency does not see a program size of 14 million RECs as necessary.~~

6.1.2.— While participation in the self-direct program may grow over time, the requirements surrounding size, project location, and contract length limit the current potential applicants. In its 2023 report, the Agency reviewed studies and data to obtain a better understanding regarding the capacities, timing and location of utility-scale wind and utility-scale solar facilities in relation to corporate renewable energy purchases.³⁴⁶ U.S. Current Publicly Available Analyses and Studies

~~Publicly available analyses and studies of the potential market size for utility-scale renewable energy long-term purchase agreements by commercial and industrial energy customers include analyses of large commercial and industrial (“C&I”) customer purchases of RECs or bundled renewable energy and RECs from utility-scale renewable resources through power purchase agreements (“PPAs”) or virtual power purchase agreements (“VPPAs”). PPAs require the delivery of electricity sold under the agreement to the buyer, while VPPAs are financial transactions. VPPAs provide corporate buyers with flexibility in terms of the location of the renewable resource in that the renewable energy is not necessarily delivered to the buyer’s specific location and allows the buyer to hedge exposure to wholesale market prices through a bundled financial transaction.~~

~~Data regarding the capacity and generation associated with large C&I PPAs and VPPAs announced or executed with utility-scale wind and solar projects are available from several sources,³⁴⁷ although none of these data sources offer a comprehensive assessment of the potential size of the C&I self-direct market in Illinois specifically. Several relevant studies conducted by third parties are currently available.³⁴⁸ The Agency can also utilize the latest C&I Energy Information Administration (“EIA”) data compared to recent commercial and industrial consumption and utility scale renewable generation data available from the U.S. Energy Information Administration (“EIA”) to, can define an~~

³⁴⁶ The Agency reviewed the currently available or updated studies including (i) S&P Global Market Intelligence, RRA Regulatory Focus, 2021 Corporate Renewables Outlook, April 21, 2021., (ii) J.Kobus, A.I. Nasrallah, J. Guidera, Columbia, SIPA, Center on Global Energy Policy, “The Role of Corporate Renewable Power Purchase Agreements in Supporting U.S. Wind and Solar Deployment, March 2021.”, and (iii) Retail Industry Leaders Association, “Corporate Clean Electricity Procurement Index 2020: State Leadership & Rankings.”, March 2020. Data regarding the capacity and generation associated with large C&I PPAs and VPPAs announced or executed with utility-scale wind and solar projects includes S&P Global Market Intelligence, <https://www.spglobal.com/marketintelligence/en/>, Clean Energy Buyers Association (CEBA), “CEBA Deal Tracker”, “CEBA State of the Market Report.”, Green Biz Clean Energy Deal Tracker, RE Surety, State of the Renewables Market, BNEF Corporate Energy Market Outlook, and Edison Energy Quarterly Renewables Market Update.

³⁴⁷ The relevant data sources include S&P Global Market Intelligence, <https://www.spglobal.com/marketintelligence/en/>, Clean Energy Buyers Association (CEBA), “CEBA Deal Tracker”, “CEBA State of the Market Report.”, and Green Biz Clean Energy Deal Tracker.

³⁴⁸ In determining program size, the Agency plans to review the currently available or updated studies including (i) S&P Global Market Intelligence, RRA Regulatory Focus, 2021 Corporate Renewables Outlook, April 21, 2021., (ii) J.Kobus, A.I. Nasrallah, J. Guidera, Columbia, SIPA, Center on Global Energy Policy, “The Role of Corporate Renewable Power Purchase Agreements in Supporting U.S. Wind and Solar Deployment, March 2021.”, and (iii) Retail Industry Leaders Association, “Corporate Clean Electricity Procurement Index 2020: State Leadership & Rankings.”, March 2020. The Agency will also review other studies that may become available.

estimate of the overall size of the commercial and industrial electricity markets, as well as an estimate of the amount of utility-scale wind and utility-scale solar capacity and generation in Illinois.³⁴⁹

~~The EIA reported that for 2020, sales of electricity to ultimate customers in Illinois for the Commercial Sector amounted to 45,915,000 MWh, down from 49,279,000 MWh in 2019, and for the Industrial Sector 39,105,000 MWh in 2020, down from 43,250,000 MWh in 2019.³⁵⁰ Generation from utility-scale wind and utility-scale solar projects for 2020 was reported as 17,204,000 MWh, reflecting utility-scale wind capacity of 6,329 MW and utility-scale solar capacity of 115.7 MW. Most of this generation and the associated capacity were not supplied directly to large C&I customers under PPAs or VPPAs. More specific data is available from various sources that typically report the amount of C&I renewable contract activity in terms of capacity, which can be converted to estimated generation using historical capacity factors relevant to each technology.~~

~~However, total capacity in operation in any year does not provide an accurate indication of the likely size of the Self-Direct Customer market. Historical annual capacity additions are a better indicator of what can be expected for the number of RECs that could be procured annually through the Self-Direct RPS Compliance Program. The Retail Industry Leaders Association, based on data obtained from the Clean Energy Buyers Association, the Solar Energy Industries Association, and the American Wind Energy Association, reported that the procurement of electricity from offsite third-party utility-scale wind and utility-scale solar projects in Illinois increased from 175 MW in 2017 to 988 MW in 2020 or an annual average of 271 MW during that period.³⁵¹ Assuming a capacity factor of 30%, this would be equivalent to 712,188 RECs during each of those years.~~

~~S&P Global Market Intelligence indicated that as of early 2021 there were almost 3,300 MW of corporate renewable energy deals in place in Illinois.³⁵² Table 6-1 provides a summary of the specific C&I renewable agreements with utility-scale wind and utility-scale solar projects in Illinois reported by S&P Global.~~

This analysis is examined in more depth in the Agency's self-direct program size report. To summarize, the IPA compared U.S. EIA data of the total amount of renewable energy consumed by commercial and industrial customers in the U.S., to the renewable energy consumed by commercial and industrial customers in Illinois, to calculate a percentage factor. The IPA applied this percentage to national corporate contract data from Clean Energy Buyers Association ("CEBA")³⁵³ to estimate the corporate REC procurement in Illinois. Using this method to forecast estimates for a three-year period of deliveries (due to the uncertainty of energization timelines) for the 2023 delivery year results in a potential range of RECs that could be available for retirement as compliance with the self-direct program in the range of 1,250,390 to 1,368,350. The actual range of RECs from customers accepted into the self-direct program fell below this estimate.

³⁴⁹ For example, see U.S. Energy Information Administration Electric Power Monthly, November 2021, Tables 5.4.A. and 5.4.B.—Sales of Electricity to Ultimate Customers by End-Use Sectors by State.
https://www.eia.gov/electricity/monthly/current_month/november2021.pdf U.S. EIA, Electric Power Monthly, February 2021.
www.eia.gov/electricity/monthly/.

³⁵⁰ U.S. EIA, Electric Power Monthly, February 2021. www.eia.gov/electricity/monthly/.

³⁵¹ Retail Industry Leaders Association, Corporate Clean Electricity Procurement Index 2020: State Leadership & Rankings.

³⁵² S&P Global Market Intelligence, "RRA Regulatory Focus, 2021 Corporate Renewables Outlook," April 21, 2021.

³⁵³ Clean Energy Buyers Association, 2021 Deal Tracker and Deal Tracker Q3 2022. www.ceba.org/deal-tracker.

The table below provides a summary of the specific C&I renewable agreements with utility-scale wind and utility-scale solar projects with operation dates of 2020 through 2023 in Illinois as reported by various sources. The potentially available REC quantities based on reported corporate renewable energy contracts executed by Illinois corporate entities, shown in Table 6-1 between 2020 through 2023, totals 3,757,049 RECs. However, some of these agreements may not qualify for the Self-direct Program, and this does not cover all of the potential contracts that make up qualifying facilities in Illinois as there may be others that have not been publicly reported. The self-direct program size report determined that estimated output of the facilities associated with these projects (which is a proxy for REC production) can give a reasonable estimate of program size.

Table 6-1: ~~Representative~~ Corporate Agreements with Utility-Scale Wind and Utility-Scale Solar Projects in Illinois

Corporate Entity	Operation Date	Technology	Capacity Under Agreement (MW)	Estimated Full Output (MWh)
Amazon	2022	Solar	100	210,240
Amazon	2023	Wind	54	159,706
Amazon	2023	Solar	90	189,216
Cargill	2020	Solar	200	420,480
Mars, Inc.	2021	Wind	121	357,829
McDonald's	2023	Wind	126	372,647
Meta	2021	Wind	175	517,565
St-Gobain	2021	Wind	120	354,902
T-Mobile	2020	Wind	158	467,287
Verizon	2020	Wind	130	387,192
Verizon	2022	Solar	152	319,985

Corporate Entity	Operation Date	Technology	Capacity under Agreement (MW)
Microsoft	2015	Wind	175
Verizon	2020	Wind	130
FB/Meta	2021	Wind	170
Amazon	2022	Solar	100
Amazon	2022	Wind	100
Amazon	2022	Solar	90

While this is not a complete list of the C&I renewable resource agreements with utility-scale wind and utility-scale solar projects in Illinois, it is representative of the deals in the market—which may provide an indication of the number of RECs that could be procured through the Self Direct RPS Compliance Program. The reported Amazon deals would produce approximately 762,120 RECs in the first full year of operations for these projects.

GreenBiz maintains an on-line blog that tracks and compiles major corporate renewable energy deals on a quarterly basis since the first quarter of 2018.³⁵⁴ The information on renewable energy deals is based on corporate press releases, trade industry news alerts and media articles. Table 6-2 provides a summary of the information compiled by GreenBiz through the third quarter of 2021.

³⁵⁴ See www.greenbiz.com/blogs/enterprise/clean-energy-deal-tracker. Accessed 12/10/2021.

Table 6-2: Major Corporate Renewable Energy Deals in Illinois Tracked by GreenBiz

Corporate Entity	Date Reported	Technology	Proposed Capacity (MW)
Bloomberg	2018	Wind	17
General Motors	2018	Wind	100
Comcast	2018	Wind	9
Salesforce	2018	Wind	80
Apple, Akamai, Etsy, Swiss Re	2018	Wind	125
Starbucks ³⁵⁵	2018	Wind	14
Walmart	2018	Wind	50
Walmart	2018	Wind	123
Target	2019	Wind	79
St. Gobain	2020	Wind	120
Cargill	2020	Solar	200
FB/Meta	2020	Wind	130
Lowe's	2020	Solar	250
JP Morgan Chase	2021	Wind	75
Mars, Inc.	2021	Wind	121

In 2020 a total of 700 MW of renewable energy contracts in Illinois were announced, which would produce approximately 1,839,600 RECs.

In response to the IPA's request for interested party comments on the size of the self-direct market, Advanced Energy Economy and TechNet recommended that the program size should be 4,000 MW. This program size recommendation is based on the 2021 Columbia study that new

~~U.S. corporate renewable energy capacity additions through 2030 would range from 55 GW to 85 MW. Assuming that these capacity additions in Illinois would be in line with the EIA data that shows Illinois electricity sales to be approximately 3.6% of total U.S. electricity sales, then the new corporate renewable energy capacity for Illinois would be 3.6% of the total for the U.S. or in the range of 1,980 MW to 3,060 MW. To this range, TechNet added Advanced Energy Economy's estimate of 1,650 MW of existing corporate renewable energy capacity to yield an estimate of the self-direct market size of 3,630 MW to 4,710 MW which was rounded to 4,000 MW.~~³⁵⁶

6.6.1.6.6.2. Establishing Program Size for Future Delivery Years

The Agency plans to evaluate the studies and the data available from the sources discussed above, including any updates to the studies and data, to produce ~~anits~~ annual Large Customer Self-Direct RPS Compliance Program Size report, which will include an assessment of the large C&I customer renewable energy market and estimates of the number of RECs expected to be available from eligible

³⁵⁵ Additional information for this PPA showed that the Starbucks agreement was with Enel Green Power North America, Inc.'s Hill Topper wind farm in Logan County which would supply 48,000 MWh for 340 Starbucks stores in Illinois. Smart Energy Decisions, "Starbucks reaches 100% RE in Illinois with wind power," August 9, 2019.

³⁵⁶ See <https://ipa.illinois.gov/energy-procurement/comments-on-the-draft-2022-long-term-renewable-resources-procure.html>.

C&I customers each year. ~~Analysis included in the report will also consider any applications from the prior year that could not be supported under that year's program size. That report will be made available by early January of each year—with the first such report to~~

~~As outlined above, the Agency is proposing a program size of 4 million RECs for the 2024-25 program year and will evaluate additional changes for the 2025-26 program year based on updates to the self-direct program size report, demonstrated interest in the 2024-25 program year, anticipated interest in the 2025-26 program year, and RPS budget management considerations. The next updated program size report, for the determination of the 2025-26 program size, will be published in no later than January 2023—15, 2025 and followed by a brief stakeholder comment process. After the conclusion of that comment process, the Agency plans to period. The Agency will announce the program size for the upcoming year delivery by February 1 of that calendar year. That program size will be published by RECs, as envisioned under the law ("The Agency shall annually determine the amount of utility-scale renewable energy credits it will include each year..."), but illustrative examples of installed capacity needed to meet those REC totals by technology will also be provided. 2025-26 program year no later than February 1, 2025.~~

The Agency ~~is also considering established~~ a Request dedicated page on its website for ~~Information process through which potentially interested self-direct customers could identify themselves to the Agency to help inform market size, and hopes to work with both alternative retail electric suppliers and electric utilities involved with bill crediting on promoting the self-direct program. The Agency information³⁵⁷ and will also consider developing standardized additional materials about the program to assist in encouraging encourage participation.— and provide insight to the processes outlined in this Chapter.~~

6.6.2.6.6.3. Selecting Between Competing Applications

Section 1-75(c)(1)(R)(3) ~~also~~ provides that "[i]f demand for participation in the self-direct renewable portfolio standard compliance program exceeds availability, the Agency shall ensure participation is evenly split between commercial and industrial users to the extent there is sufficient demand from both customer classes." This requirement contemplates that self-direct program applications will not be reviewed and approved on a rolling basis, but instead will feature an application window during which all applications are reviewed and determinations about selection – such as application of this C&I balancing requirement – will be made at the conclusion of that window closing. As explained later in this Chapter, the Agency proposes to structure develop its application process in accordance with this structure.

~~This balancing requirement will operate to ensure that should~~ If the Agency ~~receive receives~~ more qualifying applications than program capacity can support, priority shall be offered to ensure equal participation between commercial customers and industrial customers. Thus, if program size is 100x, and the Agency has received 70x of qualifying commercial customer applications and 50x of qualifying industrial applications, then the 20x of applications not selected should be taken from the commercial customer segment.

However, this does not provide direction between for how to choose between competing applications within those categories. ~~Informed by stakeholder comments received Consistent with the 2022 Long-~~

³⁵⁷ See: <https://ipa.illinois.gov/renewable-resources/self-direct-program.html>.

Term Plan, the Agency ~~proposes~~will apply the following approach to application selection should qualified applications exceed self-direct program capacity:

First, the Agency will select applications in a manner consistent with the statutorily-mandated C&I balancing requirement—thus, if less than half of the program size is met through commercial or industrial customers, then all applications within that category will be considered selected. ~~If both~~ categories have applications exceeding 50% of program capacity, then applications shall be selected within a category consistent with the following paragraphs.

Next, customers with the highest percentage of RECs sourced from facilities located in Energy Transition Community Grant areas will be given preference. This approach will help support communities impacted by the closure of coal mines, fossil fuel plants, and nuclear plants and provide the commensurate employment opportunities that come from project development. This approach aligns the self-direct program with Section 1-75(c)(1)(P) of the IPA ~~Act~~Act's prioritization of support for those communities.

To ~~next~~ choose between any ~~leftover competing~~remaining applications *within* a given category (for instance, if no customer's projects are located in Energy Transition Community Grant areas), the Agency shall give priority to those applications ~~which~~that demonstrate the highest percentage of qualifying RECs being retired relative to that customer's usage from the previous delivery year. ~~Thus, a contract through which a customer's usage is entirely met through a bundled (REC + energy) PPA or PPAs would receive top priority.~~

Lastly, priority will be provided based on the total number of RECs planned to be procured and retired annually under the application.

Projects not selected will be placed on an ordinal waitlist ranked in accordance with the criteria above. Those projects will be required to reapply for consideration for the next program year, but once qualified, will be provided top priority in selection for that year.

6.7. Self-Direct Program Application Process

Section 1-75(c)(1)(R)(5) provides a minimum series of items required to be included on a customer's application ~~be a self-direct customer; those are,~~as outlined below:

- (i) the customer's certification that, at the time of the customer's application, the customer qualifies to be a self-direct eligible customer, including documents demonstrating that qualification;
- (ii) the customer's certification that the customer has entered into or will enter into by the beginning of the applicable procurement year, one or more bilateral contracts for new wind projects or new photovoltaic projects, including supporting documentation;
- (iii) certification that the contract or contracts for new renewable energy resources are long-term contracts with term lengths of at least 10 years, including supporting documentation;
- (iv) certification of the quantities of renewable energy credits that the customer will purchase each year under such contract or contracts, including supporting documentation;

(v) proof that the contract is sufficient to produce renewable energy credits to be equivalent in volume to at least 40% of the large energy customer's usage from the previous delivery year, measured to the nearest megawatt-hour; and

(vi) certification that the customer intends to maintain the contract for the duration of the length of the contract.

~~Specific application forms will be developed by the Agency across late 2022 and early 2023, and guidance regarding acceptable supporting evidence and documentation will be provided prior to the program's opening for application. At first blush, the~~The Agency believes ~~that~~ supporting documentation demonstrating (i) through (v) ~~will include requiring~~includes a combination of customer billing information (which is already required under Section 1-75(c)(1)(R)(3)) and the ~~underlying legal instrument~~contract through which the customer will procure RECs, with the applicant customer having the option of redacting any confidential, non-essential information.

As Section 1-75(c)(1)(R)(5)(ii) contemplates situations where the customer merely "will enter into" such contracts "by the beginning of the applicable procurement year," a term sheet coupled with certification may be adequate to satisfy this requirement for initial application, but participation will be contingent on a binding REC delivery contract being provided to the Agency at least one month in advance of the start of the delivery year.

Additionally, a customer must include with its application copies of documentation demonstrating that the project was constructed in compliance with the labor and diversity, equity, and inclusion requirements outlined in Section 6.3.3, above.

If delivery to the customer occurs through an intermediary, such as an alternative retail electric supplier, the applicant must certify that (1) sufficient quantities of RECs will be delivered from qualifying facilities across the minimum contract term and (2) the contract identifies the specific project(s) from which the RECs will be sourced.

For purposes of demonstrating common corporate parent status, the Agency ~~believes will accept~~ tax identification numbers ~~constitute appropriate proof, but not the only as one~~ form of acceptable proof. Alternative proof for meeting this requirement and other requirements may be considered on a case ~~by~~-case basis, but in all cases must be accompanied by a certification from a senior officer ~~from~~of the applicant customer.

For confidential, ~~proprietary, and/or~~ competitively or commercially sensitive information essential to determining whether the project, customer, or contract qualifies for the program, applicants may submit redacted versions of documents as outlined above. ~~To be protected from disclosure under the Illinois Freedom of Information Act, any such redactions must constitute "[t]rade secrets and commercial or financial information . . . where the trade secrets or commercial or financial information are furnished under a claim that they are proprietary, privileged, or confidential, and that disclosure of the trade secrets or commercial or financial information would cause competitive harm to the person or business."~~³⁵⁸ As the disclosure of basic customer and project information cannot constitute "commercial or financial information" ~~which that~~ "would cause competitive harm" if disclosed, the IPA will not entertain blanket confidentiality claims on the entirety of the application (but may on individual documents within an application, where appropriate). As required under

³⁵⁸ 5 ILCS 140/7(1)(g).

Section 1-120 of the IPA Act, the Agency “shall provide adequate protection for confidential and proprietary information furnished, delivered, or filed by any person, corporation, or other entity,” as the Agency presently does for confidential and redacted documents that it routinely receives in ~~conducting~~ conducting competitive procurement events.

Application forms and guidance regarding acceptable supporting evidence and documentation were developed prior to the opening of the self-direct program in 2023. These materials will be modified as required to be consistent with the Commission’s approval of this 2024 Long-Term Plan.

6.8. Self-Direct Program ~~Opening~~ Application Timeline

Section 1-75(c)(1)(R) requires that the self-direct RPS compliance program “shall take effect in the delivery year commencing June 1, 2023.” The IPA understands this to mean that customer participation will begin as of June 1, ~~2023 annually~~, and thus that ~~initial~~ applications are required to be received across the months preceding that start date. ~~each year.~~

The ICC Consistent with the schedule for the initial opening of the self-direct program approved under the 2022 Long-Term Plan, the IPA Long-Term Renewable Resources Procurement Plan in July 2022. The IPA proposes the following timeline of subsequent required steps for the first year of or annual applications to the self-direct program:

- ~~• Jan 2023: IPA publishes its analysis of self-direct program size, takes stakeholder comments~~
- ~~• Feb 1, 2023: IPA publishes final program size~~
- ~~• Feb 1, 2023: IPA publishes application forms~~
- ~~• Feb 15, 2023~~ January 2024: Publication of proposed bill-crediting rate for the 2024-2025 delivery year³⁵⁹
- ~~• February 26, 2024: Publication of application forms for the 2024-25 delivery year consistent with the Commission’s Order approving the 2024 Long-Term Plan~~
- ~~• February 26, 2024~~ March 15, 2023: Applications for self-direct program received 30, 2024: Application window 2024-25 delivery year opens
- ~~• March 2023: Compliance~~ 2024: IPA submits compliance filing for ~~determining~~ credit rate for ~~upcoming~~ 2024-25 delivery year
- ~~• March 15, 2023~~ April 15, 2023: Applications reviewed, 1-30 2024: IPA reviews applications, makes program participation determinations ~~made~~, and ~~communicated~~ communicates determinations to both applicants and applicable electric utilities
- ~~• June 1, 2023: First program year commences~~
- ~~• March 2024: Compliance filing for determining credit rate for next delivery year~~
- May 31, 2024: Conclusion of ~~first~~ 2023-24 program year
- July 30, 2024: Deadline for ~~first program year 2023-24 self-direct participants to submit annual~~ compliance reports

As outlined above, the IPA ~~is tentatively planning plans~~ to provide its compliance filing to the Commission in March ~~2023~~ 2024 for establishing a credit rate for the ~~2023~~ 2024-25 delivery year.

³⁵⁹ Note this tentative schedule is proposed prior to the approval of this 2024 Long-Term Plan, based on the methodology approved in the 2022 Long-Term Plan. If the methodology changes through the ICC’s Final Order approving this 2024 Long-Term Plan, the Agency will publish an updated proposed bill-crediting rate as soon as practicable.

6.9. Compliance Reporting

Section 1-75(c)(1)(R)(3) provides that participating self-direct customers “shall file an annual compliance report with the Agency pursuant to terms established by the Agency through its long-term renewable resources procurement plan to be eligible for participation in this program.” The self-direct customers participating in the program will be required to file an annual compliance report within 60 days after the conclusion of each delivery year of the program with the Agency in order to remain eligible. This compliance report will provide updated information including:

1. The actual number of RECs retired in connection with the program for the self-direct customer over that delivery year;
2. ~~Documented proof that~~ Documentation of the retirement of RECs ~~supplied to from the program were retired~~ approved project;
3. The actual energy usage at the facilities participating in the program during the previous year, based on the accounts of participating customers;
4. The total energy or RECs supplied to the self-direct customer by the renewable resource facilities projects; under the self-direct customer’s relevant contract(s) for the previous year; and
5. Any modifications or amendments to the contracts with renewable resource facilities-projects.

Section 1-75(c)(1)(R)(6) provides that “[i]f a customer receives the self-direct credit but fails to properly procure and retire renewable energy credits as required under this subparagraph (R), the Commission, on petition from the Agency and after notice and hearing, may direct such customer’s utility to recover the cost of the wrongfully received self-direct credits plus interest through an adder to charges assessed pursuant to Section 16-108 of the Public Utilities Act.” Should a customer fail to submit its required annual compliance report, or should that annual compliance report not demonstrate compliance with program requirements, the IPA may ~~invoke this provision and~~ petition the Commission ~~to order the utility~~ to claw back wrongfully received self-direct credits from the non-compliant entity. Additionally, as also envisioned under Section 1-75(c)(1)(R)(6), the Agency may bar such entities from continued participation in the program.

All RECs qualifying for the program must be retired by or on behalf of the self-direct customer as verified by the appropriate REC tracking system, either PJM Generation Attribute Tracking System (PJM-GATS) or the Midwest Renewable Energy Tracking System (M-RETS).

As the first annual compliance reports will not be required to be filed with the Agency until the ~~Summersummer~~ of 2024, the Agency plans to provide additional guidance on compliance reporting closer to the date by which those reports must be filed. As with confidential application information, the Agency commits to maintaining the confidentiality of any confidential or proprietary and commercially sensitive information submitted in compliance reports.

7. Illinois Shines (Adjustable Block Program)

7.1. Background

Sections 1-75(c)(1)(K) and (L) of the IPA Act, ~~as established by Public Act 99-0906 (effective June 1, 2017), required~~ requires the Agency to ~~establish~~ administer an Adjustable Block Program for the procurement of RECs from new photovoltaic distributed generation systems and from new photovoltaic community renewable generation projects (colloquially known as “community solar”). The Adjustable Block Program stands in contrast to the competitive procurements described in Chapter 5, in that the Program features administratively determined prices for RECs and with enrollment on an ongoing basis, rather than featuring discrete procurement events with competitively set, pay-as-bid prices.

~~Prior to the adoption of the Adjustable Block Program model, the development of new photovoltaic distributed generation in Illinois had been supported in other ways. From 1999 to 2015, the Department of Commerce and Economic Opportunity (“DCEO”) offered rebates for photovoltaic projects; these rebates covered up to 25%-30% of the project cost and supported over 1,100 solar PV projects with a total capacity of 13 MW.³⁶⁰ The DCEO rebates were available once per year and the available budget was quickly allocated, leading to uncertainty for installers about whether their projects would or would not receive a rebate in any given year. No funds have been appropriated for the rebate program in recent years.~~

~~Additionally, the IPA conducted Supplemental Photovoltaic Procurements in 2015 and 2016 under authority granted by Section 1-56(i) of the IPA Act, and the Agency proposed and conducted Distributed Generation procurements for the utilities from 2015 through 2017 (although these procurements for the utilities were not limited to photovoltaic systems or to new systems) to meet a statutory DG procurement target in the pre P.A. 99-0906 RPS. The previous procurements administered by the IPA featured competitive bidding for projects, and each winning bidder received a contract through which RECs delivered were paid for at the bidder’s bid price. While this approach created the market efficiency inherent in competitive bidding processes, installers of projects found it difficult to sell projects when the potential REC revenue would not be known until a bid was accepted (or alternatively there would be no REC revenue if a bid was not accepted). To mitigate that challenge, the Agency allowed bidders to bid on forecasted blocks of RECs for systems below 25 kW and give developers time to identify projects using a known REC price.~~

7.1.1. ~~Future Energy Jobs Act~~

7.1.1. Program Launch Under P.A. 99-0906

The Adjustable Block Program, as initially created by ~~Public Act P.A. 99-0906 (colloquially known as the Future Energy Jobs Act),~~ was developed with the intent intended to address the issues inherent in the previous ways that Illinois supported the development of support new photovoltaic distributed generation and community solar projects throughout Illinois.

In developing the initial structure of the Adjustable Block Program, the Agency ~~considered its review of the reviewed~~ experiences ~~offrom~~ other jurisdictions ~~(including relevant experiences from~~

³⁶⁰ See Renewable Energy, Energy Efficiency, and Coal Resources Development Law of 1997, 20 ILCS 687/6-1 et seq.

~~Germany, Spain, California, and particularly Massachusetts and New York³⁶¹),³⁶², what it~~ the Agency learned from previous procurements it ~~has~~ had administered ~~prior to the enactment of P.A. 99-0906, and the feedback it~~ the Agency received from stakeholders. For issues that are not expressly addressed in the Act, the Agency made decisions regarding implementation that it believed would result in a cost effective and successful program, with those decisions then vetted ~~(and, in some cases, modified)~~ through the Commission's Long-Term Plan approval process in Docket Nos. 17-0838 and 19-0995. ~~In some cases, opposing or variant positions taken by other litigants were ultimately agreed to by the Agency or otherwise adopted in the Commission's orders approving the Initial and Revised Long-Term Plans.~~

As initially designed, the Adjustable Block Program featured an approach that was open on an ongoing basis, rather than relying on specific procurement events (or ~~rebate~~ application windows). ~~Participation~~ The established process (which remains in the program took place through entities called today) requires participants, known as Approved Vendors, ~~who~~ to submit ~~project~~ applications on behalf to obtain a REC Contract to support the development of program participants. Under P.A. 99-0906, qualifying projects, which are then eligible to begin receiving incentives in the program also form of REC Contract payments following verification that the project is energized and complies with program requirements. The Program accommodated both distributed generation and community solar project applications, so that homes and businesses that cannot place solar on their property can nonetheless participate in, and benefit from, direct access to renewable energy. The Program featured three categories: Small DG, Large DG, and Community Solar.

~~The latest program expansion, pursuant to Public Act 102-0662, also includes new program categories for community driven community solar projects, public school projects, and projects developed by equity eligible contractors; each of these will be discussed in depth in later sections of this Chapter. The shift to an annual block structure, through which blocks open annually at a set price rather than with a new block opening upon capacity being filled, likewise constitutes a significant shift. In addition, entities participating in the Adjustable Block Program will need to comply with the provisions of the Equity Accountability System described in Chapter 10 starting with project applications on or after June 1, 2023.~~

~~The program initially opened in January 2019. Community solar blocks were quickly filled after program opening. Additionally, both the Small and Large distributed generation blocks were filled by December 2020. Funding limitations existing from December 2020 until the adoption of Public Act 102-0662 in September 2021 created long waitlists for distributed generation and community solar projects. However, the passage of Public Act 102-0662 provided sufficient funding for new project application support and required opening of new blocks by December 14, 2021. Those blocks closed June 30, 2022, and new blocks subject to this Plan will open in Fall 2022 as discussed below.~~

³⁶¹ A summary of those other programs is available in Appendix C of the Initial Plan available at: <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/2018procurementplan/ltrpp-filed-appendix-c-review-other-programs.pdf>.

³⁶² A summary of those other programs is available in Appendix C of the Initial Plan available at: <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/2018procurementplan/ltrpp-filed-appendix-c-review-other-programs.pdf>.

7.1.2. 2021 Program Status and Lessons Learned

The Agency published a draft Second Revised Long-Term Renewable Resources Procurement Plan in August 2021, which featured significant discussion of the funding limitations existent at the time. Subsequently, the enactment of Public Act 102-0662, also known as the Climate and Equitable Jobs Act (colloquially known as “CEJA”), provided a resolution of the funding issue in addition to many other changes outlined in Chapter 2, and the Agency withdrew the draft Plan in accordance with direction provided through Section 1-75(c)(1)(A) of the IPA Act. Changes to the IPA Act under P.A. 102-0662 required the Agency to publish a draft 2022 Long-Term Plan within 120 days of its passage.³⁶³ In addition to alleviating the funding limitations for the RPS, P.A. 102-0662 added new requirements for the program discussed in later sections of this Chapter.

The funding and capacity made available by Public Act 102-0662 will allow the Agency to continue developing and improving the Adjustable Block Program. The Agency has also updated the program by drawing from knowledge gained from its successes and challenges to date.

There were several challenges specific to the program’s Community Solar category under P.A. 99-0906. At program opening, interest from Approved Vendors in the category was high and outpaced the capacity available for this project type opening. As a result, the community solar blocks did not remain open and did not go through a declining block progression as planned. After capacity was awarded through a lottery/random selection process, remaining community solar project applications (and any new applications submitted) were placed on lengthy waitlists. Additionally, the community solar projects that were developed through this block category lacked diversity – projects tended to be similarly large (2 MW), agrariansized at the maximum permissible under the program, sited on greenfield or agricultural lands located away from population centers, and created a transactional subscription experience, rather than the community-based, diverse projects that maymany hoped and expected to see with the passage of P.A. 99-0906.

The Adjustable BlockBoth the Small and Large Distributed Generation blocks were filled thereafter, exhausting capacity by December 2020. Funding limitations created long waitlists for distributed generation and community solar projects.

Until the passage of P.A. 102-0662, the Program overall faced a challenge in the form of the lack of RPS funding across 2020 and 2021, which stemmed in part from the inability to roll over RPS collections under Section 16-108(k) of the PUA, and waswith that challenge further compounded by energization delays attributed to the COVID-19 global pandemic. Absent sufficient funds, the programProgram could not open additional blocks of capacity to serve the market and support additional projects without a legislative fix.³⁶⁴ The enactment of P.A. 102-0662 in September 2021 resolved some of these challenges, through providing sufficient funding to support new project applications, and required the Agency to open new blocks of annual capacity under a largely revised Program model.

Despite these challenges, the Adjustable Block Program has been successful overall, leading to the energized or planned development of over 670 MW of new solar generation in Illinois thus far. The Adjustable Block Program REC targets defined in Public Act 99-0906 for the end of the 2020 delivery

³⁶³ 20 ILCS 3855-1-75(c)(1)(A).

³⁶⁴ These challenges were outlined in the Agency’s draft Second Revised Long-Term Renewable Resources Procurement Plan in August 2021.

~~year—1,000,000 RECs delivered annually from Adjustable Block Program projects—were fully met through REC contracts, and the projects built as a result of participation in the program are generally geographically diverse, with projects spread across the state. Additionally, there are over 200³⁶⁵ Approved Vendors available to support Illinois residents and businesses develop solar and subscribe to community solar projects through the program.~~

~~7.1.3. Overview of Public Act 102-0662 Modifications~~

~~7.1.2. With Public Act 102-0662 taking effect on September 15, 2021, the Adjustable Block Program Modifications Under P.A. 102-0662~~

~~The enactment of Public Act 102-0662 provided a resolution of the funding issue in addition to many other changes outlined in Chapter 2. Changes to the IPA Act under P.A. 102-0662 impacting the Program included new Program categories for community-driven community solar projects, public school projects, and projects developed by Equity Eligible Contractors; each of these will be discussed in depth in later sections of this Chapter. The shift to an annual block structure, through which blocks open annually at a set price rather than with a new block opening upon capacity being filled, likewise constituted a shift. In addition, entities participating in the Program will undergo sweeping changes, necessitating updates to program requirements (with much of that process already having begun); must comply with the provisions of the Equity Accountability System described in Chapter 10 starting with project applications submitted to the Program on or after June 1, 2023.~~

One of the primary changes ~~will be~~ was to the ~~program's~~ Program's scale resulting from budget changes to the Renewable Portfolio Standard, which is discussed in depth in Chapter 3. Section 1-75(c)(1)(C) of the IPA Act targets approximately 12,375,000 RECs delivered annually to be procured from new Adjustable Block Program projects by 2030, necessitating perhaps up to ~~7000~~ 7,000 megawatts of new distributed generation and community solar capacity.

~~Other~~ Below a list of key statutory or administrative updates to the ~~program include, but are not limited~~ Program resultant from P.A. 102-0662:

Changes to:

- ~~Changes to~~ the threshold project sizes ~~applicable for the~~ to the Small and Large Distributed Generation categories ~~and to the size threshold applicable to Large DG and, as well as~~ community solar projects
- ~~New program~~ Development of individual categories for projects located at public schools, community-driven community solar projects, and projects from Equity Eligible Contractors
- New block capacity allocations
- Updated REC prices
- Prevailing wage requirements for non-exempted projects
- Changes to contract payment terms, including a pay-upon-delivery structure for certain categories project types
- Updated REC Delivery Contracts

³⁶⁵ ~~Though the Adjustable Block Program has 417 Approved Vendors, the number of actively participating is fewer.~~

- Compliance with the Equity Accountability System and associated requirements for Program participants

Each of these ~~changes~~items will be discussed in depth later in this Chapter.

Despite past challenges, the Program has been successful overall, leading to the energized or planned development of over 1,600 MW of new solar generation in Illinois thus far. Projects built as a result of participation in the Program are generally geographically diverse, with projects spread across the state. Additionally, there are over 500³⁶⁶ Approved Vendors available to support Illinois residents and businesses develop solar and subscribe to community solar projects through the Program.

7.1.4.7.1.3. Adjustable Block Program ReopeningRebranding

~~Notwithstanding the changes to the Adjustable Block Program implemented through the 2022 Long-Term Plan, P.A. 102-0662 required the Agency to open blocks of capacity for the program within 90 days of enactment, by December 14, 2021.³⁶⁷ This included category specific requirements applicable to the selection of waitlisted traditional community solar projects as well as the establishment of blocks for the newly established categories of public school projects, community-driven community solar, and equity eligible contractor projects. Among other program updates, REC prices were updated, block sizes were determined, and processes related to prevailing wage compliance were established.~~

~~To develop updated program requirements and application processes, the Agency requested extensive stakeholder feedback and sought to incorporate that feedback into reopening requirements, to the extent possible. Where applicable, determinations made as part of the December 2021 program reopening have been incorporated into this 2022 Long-Term Plan.~~

~~The available capacity of blocks opened on December 14, 2021 is listed in Table 7-1. This capacity includes 75 MW each for Small and Large Distributed Generation as well as adjustments made to accommodate distributed generation projects that were on waitlists as of November 2, 2021.³⁶⁸~~

Table 7-1: December 2021 ABP Block Sizes

Group	Small Distributed Generation (MW-AC)	Large Distributed Generation (MW-AC)	Traditional Community Solar (MW-AC)	Community Driven Community Solar (MW-AC)	Equity Eligible Contractor (MW-AC)	Public Schools (MW-AC)
A	37.43	42.90	75	3	22.5	50
B	95.82	103.96	175	7	52.5	
Total	133.25	146.86	250	10	75	50

~~The block sizes illustrated in Table 7-1 apply only to the December 2021 program opening. Future block sizes are discussed below.~~

³⁶⁶ Though Illinois Shines has 575 Approved Vendors, the number actively participating is slightly fewer.

³⁶⁷ 20 ILCS 3855-1-75(e)(1)(G)(iv).

³⁶⁸ See: <https://illinoisabp.wpengine.com/wp-content/uploads/2021/11/Block-Closing-Feedback-Proposal-Final-3-NOV-2021.pdf> for more information on these adjustments.

~~Since program reopening on December 14, 2021, 9,581 new Part I project applications have been submitted in batches to the program across the four of the six total project categories. Information on applications received since reopening is listed in Table 7-2.~~

Table 7-2: Project Applications for Reopening Blocks

	Small Distributed Generation	Large Distributed Generation	Traditional Community Solar³⁶⁹	Community Driven Community Solar	Equity Eligible Contractor	Public Schools
Number of Applications Received to Date	9,460	114	126	6	0	1
Capacity (MW AC) of Applications Received to Date	72.4	59.3	241.6	15.5	0	0.60

~~Project applications received since reopening on December 14, 2021, reflect a market that is still adjusting to the myriad of changes brought by P.A. 102-0662.~~

~~For example, the program has received one public school project application during the reopening block period. This does not necessarily mean that there has been little interest in the development of public schools projects, but rather might indicate that the market is still getting attuned to this new project category within the program and project applications are still being developed.~~

~~This same concept can be applied to the Equity Eligible Contractor block of capacity as well. As EEC is a completely new concept in the program, and requires an additional certification process prior to application submittal, the lack of project applications submitted since reopening for the EEC block of capacity likely can be attributed to market adjustment to new priorities and requirements rather than lack of interest. In early March, the Program Administrator received the first application for Approved Vendors to register as EECs, which is the predicate step before submitting applications into this category. As of the date of the filing of this Final Plan, there are three approved EEC Approved Vendors, while three additional EEC applications are pending approval with the Program Administrator.~~

~~Applications for Traditional Community Solar were not immediately received by the program upon reopening. Rather, Community Driven Community Solar applications have a distinct project application window and a subsequent project selection process, so there was no reason for an Approved Vendor to submit an application at the start of an application window as it would be treated equally to a project submitted on the last day of an application window. Applications received in this category came in just prior to the closing of that application window on June 12, 2022. This~~

³⁶⁹ Traditional Community Solar did not receive any new applications; instead, pursuant to Section 1-75(c)(1)(C)(iv)(3) of the IPA Act, reopening capacity was used to accommodate community solar projects that had previously applied to the program and were placed on waitlists after the 2019 lottery.

~~category is also completely new to the market, so tuning to these new requirements is likely still taking place amongst project developers.~~

~~Lastly, Small DG and Large DG applications submitted to the program since reopening have come in at a steady rate showing that the project categories that have been long-standing since the inception of the program continue to have a healthy demand.~~

~~All said, while many aspects of the Adjustable Block Program are brand new to project developers, the time between reopening in December of 2021 and the filing of this 2022 Long-Term Plan took place across months that experience winter weather in Illinois, which further inhibits ease of project development.~~

~~The Agency expects to see an uptick in applications submitted to the program as the weather warms and the market recalibrates to changes brought by P.A. 102-0662. The current status of program capacity can be found at: <https://illinoisabp.com/block-capacity-dashboard/>.~~

~~To date, the Program has been known under two names: the Adjustable Block Program, which is the Program's statutorily-defined name (used by participating entities, utilities, community organizations, and others), and Illinois Shines (used primarily for interactions with the general public). The statutory name of the Program indicates the process for filling capacity under which the Program was originally designed: blocks of capacity with progressively downward-stepping REC prices. This name, however, was not intuitive or easily understood by the general public, and therefore the Agency and Program Administrator utilized the Illinois Shines name with the general public, including through the use of two separate websites for the two separate audiences, each under different names. With the switch to annual blocks of capacity and the elimination of the declining block structure as a result of the changes in P.A. 102-0662, the Agency has transitioned to primarily referring to the Program by its public-facing name, Illinois Shines. This change in nomenclature brings increased clarity for program participants and customers alike by making the Program more approachable and easier to understand.~~

~~This brand refresh was announced in Spring 2023 and the process of its implementation continues as of the publishing of this Plan. The brand's appearance is being modernized with a visual update, including a new logo featuring the sun shining on a stylized solar panel, an updated and expanded color palate, a modern typeface, supporting artwork and iconography, a single, integrated website for both program participants and customers, and more. The new branding reflects the Program's promise to consumers, participants, and other stakeholders who are committed to the growth of an equitable, clean energy economy throughout Illinois. This is also reflected in the Program's new tagline, Building Our Solar Future.~~

7.2. Program Administrator

Section 1-75(c)(1)(M) of the Act authorizes the Agency to “retain one or more experts or expert consulting firms to develop, administer, implement, operate, and evaluate the Adjustable Block program.” The Program Administrator selection process is expressly exempted from the Illinois Procurement Code.³⁷⁰ ~~The Agency issued a Request for Qualifications to start the process for selection of selecting a Program Administrator for the Adjustable Block Program on January 18, 2018. The begins with a Request for Qualifications was a means to identify qualified bidders who were,~~

³⁷⁰ 20 ILCS 3855/1-75(C)(1)(M).

~~Following the identification of qualified bidders, the Agency then invited to respond to issues a Request for Proposals.³⁷⁴ Responses to the Request for Proposals were received on April 13, 2018.³⁷² to those qualified entities.³⁷³ After the review, evaluation, and scoring of received proposals—and consultation with the Staff of the Illinois Commerce Commission, the Agency selected InClima, Inc. (“InClima”) to serve as selects a Program Administrator and submits the Program Administrator for the Adjustable Block Program. The Illinois Commerce contract to the Commission for approval. Following Commission formally approved the execution approval of a contract between the IPA and InClima at its July 12, 2018 Regular Open Meeting, the contract, the Agency executes an agreement with the selected Program Administrator.~~

~~The first Program Administrator was selected utilizing this process in 2018. On July 21, 2021, the Agency issued a new Request for Qualifications for a Program Administrator for the Adjustable Block Program.³⁷⁴ This Request for Qualifications was issued in anticipation of the passage of legislation that would update and expand the Adjustable Block Program as subsequently occurred with the enactment of Public Act became P.A. 102-0662 on September 15, 2021.³⁷⁵ The Agency then issued a Request for Proposals to the three qualified respondents to the Request for Proposals on October 25, 2021, with responses due on December 20, 2021. After the review, evaluation, and scoring of proposals, and consultation with the Staff of the Illinois Commerce Commission, the IPA selected Energy Solutions, Inc. (“Energy Solutions”) to serve as the next Program Administrator for the Adjustable Block Program. The Commission formally approved the execution of a contract between the Agency and Energy Solutions on April 21, 2022. Energy Solutions began the process of preparing for the transition to the The previous Program Administrator thereafter; InClima’s Administrator’s contract to serve as Program Administrator ended on June 30, 2022; since that time Energy Solutions has operated as the Program Administrator.~~

The Program Administrator runs the day-to-day operations of the Adjustable Block Program. This includes, but is not limited to:

- Assisting the Agency with Approved Vendor and Designee registration and training
- Developing program requirements via the Program Guidebook, Marketing Guidelines, and other programmatic materials
- Establishing and maintaining an online portal for Approved Vendors to submit projects (including providing technical support to Approved Vendors and Designees) and collecting application fees
- Maintaining an online dashboard to show status of block capacity
- Reviewing and approving submitted projects
- Preparing contracts for Commission review and utility execution
- Ongoing monitoring of project development status
- Verifying completion of projects and the processing of approvals for payments, as well as conducting on-site inspections for quality assurance purposes

³⁷⁴ ~~This process generally follows the process contained in Section 1-75(a)(1)-(5) that the Agency has used to select its Procurement Administrator and Procurement Planning Consultant.~~

³⁷² ~~The Agency also issued a separate Request for Qualifications/Request for Proposals for a dedicated Program Administrator or Administrators for the Illinois Solar for All Program.~~

³⁷³ ~~This process generally follows the process contained in Section 1-75(a)(1)-(5) that the Agency has used to select its Procurement Administrator and Procurement Planning Consultant.~~

³⁷⁴ ~~See: <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/rfqabpprogramadministrator2021.pdf>~~

³⁷⁵ ~~See: <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/rfqabpprogramadministrator2021.pdf>~~

- Reviewing Annual Reports submitted by Approved Vendors
- Providing information for the public including developing a Program brand, ~~and~~ maintaining an online list of Approved Vendors and Designees, and educational materials related to ~~distributed generation and community solar~~ the Program
- Assisting in workforce development efforts to the extent feasible
- Verifying compliance with prevailing wage requirements where applicable
- Implementing and enforcing the Program's consumer protection requirements, and providing assistance to Illinois residents and businesses through the Program's consumer complaint center.

~~For this~~ The Agency's 2022 Long-Term Plan, ~~the Agency is proposing to expand~~ expanded the Program Administrator's role by establishing a mentorship/training program for new Approved Vendors and Designees that are minority-owned, woman-owned, veteran-owned, disability-owned or considered a small business with the goal to help those new program participants learn about program requirements and application procedures. This mentorship and training program is currently being finalized by the Program Administrator, with expected release in Fall 2023. This mentorship and training program will also be available to all Equity Eligible Contractors participating in the Program.³⁷⁶ The Program Administrator will assign a dedicated staff person to each new Approved Vendor or Designee who qualifies for this mentorship/training program to provide them technical assistance and provide introductions and connections to established entities.

The Program Administrator is authorized to charge fees to Approved Vendors for processing applications, as described in Section 7.10.2. The Program Administrator operates under a contract with the Agency and may, with approval by the Agency and acquiescence of the ~~utility~~ utilities, also be reimbursed directly by the utilities for a portion of the cost of the services provided to them including, but not limited to, the preparation of contracts and review of Annual Reports.

Program Administrator costs, other than those covered by fees collected directly by the Program Administrator from Approved Vendors, are considered part of the administrative costs discussed in Chapter 3. The Program Administrator may not be an Approved Vendor.

7.3. Block Structure

7.3.1. Background – Initial Program Design, Declining Price Blocks ~~based~~ Based on Capacity

The core of the ~~Adjustable Block~~ Program is the concept of a "block." Prior to the passage of Public Act 102-0662, the ~~program~~ Program delineated incentives for various categories of eligible projects using blocks of generation capacity at certain prices per REC levels. The blocks were intended to create a progression from one price level to another based on the response of the market. A strong response from the market results in a rapid progression to a lower price level, for example, while a weak response could elicit an increase in incentives if determined to be necessary. ~~As discussed further below, Public Act 102-0662 changed this from a model utilizing declining blocks based on capacity and market response to a model utilizing of annual blocks of capacity.~~

~~In the initial phase of the Adjustable Block Program,~~ The progression from one level (or "block") to another was triggered by a certain volume of proposed capacity through approved project

³⁷⁶ See Docket No. 22-0231, Final Order dated July 14, 2022, at 71.

applications, not by a time-based deadline. ~~This deployment-based design was intended to act as a safety valve in case incentives were set at too high a level, which had been a problem in previous attempts at administratively determined prices, as incentive levels would step down automatically across blocks where participation was highest. The design can also provide long-term certainty by giving an indication of future prices and quantities to all potential market participants.~~

The original target for the ~~Adjustable Block~~ Program under P.A. 99-0906 was for 1,000,000 RECs delivered annually by the end of the 2020-2021 delivery year (i.e., May 31, 2021).³⁷⁷ Using a capacity factor of 17%,³⁷⁸ this calculation resulted in approximately 666 MW of new photovoltaic generation to be allocated across program categories and blocks. ~~This amount was not intended to be a cap; if funding were available, there would have been no barrier to going beyond that level. However, as has been discussed previously in this Chapter, funding constraints prevented the opening of additional blocks until the passage of Public Act 102-0662.~~

In order to achieve 1,000,000 RECs delivered annually by May 31, 2021, the Initial Long-Term Plan featured a block structure that allocated three blocks per category to meet the (then-effective) statutory target for this program (i.e., 1 million RECs per year by the end of the 2020-2021 delivery year) and included a provision to allocate discretionary capacity (as discussed below) to categories through the opening of a Block 4 for each category determined to warrant additional capacity.

~~To encourage simplicity, the~~The Agency allocated incentives into two groups by service territory/geographic category, based upon utility load forecasts.³⁷⁹ ~~In developing the Initial Long-Term Plan, the Agency considered a separate Group for the service territories of MidAmerican, Mt. Carmel Public Utility, rural electric cooperatives, and municipal utilities. However, the Agency decided to consolidate these territories two Groups, given their small share of the load in Illinois. By consolidating these service territories into the larger Groups, block sizes are administratively manageable, and prices became more transparent and easily understood.~~

- **Group A:** for projects located in the service territories of Ameren Illinois, MidAmerican, Mt. Carmel Public Utility, and rural electric cooperatives and municipal utilities located in MISO.
- **Group B:** for projects located in the service territories of ComEd, and rural electric cooperatives and municipal utilities located in PJM.

~~Incentive levels, expressed through REC prices, varied by group and were based upon the project's group and size.~~

While the Program Administrator ~~attempted~~attempts to allocate REC delivery contracts with the electric utility in whose service territory the project was located (where applicable, as the IPA lacks authority to procure REC contracts on behalf of municipal utilities or rural electric cooperatives), in order to allocate RECs proportionately among Ameren Illinois, ComEd, and MidAmerican to meet their RPS obligations, that ~~was~~is not always possible.

³⁷⁷ See Chapter 3 of the Agency's Initial Long-Term Plan for more discussion of this requirement.

³⁷⁸ This figure used in the Initial Plan was an assumed first-year capacity factor (relative to AC-rated nameplate capacity) for a fixed-mount photovoltaic system prior to any degradation over time.

³⁷⁹ Using this methodology, the combined allocation for Ameren Illinois and MidAmerican would have been 28.53% and the allocation for ComEd would have been 71.47%. For simplicity, these were rounded to 30% and 70% for determining the size of blocks for Group A and Group B, respectively.

7.3.1.1. In developing the Initial Plan, the Agency also considered creating an additional group or groups for MidAmerican, Mt. Group A Oversubscription Challenges

Since the Program's launch, the Group A Small Distributed Generation and Large Distributed Generation categories have run out of available capacity at a faster rate than the same categories in Group B. The Agency strives for a transparent and uninterrupted market for solar development statewide, and seeks to ensure that developers in the geographic region represented by Group A are able to participate in the Program with clarity around available capacity for future Program years. As such, the Agency finds it necessary to propose potential solutions to this observed start and stop activity that has now become commonplace in Group A.

For the draft 2024 Long-Term Plan, the Agency seeks feedback on the proposed solutions outlined below - including both positive and negative consequences of implementation. As there may not be a singular solution to this challenge, feedback based on combining several of the potential solutions below (or other solutions not contemplated here) is encouraged.

While block sizes used elsewhere in this Chapter are based on the traditional 30/70 split between Group A and B, those block sizes may be amended. Additionally, if the 30/70 split between Groups is updated, any other part of the Program that utilizes this percentage split will be updated accordingly.

1. Altering the 30%/70% capacity split between Group A/Group B to feature a greater percentage split to Group A

a. Background:

- i. The Agency sees this solution as a way to balance the scales between the capacity allocation for the two Groups in the Program. Group A has continuously seen oversubscription and Group B has often had capacity to spare, so this may be a workable solution to expand the capacity for Group A in efforts to ensure projects ready to be developed in the Group A region may move forward in the Program.
- ii. The 30/70 split was originally established by the Agency and approved by the ICC in the Agency's Initial Long-Term Plan in 2018. This split mirrored the budget allocations for the RPS that both ComEd and Ameren Illinois customers pay into. Currently, there is no existing requirement in statute that requires this 30/70 split be used to allocate Program capacity by Group.

b. Considerations:

- i. The Agency acknowledges that this proposed solution would be a major shift in the way that Program capacity has been allocated to date. While this approach will provide more capacity for Group A, it would account for that increased capacity through a Group B allocation reduction.
- ii. The current load-weighted allocation means that project support is proportionately allocated based on electric utility customer collections to support each utility's RPS budget. A higher allocation to Group A would almost certainly result in ComEd ratepayers supporting projects in the Ameren service territory or associated areas, leading to potential cross-subsidization concerns.

2. Dropping (or reducing) the distinction between Group A and Group B for the Small DG and Large DG blocks

a. Background

- i. Group A and Group B are administrative conventions developed by the IPA through the Long-Term Plan development process. While Illinois law contemplates different block sizes and prices based on utility service territory,³⁸⁰ and while legitimate public policy arguments support their utilization, it is not statutorily required that the IPA allocate category capacity across geographic groups.

b. Considerations

- i. This approach would allow for additional capacity to potentially support additional Group A Small DG and Large DG projects without significant resultant RPS budget impacts and without altering the statutory balance between categories outlined in Section 1-75(c)(1)(K)(i)-(vii) of the Act.
- ii. However, as with altering the balance between Group A and Group B, dropping any distinction between groups carries risks of cross-subsidization by ratepayers of one utility supporting projects in another utility's service territory.
- iii. Supporting projects on a purely statewide basis, without set-asides for specific geographic areas, could eventually result in significant geographic imbalance for new solar project development. One potential solution would be to maintain smaller block sizes for Group A and Group B with a set-aside amount that could be drawn upon by projects from either area once a Group's block fills.

3. Increasing overall Program size, thus resulting in larger Group A Small DG and Large DG blocks

a. Background:

- i. Presently, Illinois Shines program size is based on capacity required to 2030 RPS goals through equal program size year over year. However, it appears that the IPA would have flexibility to propose a larger program size to meet those goals more aggressively, thus resulting in larger Group A Small DG and Large DG blocks.
- ii. While this approach would create additional RPS budget pressures, not all categories of REC procurements are presently creating projected budget impacts; for example, no utility-scale wind projects have been supported through the last two Indexed REC procurement events.

b. Considerations:

- i. The Agency could work on calculations to understand by how much it might be able to increase the size of the Program to leverage any projected budgeted sums that are not currently leveraged to support projects. However, utility-scale wind projects generally project to have much lower REC prices, and meaningfully expanding Group A categories through overall program expansion would require a relatively large program size expansion.

³⁸⁰ See 20 ILCS 3855/1-75(c)(1)(K) ("The Agency may define different block sizes, purchase prices, or other distinct terms and conditions for projects located in different utility service territories if the Agency deems it necessary to meet the goals in this subsection (c)).")

- ii. The Agency could also consider increasing the size of categories that have routinely been oversubscribed. Section 1-75(c)(1)(K) of the Act states that the IPA "may periodically review its prior decisions establishing the amount of generation capacity in each block . . . and may propose, on an expedited basis, changes to these previously set values . . . subject to Commission approval as part of the periodic plan revision process." Section 1-75(c)(1)(K) also contemplates that the Agency "may define different block sizes . . . for projects located in different utility service territories if the Agency deems it necessary to meet the goals" in Section 1-75(c). Of course, larger block sizes by category would result in a different relative allocation between categories than outlined in Section 1-75(c)(1)(K)(i)-(vii) of the Act; for this draft 2024 Long-Term Plan, the IPA is interested in feedback in whether this language is viewed by commenters as allowing the IPA to simply propose larger blocks for Group A Small DG and Large DG.

4. Creating flexibility around capacity allocations with setting aside a specific amount of discretionary capacity

a. Background:

- i. Another possible solution could be to set aside capacity to be allocated on a discretionary basis during in the Program Year based on observed market activity, with discretionary capacity allocated to Group/category combinations that have seen an oversubscription or high activity. There is precedent for this approach from the Agency's Initial Long-Term Plan when 25% of the first blocks of capacity that the Program opened with was set aside for a discretionary allocation that took place in 2019.³⁸¹ While that approach was based upon a since-repealed statutory requirement that 25% of program capacity be allocated on a discretionary basis, Section 1-75(c)(1)(vii) discusses that "remaining capacity shall be allocated by the Agency in order to respond to market demand," with any discretionary capacity allocated "prior to the beginning of each delivery year." As the allocations found in Section 1-75(c)(1)(K) add to 100%, it is unclear what *additional* capacity is contemplated by Section 1-75(c)(1)(vii), but discretionary capacity is expressly contemplated in applicable IPA Act provisions.

b. Considerations:

- i. To have discretionary capacity while still giving meaning to the percentage-based allocations found in Section 1-75(c)(1)(K), discretionary capacity would likely need to be additive to existing program year capacity. This would necessitate an increase in program size and would create further stress on the RPS budget.
- ii. While adjusting capacity across Program categories mid-year could provide relief to oversubscribed categories, this will create a start and stop approach that the solutions proposed here seek to avoid. Additionally, this approach fails to provide for clear allocations at the start of a Program Year that project developers can count on.

³⁸¹ See: <https://illinoisshines.com/adjustable-block-program-discretionary-capacity-allocation/>.

5. Discontinue the netting of waitlisted capacity against a new Program Year's block of capacity

a. Background:

- i. The Agency sees this solution as a way to ensure that a Program Year's annual block of capacity is not used primarily, or wholly, to serve previously waitlisted projects. Currently, waitlisted projects utilize capacity from the Program Year in which they come off the waitlist and are approved by the ICC for a REC contract, thus block capacity allocations are often times smaller than originally published due to the impact of waitlisted capacity accommodation from a previous Program Year.

b. Considerations:

- i. This solution would provide developers with a clear line of sight into future years' block sizes at the point that this Long-Term Plan is approved by the ICC.
- ii. To effectuate this solution, the Agency could calculate an upper limit of waitlisted capacity to be supported, mindful of RPS budget impacts. As with other solutions that expand available capacity, while this solution may ensure that projects are able to be developed to meet current demand, the budgeting stresses that this solution may cause in future Program Years could eventually reduce future years' block sizes.

6. Adjustment to the prioritizations for uncontracted capacity at close of Program Year

a. Background:

- i. By reprioritizing uncontracted capacity rolled forward to the subsequent Program Year in order to support any category that has been oversubscribed in the previous Program Year, the Agency would expand capacity available for Group A Large DG and Small DG.

b. Considerations:

- i. While this approach features less budgeting downside, it leaves the market waiting for relief to oversubscribed categories until the opening of the next Program Year.
- ii. Uncontracted capacity may be limited or non-existent depending on the prior Program Year activity, thus diminishing the impact of this solution if it is deployed as a sole solution to the oversubscription problem.

In addition to the above list, the Agency is interested in any additional solutions proposed by commenters and encourages commenters to propose creative, clear, efficient, and equitable solutions. The Agency will provide a specific proposal in its Plan filed with the ICC in October.

The Agency has also received feedback that surety in future REC prices would be helpful in supporting ongoing market activity within Group A, and seeks feedback how it might provide REC pricing certainty while also ensuring the Agency is responsive to market activity.

Timing of Carmel Public Utility, rural electric cooperatives, and municipal utilities. However, given their small share of the load in Illinois, the resulting group or groups would have been quite small. By consolidating them into the larger groups, block sizes became more administratively manageable, and prices became more transparent and easily understood. The assignment to Groups of projects in the service territories of Mt. Carmel Public Utility, MidAmerican, and rural electric cooperatives and

~~municipal utilities was intended to approximately match those smaller entities to a larger utility with comparable electric rates.~~

~~Within each group, the blocks were divided by the allocations specified in Section 1-75(c)(1)(K) of the IPA Act as established by Public Act 99-0906 (and since modified through P.A. 102-0662, as described further in Section 7.3.2):~~

- ~~• 25% for systems up to 10 kW~~
- ~~• 25% for systems greater than 10 kW and up to 2,000 kW~~
- ~~• 25% for photovoltaic community renewable generation; and~~
- ~~• 25% to be allocated by the Agency.~~

~~Consistent with the Commission's Order in Docket No. 17-0838, the 25% left to the Agency's discretion was be held in reserve, with a reduction in the originally proposed size of Block 3 used to account for that reduced capacity.³⁸² The Agency subsequently allocated that 25% of capacity to create new Block 4s for certain categories on April 3, 2019.³⁸³~~

7.3.2. ~~Transition to~~ Annual Blocks

~~As described above, in the Initial Long-Term Plan, the Agency developed a block structure designed to procure 1 million RECs delivered annually from distributed generation and community solar projects, with the goal that those blocks would cover approximately a three-year period of program activity (i.e., from initial program opening to 2021 delivery year targets). This block structure utilized a standard capacity factor (17%) to translate REC goals into MWs of capacity. As outlined above, the Agency allocated 30% of capacity to Group A and 70% to Group B to be in proportion to the loads of customers in each area.~~

The enactment of Public Act 102-0662 ~~corrects~~corrected the funding constraints that prevented the opening of new blocks of capacity while also creating new ABP Program categories and allocations. ~~For this Long-Term Plan, the Agency has considered how~~Edits ~~to update the block structure of the ABP to conform with those new requirements. In particular, Section 1-75(c)(1)(K) now eliminates~~eliminated the ~~step-laddered~~step ladder approach to block opening in favor of an annual block approach: "for each delivery year: a single block of nameplate capacity, a price for renewable energy credits within that block, and the terms and conditions for securing a spot on a waitlist once the block is fully committed or reserved." (emphasis added)

In accordance with this statutorily mandated shift to annual blocks, the Agency ~~proposes to open~~now opens blocks at the start of each delivery year, e.g., on June 1. This schedule of annual blocks opening on June 1 ~~will commence~~commenced with the 2023-2024 delivery year. ~~As the approval of this Plan will occur after June 1, 2022 for the 2022-2023 delivery and will continue with each subsequent year, the Agency initially proposed an opening date of August 1 for the 2022-2023 delivery year as discussed further in Section 7.3.4. Through the approval of this Plan in Docket No. 22-0231, the Agency modified that proposal, recommending a shift in the opening date to no earlier than September 1 for the 2022-2023 delivery year. The Commission approved the IPA's modified~~

³⁸² See Docket No. 17-0838, Final Order dated April 3, 2018 at 60. That the discretionary capacity is taken only from the third block is evident from the Order's statement that it "adopts the proposal of the Joint Solar Parties to hold 25% of the Adjustable Block Program capacity by megawatt in reserve," as this detail was present in the Joint Solar Parties' proposal, as well as the Order's statement that capacity would be reserved "as outlined in the IPA's BOE."

³⁸³ See: <http://illinoisabp.com/wp-content/uploads/2019/04/Discretionary-Capacity-Rationale-4.3.19.pdf>.

proposal to open the 2022-2023 delivery year no earlier than September 1 through its Final Order in that proceeding.³⁸⁴ This schedule for block opening is reflected in the table below.

Table 7-3: Adjustable Block Program Annual Block Opening Schedule

Delivery Year	Block Opening Date	Relevant Event Impacting Block Opening
2021-2022	December 14, 2021	Public Act 102-0662 is passed
2022-2023	September 1, 2022	The Agency's 2022 Long-Term Plan is approved
2023-2024	June 1, 2023	N/A

Please note that annual blocks will open on June 1 for all subsequent delivery years following the 2023-2024 delivery year.

~~Section 1-75(c)(1)(G)(iv) specified~~ The Agency proposes a partial closing of the Program from May 1 to June 1 annually, in order to prepare for each new Program Year. This partial closing would allow the Program to calculate uncontracted capacity allocations for the upcoming Program Year, prepare resources for the that Program Year, and reset the Program portal in anticipation of new blocks. This closing would only restrict the submission of new Part I applications and the submission of batches; participants could still generate Disclosure Forms and move forward with Part II submissions. The Program would then reopen the portal with full access to the portal on June 1 for the new Program Year. The Agency encourages feedback from stakeholders on the positive or negative implications of this proposal.

7.3.3. Block Sizes

~~In establishing~~ block sizes for the ~~initial reopening of the ABP that occurred on December 14, 2021. But for blocks to open after this Plan is approved by the ICC, different considerations apply. The primary consideration is~~ Program, the Agency must first consider the overall REC ~~target~~ targets of the RPS, and the portion of that whole to be derived from the ~~ABP—as outlined above, over 12 million RECs delivered annually are expected to be procured through the Program by 2030.~~ Program. From there, blocks can be sized based on annual procurement quantities in a manner consistent with the category-specific percentages and process outlined in subsections (i)-(vii) of Section 1-75(c)(1)(K) of the IPA Act.

Section 1-75(c)(1)(C) requires the procurement of “45,000,000 renewable energy credits delivered annually from new wind and solar projects by the end of delivery year 2030.” Of that 45 million RECs, 55% is to be sourced from new photovoltaic projects; 50% of that 55% (or 27.5% overall) from the ~~Adjustable Block Program.~~ Illinois Shines program. This creates a Program-specific 2030 target of 12.375 million RECs ~~from the Adjustable Block Program.~~ delivered annually by 2030. Approximately 4.1 million RECs have already been procured through the ~~program~~ Program activity ~~from to date since 2019 through 2021, and another 990,000 RECs are expected to be procured from the blocks of capacity opened in December of 2021.~~ This leaves a little over 10 ~~approximately 8.3~~ million RECs to be procured over the next ~~eight~~ seven years.

For the two delivery years /Program Years covered by this Long-Term Plan (~~2022-2023~~ 2024-2025 and ~~2023-2024~~ 2025-2026) the Agency proposes ~~a goal of~~ procuring approximately 1 million RECs

³⁸⁴ Docket No. 22-0231, Final Order dated July 14, 2022 at 42-43.

annually – with the expectation that quantities can grow in subsequent delivery years as the solar industry in Illinois continue to grow. ~~These~~ That 1 million RECs can then be broken down into block sizes for individual categories based on the percentage-based ~~allocation~~ allocations made through Section 1-75(c)(1)(K)(i)-(vi) of the IPA Act. For simplicity, the Agency will continue to use a 17% capacity factor for translating REC targets to MW sizes. Block sizes have been rounded to the closest megawatt and, subject to revision based on the discussion in Section 7.3.1.1 above, will continue to use the 30/70% split between Groups A and B.

All categories feature capacity allocations proportionate to the percentage-based allocations outlined in Section 1-75(c)(1)(K)(i)-(vi) of the IPA Act with the exception of the Equity Eligible Contractor category, which is meant to increase over time ~~Traditional Community Solar project category. For that category, presumably due to the 250 MW initial allocation to waitlisted projects upon P.A. 102-0662's passage, Section 1-75(c)(1)(K)(iii) of the Act states that "[c]apacity for this category for the first 2 delivery years ... shall be allocated to waitlist projects," with block opening occurring "[s]tarting in the third delivery year ... or earlier if the Agency determines there is additional capacity needed for to meet previous delivery year requirements."~~ Given the additional allocations to the Small DG and Large DG project categories upon reopening and the desire for proportionate allocations between categories, the potential for attrition from previously awarded contracts and reopening capacity, and the desire to avoid an additional year's worth of project applications building up across 2022-23 (resulting in a potentially massive waitlist of project applications once again), the Agency has determined that additional capacity is needed to meet previous delivery year requirements and that opening the traditional community solar before June 1, 2023 is indeed warranted.

The IPA plans to open the traditional community solar block for project applications on November 1, 2022, at a size consistent with an allocation for the second delivery year that leaves community solar capacity roughly on pace with allocations made to the Small DG and Large DG categories. As the Program Year 1 support for Small DG and Large DG was approximately 140 MW per category, and Program Year 2 has those categories being supported at 134 MW per category, that results in approximately 274 MW per DG category across the first two program years after P.A. 102-0662's passage. As Traditional Community Solar is 30% of the ABP and each DG category is 20% of the ABP, additional support beyond the Traditional Community Solar category's initial 250 MW allocation for two years is required. To maintain consistency with this 30% vs. 20% ratio, the Agency believes an additional 160 MW should be allocated to Traditional Community Solar for Program Year 2 to meet previous delivery year requirements, thus resulting in 410 MW total across the first two program years.

As Section 1-75(c)(1)(K) requires that "the waitlist of projects in a given year will carry over to apply to the subsequent year when another block is opened," this second program year opening will hopefully allow for the establishment of an ordinal waitlist to support the third program year's traditional community solar block opening without a "gold rush" in the Spring of 2023.

Table 7-4 lists the proposed block sizes for the 2022-23 and 2023-24 delivery years.

7.3.3. Block Sizes

Tables 7-1 and 7-2 lists the proposed block sizes for the 2024-25 and 2025-26 delivery years. Please note that these proposed block sizes do not incorporate any of the proposals in Section 7.3.1.1 of this draft Plan, but do include the proposal of the 20% increase in the EEC category outlined below.

Table 7-1: Proposed Annual ~~ABP~~ Illinois Shines Program Block Capacity

~~2022-2023~~ **2024-2025** Delivery Year³⁸⁵

Category	Group A (MW)	Group B (MW)
Small Distributed Generation	42.18	99.09
Large Distributed Generation	57.58	99.09
Traditional Community Solar	51.27	119.63
Public School Projects	46.45	108.39
Community-Driven Community Solar	10.55	24.27
Equity Eligible Contractor Projects	108	101.04
Total	316.03	551.51

2023-2024

Category	Allocation	Group A (MW)	Group B (MW)	Statewide Allocation
Small Distributed Generation	18%	36	84	-
Large Distributed Generation	18%	36	84	-
Traditional Community Solar	28%	56	130	-
Public School Projects ^[A]	13%	-	-	87
Community-Driven Community Solar	3%	6	14	-
Equity Eligible Contractor Projects	20%	40	93	-
Total	100%	174	405	87
[A] The Public Schools category does not feature the Group A/B split.				

³⁸⁵ ~~This includes uncontracted~~ These totals are preliminary amounts unadjusted for any unallocated capacity rolled over from the 2021-2022 program year and previous Program Year. Additionally, these amounts present the additional Group A Agency's proposal to increase the EEC capacity as a category to 20%, but do not include any other proposed in Section 7.4.6.3, adjustments.

Table 7-2 Proposed Annual Illinois Shines Program Block Capacity

2025-2026 Delivery Year³⁸⁶

Category	Allocation	Group A (MW)	Group B (MW)
Small Distributed Generation	20%	40	94
Large Distributed Generation	20%	40	94
Traditional Community Solar	30%	60	140
Public School Projects	15%	30	70
Community-Driven Community Solar	5%	10	23
Equity Eligible Contractor Projects	10%	20	46
Total	100%	200	467

Category	Allocation	Group A (MW)	Group B (MW)	Statewide Allocation
Small Distributed Generation	18%	36	84	-
Large Distributed Generation	18%	36	84	-
Traditional Community Solar	28%	56	130	-
Public School Projects ^[A]	13%	-	-	87
Community-Driven Community Solar	3%	6	14	-
Equity Eligible Contractor Projects	20%	40	93	-
Total	100%	174	405	87
[A] The Public Schools category does not feature the Group A/B split.				

The total of these blocks sizes, in combination with capacity from prior waitlist allocations ~~in the case of traditional community solar, creates a program, establishes Program~~ capacity on an annual basis equivalent to capacity that the Agency had proposed for the first three years of the Adjustable Block Program back in 2018, which ended up being fully allocated in approximately two years' time. This increase in program size will allow for the solar industry in Illinois to continue to grow and the Agency expects to propose larger block sizes in the next Long Term Plan scheduled for finalization in 2024 (including an.

Section 1-75(c)(1)(K)(vi) instructs the Agency to increase in the allocation to Equity Eligible Contractor projects as discussed in Section 7.4.6 below); the proportion of the EEC category gradually until it reaches 40% of Program capacity. In the table directly below, the past percentage of the Program that the EEC category comprised is shown, as well as the Agency's proposed percentage shares for the 2024-25 and 2025-26 Program Years. The Agency proposes a freeze of the EEC category's share of the Program at 20% for the next two Program Years. The Agency has witnessed concerning trends related to potential gaming within this category as outlined further in Chapter 10. Additionally, the Agency has heard from stakeholders that the fact that EEP-qualifying workforce programs under the jurisdiction of the Department of Commerce and Economic Opportunity ("DCEO") are not yet up and running provides barriers to participation in the EEC category. On

Table 7-3: Equity Eligible Contractor Block Program Share by Program Year

³⁸⁶ These totals are preliminary amounts unadjusted for any unallocated capacity from the ~~2022-2023 program year. The final allocation for previous Program Year. Additionally, these amounts present the 2023-2024 delivery year will be determined at Agency's proposal to increase the end of the 2022-2023 program year~~ EEC category to 20%, but do not include any other proposed adjustments.

balance, the Agency believes it prudent to halt additional increase of Program share for this category until both gaming concerns can be adequately addressed and EEP-qualifying DCEO programs can be fully realized, producing EEP-eligible graduates.

~~7.3.4. Opening of 2022 Delivery Year Blocks & Subsequent Annual Block Openings~~

~~The Agency is faced with a timing challenge for the opening of the 2022-2023 delivery year, given that each delivery year is now associated with a single block of capacity for each category. This challenge arises due to the fact that this Long Term Plan is not expected to be approved by the ICC until July 19, 2022, while the 2022-2023 delivery year begins June 1, 2022. The Agency initially proposed to address this timing challenge through a pause of project applications beginning on June 1, 2022 and extending through August 1, 2022. During the litigation of this Plan before the Commission, the IPA proposed to shift that application pause period back one month, to begin on June 30, 2022 and extend through August 31, 2022.³⁸⁷ The Commission found this proposal to be reasonable and approved the modified timeline in its Final Order approving this Plan.³⁸⁸~~

~~The Agency will begin to accept applications for all categories except traditional community solar on September 1, 2022, with the caveat that date may need to be postponed if there are significant unexpected implementation issues arising from the ICC's approval of this Plan. As explained in Section 7.3 above and further in Section 7.4.3 below, the Agency will begin to accept applications for the Traditional Community Solar category on November 1, 2022.~~

~~This timing challenge arises only in the context of opening annual blocks for the 2022-2023 delivery year; beginning with the 2023 delivery year and for all subsequent delivery years, the Agency would open all blocks of capacity on June 1. This schedule is reflected in Table 7-3 in Section 7.3.2.~~

	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Past Percentage of Program Share	10%	24%	21%	-	-
Proposed Percentage of Program Share	-	-	-	20%	20%

Additionally, the increase of percentage share of the EEC category will necessitate a decrease in percentage share from one or more other Program categories. The Agency seeks feedback on the best way to balance this statutory requirement fairly across Program categories.

~~7.3.5.7.3.4. Uncontracted Capacity at the Close of a Delivery Program Year~~

~~As the program shiftsProgram has shifted to a schedule of annual blocks of capacity and away from a structure where blocks remain open until block capacity, there is exhausted,potential for unused or uncontracted capacity couldto remain available at the close of a delivery year. Changes to theThe~~

³⁸⁷ During this pause Approved Vendors and Designees are able to generate Disclosure Forms.

³⁸⁸ See Docket No. 22-0231, Final Order dated July 14, 2022 at 42-43.

IPA Act ~~made through P.A. 102-0662 now~~ requires a redistribution of that “uncontracted capacity” to ~~be “redistribute[d]” to “one or more~~ other categories.”

~~In, stating in~~ relevant part, Section 1-75(c)(1)(K) of the Act now states that:

“To the extent there is uncontracted capacity from any block in any of categories (i) through (vi) at the end of a delivery year, the Agency shall redistribute that capacity to one or more other categories giving priority to categories with projects on a waitlist. The redistributed capacity shall be added to the annual capacity in the subsequent delivery year, and the price for renewable energy credits shall be the price for the new delivery year. Redistributed capacity shall not be considered redistributed when determining whether the goals in this subsection (K) have been met.”³⁸⁹

~~This language raises questions about a) by~~ In the 2022 Long-Term Plan, the Agency outlined an approach to establish when ~~an~~ the “uncontracted capacity” determination would be made and ~~b) how~~ prioritize the redistribution ~~prioritization of~~ excess capacity across “~~one or more~~ other categories” with prioritization “~~to categories with projects on a waitlist~~” will be applied. ~~The Agency’s approach will preserve capacity in the. That process prioritized new categories of the Adjustable Block established under P.A. 102-0662 and preserved capacity in certain categories to provide the opportunity for growth in a new market segment. As the Program has evolved since the last Plan approval proceeding, the Agency has determined that a modification of the approach approved by the Commission under the last Plan is now warranted. The approach as those proposed in this Plan prioritizes the reallocation of capacity to categories develop, and will preserve capacity in the Equity Eligible Contractor demonstrating high levels of market demand in recent years.~~

~~At the end of the 2023-2024 and 2024-25 Program Years, the IPA proposes to rollover 25% of any uncontracted capacity from the Public Schools category. The within that category for the following approach to the redistribution of excess capacity was developed through the approval of the Plan in ICC Docket No. 22-0231 and approved by the Commission through its Final Order in that proceeding.³⁹⁰ Program Year and allocate the remaining 75% to other categories in accordance with the process outlined below.~~

~~All~~ The capacity in-rolled over within the new Public Schools Category will be summed and Community-Driven Community Solar then redistributed across the Public Schools sub-categories that remains uncontracted from the blocks opened on December 14, 2021 will be rolled over within that same category to and Tiers following the 2022-2023 delivery year. At the end allocations as outlined in Section 7.4.4 of the 2022-2023 delivery year, if Plan.

~~The Agency proposes to no longer reserve uncontracted capacity remains in the Public Schools and Community-Driven Community Solar categories, 50% of that capacity will rollover into the capacity allocation for within the CDCS category across future Program Years. The Agency expects applications in this category to exceed the allocated capacity in the 2023-24 program year and likewise expects that trend to continue in future Program Years. The IPA notes that the 2023-24 CDCS application window is open as of the date of publication of this draft 2024 delivery year, while the other 50% will be allocated in accordance with Plan and will close during the process outlined below public comment period; thus the Agency appreciates feedback following the close of the~~

³⁸⁹ 20 ILCS 3855/1-75(c)(1)(K).

³⁹⁰ See Docket No. 22-0231, Final Order dated July 14, 2022 at 44.

application window during the public comment period as to whether this is the appropriate approach to this category.

The Agency will determine the amount of uncontracted capacity across all ~~program~~Program categories (with the caveat related to the Public Schools ~~and Community-Driven Community Solar categories for the 2022-2023 and 2023-2024 delivery years category~~ outlined above, ~~and preserving Equity Eligible Contractor capacity generally~~) within ~~one week after~~two weeks of the closing date of that year's annual blocks. ~~That, on May 1, as outlined above in Section 7.3.2. The~~ uncontracted capacity will be summed to a total amount, ~~(in megawatts),~~ with distribution of that total amount made according to the prioritization below. For all prioritizations below, the Agency will endeavor to clear out all waitlists that remain in all Group/category combinations. If there is not enough uncontracted capacity to address waitlists in a category that has both a Group A and Group B waitlist, the capacity will be applied along the 30%/70% split between Group A/B (or, in the case of the Public Schools Category, following the distribution guidance for sub-categories and Tiers outlined in Section 7.4.4). Further, if a category other than Public Schools has sub-categories or subdivisions beyond Group, those percentages will be followed within a Group, after the Group A/B percentages are applied to the available capacity.

- ~~The Agency will first allocate any uncontracted capacity to the Equity Eligible Contractors category to select waitlisted projects from this category.~~
 - ~~As the only category which is expressly sought to be expanded over time, growing to 40% of the ABP by 2030, this approach allows the Agency to expand capacity allocated to the EEC category should demand allow. In addition, as P.A. 102-0662 prioritizes the diversification of the Illinois clean energy economy and instructs the Agency to provide better and broader access to Equity Eligible Contractors through its solar programs, this approach best meets the spirit of the law.~~
 - ~~If there is unallocated capacity in the Equity Eligible Contractor category, that capacity will not be reallocated to other categories. If substantial unused capacity remains within this category, the IPA will work with stakeholders to identify barriers to participation in this category and develop plans to mitigate those barriers~~
- ~~Next, the Agency will prioritize reallocation of any remaining uncontracted program capacity to the Small Distributed Generation category to select waitlisted projects from this category waitlist.~~
 - ~~This approach helps maximize the number of Illinois residents and/or businesses that can benefit from the Adjustable Block Program.~~
- Next, the Agency will prioritize reallocation to any waitlisted projects in the Distributed Generation sub-category of the Equity Eligible Contractor category.
 - To date, the EEC category has been imbalanced toward community solar projects, so should a waitlist exist for EEC DG projects, providing additional support would help rebalance the EEC category across potential project types.
- Next, the Agency will prioritize reallocation of any still remaining uncontracted program capacity to the **Community-Driven Community Solar** ~~category if a waitlist of Community-Driven Community Solar projects has formed waitlist.~~ Eligible waitlisted projects will be selected by scoring rank order (which establishes the ordinal waitlist for that category) and will be required to have met the minimum scoring threshold for ~~selection waitlist placement.~~

- This category is prioritized in recognition of the concern that community solar project development in Illinois has been largely homogenous since program inception. This new program category was established to diversify the community solar market through community-driven projects, and allocating waitlisted capacity maximizes its impact.
- Next, the Agency will prioritize reallocation of uncontracted program capacity to **Large Distributed Generation** category waitlists.
- Next, the Agency will prioritize reallocation of uncontracted program capacity to **Public Schools** category waitlists.
- Next, the Agency will prioritize reallocation of any still remaining uncontracted program capacity to the **Community Solar sub-category of the Equity Eligible Contractor** category if a waitlist of community solar EEC projects has formed.
 - Given that the EEC category is proposed to expand to 20% of the entire program's capacity, and given the degree to which community solar projects have populated the EEC category to date, community solar projects within the EEC category have received and will continue to receive very robust support through the Program.
- ~~If uncontracted capacity remains after prioritized reallocation to these three program categories~~the above, the Agency will evenly distribute the remaining uncontracted capacity across the remaining ~~program~~Program categories featuring waitlists ~~on a pro rata basis~~. Should a category's waitlist be satisfied by less capacity than that distribution, then the remaining capacity shall be added to the other category or categories featuring waitlists.
- ~~The Agency will also consider waitlisted projects within the EEC category as described in Section 7.4.6.3.4.~~

~~If any or all uncontracted capacity cannot be used to satisfy existing waitlists, then that remaining uncontracted capacity will be distributed across all program categories on a pro rata basis corresponding with those categories Section 1-75(c)(1)(K) percentage allocations.~~

The Agency will publish its capacity redistribution ~~within one week after determining the sum total of capacity (i.e., within two weeks after the close of that year's annual blocks)~~no later than May 20 each year. Capacity distribution to categories featuring waitlists will result in projects selected off of those waitlists by waitlist order, with the resulting contract price at the price of the next annual block. Published block capacities for that next annual block will be updated to reflect that category's expanded, and now-filled, capacity additions.

For waitlisted capacity not met through uncontracted capacity redistribution, Section 1-75(c)(1)(K) also provides that "the waitlist of projects in a given year will carry over to apply to the subsequent year when another block is opened." Thus, those waitlisted projects will be given priority in selection within their category under that new ~~delivery year's~~Program Year's capacity allocation to that category.

7.4. Adjustable Block~~Illinois Shines~~ Program Categories

~~Through As provided for under Section 1-75(c)(1)(K) of the enactment of Public IPA Act 102-0662, three new categories (Public Schools, Community-Driven Community Solar, and Equity Eligible Contractors) were added to, the Program's existing three~~Illinois Shines Program consists of six different categories ~~(of projects: Small Distributed Generation, Large Distributed Generation, and Traditional Community Solar). Each project application submitted to the program after the passage~~

~~of Public Act 102-0662 will apply to one of these six categories, Public Schools, Community-Driven Community Solar, and Equity Eligible Contractor.~~

~~Pursuant to the requirements of P.A. 102-0662, projects~~ Projects in each of these six categories are subject to the prevailing wage requirements in the Prevailing Wage Act (820 ILCS 130/*et seq.*), except as noted within the category descriptions below.³⁹¹ ~~Prevailing wage is a minimum compensation level by county set by the Illinois Department of Labor for construction activities related to public works. Additionally, Public Act 102-0673, which became effective on November 30, 2021, clarifies that projects receiving incentives under the Program are “public works” subject to the Prevailing Wage Act — which requires compliance with additional provisions under the Prevailing Wage Act, including notice requirements~~ More information on prevailing wage requirements is found in Section 7.6 of this draft Plan.

7.4.1. Small Distributed Generation

The Small Distributed Generation category includes distributed generation projects up to and including 25 kW in size. ~~The Small Distributed Generation category will comprise at least 20% of the ABP capacity generally.~~

Each project that is constructed in this category ~~will be~~ is subject to prevailing wage requirements included in the Prevailing Wage Act³⁹² except the following types of projects:

- ~~• Projects that serve a single family or multi-family residential building, and~~
- ~~• Projects that serve a house of worship and are not greater than 100 kW AC (aggregated with any co-located projects)~~
- ~~• Projects for which construction can be demonstrated to have been completed before September 15, 2021, the effective date of Public Act 102-0662.~~

7.4.2. Large Distributed Generation

~~The Large Distributed Generation category includes distributed generation projects greater than 25 kW in size up to and including 5 MW. The Large Distributed Generation category will comprise at least 20% of the ABP capacity generally.~~

~~Each project that is constructed in this category will be subject to the prevailing wage requirements included in the Prevailing Wage Act with the exception the following types of projects:~~

- ~~• Projects (greater than 25 kW AC) that were on a waitlist as of the Program’s reopening on December 14, 2021~~
- Projects that serve a single-family or multi-family residential building
- Projects that serve a house of worship and are not greater than 100 kW AC (aggregated with any co-located projects)
- Projects for which construction can be demonstrated to have been completed before September 15, 2021, the effective date of Public Act 102-0662

³⁹¹ See 20 ILCS 3855 1-75(c)(1)(Q).

³⁹² See 820 ILCS/130 *et seq.* Prevailing wage requirements are discussed in more detail in Section 7.6 of this Chapter.

7.4.3. Large Distributed Generation Traditional Community Solar

7.4.2.

The ~~Traditional Community Solar~~ Large Distributed Generation category³⁹³ ~~now allows for community solar~~ includes distributed generation projects greater than 25 kW in size up to and including 5 MW ~~in size (increased from 2 MW). Capacity for the Traditional Community Solar.~~

~~Each project that is constructed in this category for is subject to the prevailing wage requirements included in the first two years after the effective date of Public Prevaling Wage Act 102-0662 were allocated to with the exception the following types of projects already:~~

- ~~• Projects (greater than 25 kW AC) that were on ordinal waitlists a waitlist as of Public Act 102-0662's enactment, as outlined below.³⁹⁴ Traditional Community Solar the Program's reopening on December 14, 2021.~~
- ~~• Projects that serve a single-family or multi-family residential building.~~
- ~~• Projects that serve a house of worship and are not greater than 100 kW AC (aggregated with any co-located projects must).~~
- ~~• Projects for which construction can be demonstrated to have been completed before September 15, 2021, the effective date of P.A. 102-0662.~~

7.4.3. Traditional Community Solar subscriptions of 25 kW or less constitute at least 50% of the facility's nameplate capacity.

The Traditional Community Solar category ~~will generally comprise at least 30% of the ABP capacity. Traditional Community Solar includes photovoltaic community renewable generation projects will now up to and including 5 MW. At least 50% of the project's nameplate capacity must be subscribed by residential and small commercial customers with subscriptions of 25 kW or less in order to qualify. Each project that is constructed in this category is subject to prevailing wage requirements included in the Prevailing Wage Act³⁹⁵ with the limited exception of those projects which can demonstrate completion prior to September 15, 2021 (the effective date of P.A. 102-0662). Traditional Community Solar projects also feature 20-year REC delivery contracts that pay for RECs over time as they are delivered, rather than the front-loaded payment schedule previously used for community solar.~~

~~For Traditional Community Solar projects, P.A. 102-0662 allocated 250 MW (30% or 75 MW to Group A, and 70% or 175 MW to Group B) of new Adjustable Block Program capacity to Approved Vendors (including affiliates) having waitlisted ABP community solar applications in proportion to the capacity of their waitlisted applications that meet the following requirements: 1) were eligible for the April 10, 2019 lottery, 2) were on the ABP community solar waitlist as of December 31, 2020, and 3) are currently active (Part I status remains verified). The Adjustable Block Program Administrator reviewed portfolios of projects submitted by the March 14, 2022 deadline through the waitlist allocation process published on the Program website. The Agency allowed Approved Vendors to~~

³⁹³ "Traditional Community Solar" is used to designate projects described in Section 1-75(c)(1)(K)(iii) for clarity to distinguish these projects from the newly established Community-Driven Community Solar project category.

³⁹⁴ As required by Section 1-75(c)(1)(G)(iv)(3) of the IPA Act, for the December 14, 2021 block reopening, project size was still limited to 2 MW as waitlisted projects were proportionately allocated to Approved Vendors with valid projects that were both on waitlists as of December 31, 2020 and originally eligible for the April 2019 community solar project selection process.

³⁹⁵ See 820 ILCS/130 *et. seq.*

~~request that projects be held from submission to the Commission for approval in order to determine whether a substitution of the project may be necessary under Section 1-75(c)(1)(G)(iv)(3)(iii) of the IPA Act. The Agency announced the publication of project information for the selected projects on April 14, 2022, on the Program website.³⁹⁶~~

~~Section 1-75(c)(1)(K)(iii) provides that “capacity for this category for the first 2 delivery years” shall be allocated according to the block reopening process described in Section 1-75(c)(1)(G)(iv), with this category opening for project applications “starting in the third delivery year after the effective date” of P.A. 102-0662 “or earlier if the Agency determines there is additional capacity needed for to [sic] meet previous delivery year requirements.” As outlined in Section 7.3 above, the Agency plans to initially open the Traditional Community Solar Category for project applications on November 1, 2022.~~

~~For Traditional Community Solar blocks that open after the approval of this 2022 Long Term Plan, Section 1-75(c)(1)(K)(iii)(1) specifies that “the Agency shall select projects on a first-come, first-serve basis, however the Agency may suggest additional methods to prioritize projects that are submitted at the same time.” The Agency ~~proposed, and the Commission affirmed, an approach whereby considers~~ “submitted at the same time” ~~to be considered projects submitted on a first the same day basis,~~ rather than the exact second ~~(or nano-second)~~ that a project application is submitted at program opening. This is intended to prevent an unfair advantage to entities that have a faster internet connection while maintaining the spirit of the law.~~

~~As the The Agency expects that it is likely that applications for first-day Traditional Community Solar projects submitted even on the first day of block opening may project application volumes will continue to exceed block capacity, some as historically observed. A methodology for distinguishing between those projects must be employed. Noting the distaste that market participants have voiced for random selection processes, the Agency proposes to utilize a scoring system that prioritizes qualitative aspects, and the Agency has developed a scoring methodology to prioritize selection of projects within this category through qualitative attributes in the event that the capacity for the category is exceeded as expected. The Program Administrator will first seek to review all submitted applications for any deficiencies prior to scoring.~~

~~The Agency will apply a 20% developer cap for any affiliated family of individual projects. For project developers for the sake annual block of clarity, this approach maintains capacity for the “first-come, first serve basis” outlined in the law, but seeks to score projects only if Traditional Community Solar category, with more project applications are received on that “first” day than the Agency has capacity available information in the program. Section 7.4.3.3.~~

~~In developing its scoring system, the Agency has, in some cases, attempted to avoid overlap with the qualitative scoring provided to community-driven community solar projects under Section 1-75(c)(1)(K)(v); however, the Agency is also mindful of that category demonstrating characteristics featuring express support by the General Assembly. This scoring system focuses on qualitative aspects of projects with an eye toward objectives outlined in declaratory paragraphs or other statutory language found in the Illinois Power Agency Act. Additionally, given the repeated advocacy by solar industry trade associations (including through comments on the Draft Plan), this scoring system also provides additional credit to projects featuring earlier interconnection agreement dates.~~

³⁹⁶ <https://illinoisabp.com/2022/04/14/publication-of-project-information-for-selected-waitlisted-community-solar-projects/>

~~While the IPA is reluctant to decide between competing applications using qualitative criteria (such as interconnection agreement effective date timing) that a) has no express support in statute and b) does not appear to constitute progress toward an important policy objective, further differentiating between applications using transparent criteria may prevent receiving many times more applications than slots available in the program, as potential project applications unable to favorably differentiate themselves may never apply. Additionally, basic principles of fairness support providing more favorable treatment to proposed projects that have been under development for a longer period of time.~~

~~Thus, if applications on Day 1 exceed block capacity, as modified by the Illinois Commerce Commission's Order in Docket No. 22-0231, the Agency will prioritize project applications utilizing the scoring system outlined below. Certain aspects of the scoring system will be determined through a stakeholder comment process conducted subsequent to this Plan's filing with the Commission, with details still being determined as of the date of this filing.~~

7.4.3.1. Traditional Community Solar Scoring Guidelines

Projects may receive up to the maximum number of points listed for each of the four sections below. A project's score will sum to the points it receives across all four sections.

1. Built Environment – Maximum of 4 points permitted

- a. Sited on “disturbed land” as defined by United States Geological Survey,³⁹⁷ “contaminated lands” as defined by the United States Environmental Protection Agency,³⁹⁸ or rooftops or other structures as outlined in the Commission’s Final Order.³⁹⁹ (Add 2 points)
- b. Sited on a brownfield, as defined in Section 1-10 of the Act and further clarified in Section 5.4.2 of the Plan.⁴⁰⁰ (Add 2 points)
- c. Commitment to utilize agrivoltaics or dual use solar.⁴⁰¹ (Add 1 point)
- d. Commitment to pollinator friendly habitat, as defined in the Pollinator Friendly Solar Site Act (525 ILCS 55).⁴⁰² (Add 1 point)

³⁹⁷ The USGS further defines disturbed lands between mechanically and non-mechanically disturbed lands, both which fall under the larger umbrella of disturbed lands used in this Plan.

Mechanically disturbed - Land in an altered and often non-vegetated state that, due to disturbances by mechanical means, is in transition from one cover type to another. Mechanical disturbances include forest clear-cutting, earthmoving, scraping, chaining, reservoir drawdown, and other similar human-induced changes.

Nonmechanically disturbed - Land in an altered and often non-vegetated state that, due to disturbances by nonmechanical means, is in transition from one cover type to another. Nonmechanical disturbances are caused by wind, floods, fire, animals, and other similar phenomenon.

Given that USGS no longer utilizes these classifications as land cover categories and does not have an available mapping tool and the Agency considers this definition to have been approved by the Commission through its Final Order in Docket No. 22-0231, compliance will be demonstrated through supporting documentation (which could include government records, financial records, other land use records, news stories, attestations from local officials, and other records demonstrating that the site meets the disturbed land criterion) and an accompanying certification from the applicant.

The definition of mechanically disturbed and non-mechanically disturbed require the land to be in “in transition from one cover type to another.” In accordance with the definition, qualifying points for disturbed land will be awarded in instances where the land is in active transition. The active land transition cannot be related to the solar project development.

³⁹⁸ See US EPA definition for contaminated lands here: <https://www.epa.gov/report-environment/contaminated-land#:~:text=Contaminated%20lands%20include%3A,disasters%20or%20acts%20of%20terror.>

³⁹⁹ ~~See Final Order, ICC Docket No. 22-0231, Final Order dated July at 60 (Jul. 14, 2022 at 60.).~~

⁴⁰⁰ The Agency recognizes that there may be overlap between projects defined by the U.S. Environmental Protection Agency (“EPA”) as a brownfield that also meet the definition of contaminated lands. The Agency believes that allowing a contaminated project that qualifies as a brownfield site under Section 1-10 of the IPA Act to receive points in both categories fits within the spirit of this scoring criteria. Therefore, if a project is sited on a location that independently qualifies as both contaminated lands defined by the U.S. EPA and as a brownfield under Section 1-10 of the IPA Act, the project may receive points under both (a) and (b) of the Built Environment scoring.

In order to qualify as a brownfield under Section 1-10 of the IPA Act, the project must be able to demonstrate that it is sited in an area that is either (1) located at the site of a coal mine that has permanently ceased coal production, permanently halted any re-mining operations, and is no longer accepting any coal combustion residues, or (2) is regulated by one of the following entities under the following programs: (a) the U.S. EPA under the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (“CERCLA”); (b) the U.S. EPA under the corrective Action Program of the federal Resource Conservation and Recovery Act, as amended (“RCRA”); (c) the Illinois EPA under the Illinois Solid Waste Program; or (d) the Illinois EPA under the Illinois Site Remediation Program (“ISRP”). Approved Vendors must submit sufficient documentation to demonstrate that the project is located at the site of a permanently closed coal mine or a site regulated by the identified program above.

⁴⁰¹ Specific details around demonstrating and verifying use for these and other purposes will be established at a later date. See Docket No. 22-0231, Final Order dated July 14, 2022 at 60. The definition of agrivoltaics and requirements for this scoring criterion are found in Appendix C – Agrivoltaics Requirements of the current Program Guidebook.

⁴⁰² 525 ILCS 55/ limits pollinator friendly sites to ground mounted systems, thus rooftop systems may not attain points under this criterion. Resources for how to successfully certify as pollinator friendly here: <https://dnr.illinois.gov/conservation/pollinatorscorecard.html>.

- ~~e. Sited on Conservation Opportunity Areas as defined by the Illinois Department of Natural Resources.⁴⁰³ (Subtract 2 points, unless the project received points for 1.d. and is sited in an Environmental Justice Community, an R3 area, and/or on a brownfield site, contaminated land, or rooftop or other structure⁴⁰⁴.)~~

~~The Agency proposes modifying the 2022 Plan's scoring approach by removing the subtractor for siting a project in Conservation Opportunity Areas in order to reflect changes in law under P.A. 103-0255. The Agency requests public comment on whether any comparable land designations, data sets, or maps exist that would aid in the incentivization of project development on non-greenfield land first. Please provide any feedback related to alternative subtractors, proxy land distinctions, or additional criteria that may be considered in order to direct development away from undeveloped, greenfield⁴⁰⁵ sites.~~

~~If a project is seeking points for both criteria 1.C (commitment to utilize agrivoltaics) and 1.D (commitment to pollinator friendly habitat), use of insecticides may result in a significantly lower score on the Illinois Planned Pollinator Habitat on Solar Sites Scorecard.⁴⁰⁶ Approved Vendors seeking to receive points for both criteria are encouraged to review the project's agrivoltaics development plan to ensure it aligns with the criteria set forth in the pollinator scorecard. The Program Administrator may request further detail on agrivoltaics plans, including plans for insecticide use for projects that seek points under both criteria to ensure that the project commitments are not at odds.~~

2. Siting – Maximum of 4 points permitted

- a. Sited in an Environmental Justice Community⁴⁰⁷ ~~or an R3 area.⁴⁰⁸~~ (Add 2 points)
- b. Sited on land owned by a non-profit or public entity. (Add 2 points)
- c. Sited in a county (or a township within Cook, DuPage, Kane, Lake, McHenry or Will County)⁴⁰⁹ that does not currently have a community solar project that was approved by the ICC for a REC contract under the Adjustable Block Program at the time of application.⁴¹⁰ (Add 2 points)

⁴⁰³ ~~IDNR Conservation Opportunity Areas are mapped here: <https://www2.illinois.gov/dnr/conservation/IWAP/pages/conservationopportunityareas.aspx>~~

⁴⁰⁴ ~~See Docket No. 22-0231, Final Order dated July 14, 2022 at 59-60.~~

⁴⁰⁵ ~~"Greenfield" means a site that is either previously undeveloped land or agricultural land and that does not meet the definition of a brownfield site. Projects that are developed as agrivoltaics for the sake of this category will not be considered a greenfield.~~

⁴⁰⁶ ~~See: <https://dnr.illinois.gov/content/dam/soi/en/web/dnr/conservation/pollinatorscorecard/documents/illinoissolarsitepollinatorhabitatplanningform.pdf>.~~

⁴⁰⁷ ~~A map of Environmental Justice Communities as defined by the IPA through its Illinois Solar for all Program can be found here: <https://elevate.maps.arcgis.com/apps/webappviewer/index.html?id=d87a45c18a5c4e0fa96c1f03b6187267>.~~

⁴⁰⁸ ~~R3 Areas established pursuant to Section 10-40 of the Cannabis Regulation and Tax Act, are defined as areas where residents have historically been excluded from economic opportunities, including opportunities in the energy sector. For a map see: <https://r3.illinois.gov/eligibility>.~~

⁴⁰⁹ ~~The Illinois Public Land Survey System (PLSS) GIS map will be used to determine the county and township boundaries for each project: <https://prairie-research.maps.arcgis.com/apps/webappviewer/index.html?id=16239dfab62f49e48e692bb93b495fd9>.~~

⁴¹⁰ ~~Multiple projects in a given county or township that does not presently feature a community solar project either under contract or waitlisted may receive points in this category for the current Program Year. Project application reports will be used to verify this information.~~

3. Equity Eligible Contractors – Maximum of 4 points permitted⁴¹¹

- ~~a. Project is developed by an EEC certified Approved Vendor and can demonstrate contractual commitments for all project development work to be performed by EEC certified Designees. (Add 4 points)~~
- ~~b.a. Project is developed by a non-~~Project is developed by an EEC certified Approved Vendor and can demonstrate contractual commitments for all project development work⁴¹² to be performed by EEC certified Designees.⁴¹³ (Add ~~34~~ 3 points)
- ~~e.b. Project is developed by an EEC certified Approved Vendor~~ or a non-EEC certified Approved Vendor and the contractual commitments for EEC certified Designee(s) that ~~work on the all~~ project ~~represent 50%~~ development work represents at least 75% or more of the project's REC Contract value.⁴¹⁴ (Add ~~23~~ 3 points)
- ~~c. Project is developed by an EEC certified Approved Vendor or~~ a non-EEC certified Approved Vendor and the contractual commitments for EEC certified Designee(s) that ~~work on the project represent 50% or more~~ all project development work represents at least 50% and up to 75% of the project's REC Contract value. (Add 2 points)
- ~~d. Project is developed by an EEC certified Approved Vendor or a non-EEC certified Approved Vendor and the contractual commitments for EEC certified Designee(s) that all project development work represents at least 25% and up to 50% of the project's REC Contract value (Add 1 point)~~

⁴¹¹ For purposes of this scoring category, Designees that have submitted an application but are not yet certified as Equity Eligible Contractors by the Program Administrator will be permitted to be utilized as EEC Designees. If a Designee's EEC application is not approved by the Program Administrator, a substitution will need to be made for a qualifying EEC Designee. EEC Designees will need to be certified by the application scoring cure period. This allowance will only be made in the initial scoring of Day 1 applications. After such time, all EEC Designees must be certified at the time of Part I application submission to achieve points for the EEC scoring criteria. EEC certified Designees are permitted to utilize nested Designees/subcontractors, but those Designees must be EEC-certified in order to receive points for utilization of EEC Designees.

⁴¹² For purposes of this category, "project development work" refers to all construction and electrical work on a project, and project-specific site assessment work such as permitting, legal, and other site-specific development work, including work that may have already been undertaken prior to project application. Non-site specific development functions (such as general sales and marketing activities) will not be considered as project development work. This definition also differs from the "project workforce" definition utilized for the Minimum Equity Standards as outlined in P.A. 102-0662, for which a firm's Illinois-based employees are included in the "project workforce" regardless of function.

⁴¹³ Points available under criterion 3.a. are not attainable unless all project development work, including pre-application development work, was performed by and EEC Designee.

⁴¹⁴ For purposes of this category, the IPA will assess the percentage of the REC Contract value spent utilizing EEC-certified Designees to be taken through a comparison of a) the value of the REC Delivery Contract (expected deliveries x REC price across the contract term) and b) the demonstrated value of agreements for the project development work to be performed by EEC-certified Designees in developing the project, with those agreement submitted to the Program Administrator at the Part II stage. If the latter value meets or exceeds 50% of the former value, then that project will be deemed to have met this criterion.

4. Interconnection Application Effective Date – Maximum of 4 points permitted

~~The Agency initially proposed a scoring process that would award higher points to projects with earlier original interconnection dates, giving fractionally different points for each. In approving this Plan, the Commission found that the Agency should “encourage” having a currently valid, executed interconnection agreement as a scoring criterion under this category.⁴¹⁵ The Agency will consult with stakeholders in determining the appropriate number of points to assign to this criterion. Additionally, the Agency will consider and discuss with stakeholders the JSP’s two additional interconnection scoring criteria, the removal of the proposed interconnection criteria outlined in the filed Plan, and any other interconnection-related criteria that the Agency believes warrants consideration.⁴¹⁶~~

~~The IPA plans to issue a strawman proposal to initiate this stakeholder feedback process. The Agency will review and consider the stakeholder feedback and expects to issue a final determination on the scoring award related to interconnection agreements/applications prior to the opening of the Traditional Community Solar category on November 1, 2022, but subsequent to the finalization and filing of this Plan. Accordingly, the finalized Traditional Community Solar scoring rubric will be posted on the Program website and incorporated into the Program Guidebook, but cannot be outlined within this Final Plan.~~

- ~~a. Project has a valid interconnection agreement at the time of application (Add 1 point)⁴¹⁷~~
- ~~b. Project has a top-two queue position among community solar projects on a substation on the date of the application (Add 2 points)⁴¹⁸~~

⁴¹⁵ Specifically, the Commission determined that “having a currently valid, executed ICA should be encouraged and included as one of the scoring criteria in the IPA’s waitlist scoring system, as the JSPs propose” and directed “to include this scoring criterion within its interconnection scoring category” while leaving “the appropriate number of points to assign to this criterion” a decision to be made by the IPA “in consultation with stakeholders.” Docket No. 22-0231, Final Order dated July 14, 2022 at 58.

⁴¹⁶ See Docket No. 22-0231, Final Order dated July 14, 2022 at 58-59.

⁴¹⁷ Pursuant to Article 3 of the Interconnection Contract (see 83 Ill. Adm. Code Part 467, Appx. C), the interconnection agreement will be considered “valid” if it is fully executed by both parties and the effective of the contract date (i.e., the date noted in the first paragraph of the agreement, pursuant to 3.1 of the contract) falls before the date of the application.

⁴¹⁸ Demonstration of queue position among other community solar projects can be accomplished through a snapshot of the interconnection queue (taken after interconnection agreement execution, meaning signed by both the interconnecting utility and the customer), verification from interconnecting utility, or other supporting materials, if applicable, submitted with a project application and accompanying certification. The IPA will also endeavor to work with the utilities to verify the accuracy of queue position submittals and reserves the right to take disciplinary action against firms found to have knowingly submitted a false queue position. An executed interconnection agreement is required to achieve the points available for a top 2 queue position. Interconnection agreements must be both executed and valid, meaning not expired. If a project lacks an effective interconnection agreement, no points will be awarded to that project under this criterion.

- c. Recency of project having obtained a valid interconnection agreement (Add up to 1 point)
- i. Should project applications received on the first day exceed category capacity, the project with the earliest interconnection agreement effective date will receive a full 1 point. If there are multiple projects that share the earliest interconnection agreement effective date, they will each receive 1 point.⁴¹⁹
 - ii. The project with the latest (i.e., most recent) interconnection agreement effective date will receive 0.25 points. If there are multiple projects that share the latest interconnection agreement effective date, they will each receive 0.25 points.
 - iii. Projects applying on the first day of the Program Year, with an interconnection agreement effective date between the earliest and latest dates as established in i. and ii. directly above, will be assigned points based on a sliding scale between 1 and 0.25 points based upon their rank-order from the earliest effective interconnection date to the latest effective interconnection date. Each independent effective interconnection date within this rank-order will be assigned an independent fractional score between 1 point and 0.25 points. As such, projects that have the same effective interconnection agreement date will receive the same number of points.
 - iv. If a project lacks an effective interconnection agreement, no points will be awarded to that project under this category for that project.
 - v. For projects submitted after the first day of the Program Year, will be assigned points based upon the recency of the agreement on a sliding scale based upon their rank-order from earliest effective interconnection date to the latest effective interconnection date in comparison to all projects submitted on the same day; the maximum available points for recency of interconnection agreement shall be .25 points (for the earliest interconnection date), and the minimum points available shall be .10 points (for the latest interconnection date).⁴²⁰

For a project receiving points under any criteria listed above that includes a commitment, under criteria 1.c., 1.d., or 3a-d., if the project is selected, the resulting REC delivery contract will include a requirement that the commitment is met as of the Part II verification, with failure to meet, and maintain, the commitment, an event of default that would lead to termination of the contract or product order (and forfeiture of associated collateral). ~~Should the Agency determine that a commitment was not made with a good faith intent to comply, the Agency may consider disciplinary action against that Approved Vendor, including suspension~~ from the Program or suspension of the entity's ability to submit ~~future project~~ applications in the future.

After this scoring criteria is applied to the universe of received projects, each project will be given a score resulting in a rank, which then results in an ordinal list. ~~This ordinal list will be used to select projects for the delivery year in which the process takes place and will establish the initial project waitlist. Any applications submitted after the first day of annual block opening will be slotted on the~~

⁴¹⁹ As noted above, Section 3.1 of the contract defines the effective date of the interconnection agreement as the date noted in the first paragraph of the agreement. (83 Ill. Adm. Code Part 467, Appx. C).

⁴²⁰ If there is only one project with a valid interconnection agreement submitted on a particular day, it will be awarded .25 points.

waitlist behind those project applications received on the first day and prioritized based on time and date received and will not be scored. ~~The resulting ordinal waitlist will be used to select any additional projects should capacity become free within that delivery year or should the category receive a redistribution of uncontracted capacity as described in Section 7.3.4. As Section 1-75(c)(1)(K) requires that “the waitlist of projects in a given year will carry over to apply to the subsequent year when another block is opened,” projects remaining on the ordinal waitlist after reallocation of uncontracted capacity as described in Section 7.3.4 will be prioritized for selection in the next delivery year. In approving this approach, the Commission also found that a minimum threshold point requirement was necessary to enter the waitlist.⁴²¹ The Agency will continue stakeholder discussions to determine the appropriate numerical threshold which, as required by the Commission’s Order, will be above the number of points awarded to those projects which have a currently valid, executed interconnection agreement. The Agency’s approach will be finalized and published in accordance with the stakeholder process outlined above relating to interconnection criteria scoring. will be prioritized for selection in the next delivery year.~~

~~The Agency also proposes the All applications submitted on the same day will be treated equally in terms of application of a submission timing. The scoring process works as a tiebreaker to rank order projects that are submitted on the day that capacity is exceeded. All projects submitted on the day that capacity is exceeded will be scored and ranked according to their score.⁴²² The capacity of the block will be filled in order of the rank-ordered project list until the block of capacity is filled. There is no minimum point threshold for selection on the day that scoring is triggered. Once the block of capacity is filled with rank-ordered projects, the remaining projects received will be eligible to join the waitlist, provided that they meet the minimum score required for the waitlist (5 points). In other words, for project applications received on the day that scoring is triggered, those scored and rank-ordered projects that fill the capacity of the block will not be subject to the 5-point waitlist threshold. Once capacity is filled with the top-ranked projects, those projects which are not selected will be subject to the minimum point threshold and must have a score of 5 points or higher to secure a place on the waitlist. All projects submitted after the day that blocks are filled will also be subject to the minimum 5-point waitlist threshold to obtain a slot on the waitlist. Projects which do not receive 5 points are eligible to reapply in the following Program Year (opening June 1).~~

7.4.3.2. Traditional Community Solar Random Selection Process

~~If further ordering is required across first-day projects (for instance, ordering of projects featuring the same score where projects receiving that score span across selected and unselected capacity within that block), the Agency will utilize a random selection process to create a rank-order within those equivalently-scored projects. This process would only be utilized by the Agency if/when the need arises based on the block capacity represented by first-day applications received and a need to differentiate between equivalently scored projects. During the random selection process, all projects will be assigned a random number using a command line script random number generator. Projects then are sorted by score first and by randomly assigned numbers second, as this breaks ties between projects with the same score. If multiple projects of the same size that belong to a single or affiliated Approved Vendors receive the same score through the scoring process are selected for a REC~~

⁴²¹ See Docket No. 22-0231, Final Order dated July 14, 2022 at 59.

⁴²² In the unlikely event that the category does not fill the first day with waitlisted and newly-submitted projects, the scoring process will be implemented on the first day that the submitted applications exceed the capacity for the category.

Contract, the Approved Vendor(s) will have the option to select which of their projects would be selected for inclusion in the annual block of capacity and which would be moved to the waitlist in order to keep that Approved Vendor (and its affiliates, if any) within the 20% developer cap.

7.4.3.3. Traditional Community Solar Developer Cap

A 20% developer cap for any affiliated⁴²³ family of project developers for this Traditional Community Solar capacity category will be in place for each Program Year and will be applied across total megawatts of block capacity, rather than the number of contracts awarded, regardless of whether the category fills on the first day. Any affiliated family of project developers which exceeds 20% of the awarded capacity in a given year's Traditional Community Solar block (determined separately for Groups A and B) will have any projects that cause them to exceed the 20% capacity cap moved to become the first projects on the waitlist for the applicable group. If multiple affiliated entities exceed the 20% cap, then the projects moved to the beginning of the waitlist(s) will be ranked by the scores they received, with random selection used to break any ties. The 20% developer cap applicable to one year's project selections will carry over to subsequent delivery years should a given year's waitlist be utilized for the next year's project selections. Details on the application of the scored ties. The Approved Vendor will have the opportunity to resize the project that causes them to exceed the 20% developer cap will be part of the stakeholder process outlined above.⁴²⁴ if there is enough remaining capacity within the 20% cap for a project to receive a REC Contract and not be waitlisted. The developer cap will reset at the commencement of each new Program Year, such that an Approved Vendor and its affiliates are only permitted to 20% of a block's capacity for a given Program Year. If an Approved Vendor (and its affiliates) have previously waitlisted projects that exceed the 20% cap, only those waitlisted projects that keep the Approved Vendor (and its affiliates) within that cap will be permitted to move forward.

If further ordering is required across first-day projects (for instance, ordering of projects featuring the same score where projects receiving that score span across selected and unselected capacity within that block), the Agency proposes only then to utilize a random selection process to create a rank order within those equivalently scored projects. This process would only be developed by the Agency if/when the need arises based on the block capacity represented by first-day applications received and a need to differentiate between equivalently scored projects.

The Agency will endeavor to publish the scores and related materials for all participating projects after project selection takes place to ensure transparency and inform applicants in future Program years.

The Agency considered the development of scoring criteria for Traditional Community Solar projects that included subscriber commitments, including commitments to utilize a certain percentage of local subscribers, a certain percentage of small subscribers, and/or a certain percentage of low-income subscribers. While these types of requirements may be applicable to Community-Driven Community Solar and Low-Income Community Solar participating in the Illinois Solar for All Program, given the

⁴²³ "Affiliated" means, with respect to any entity, any other entity that, directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with each other or a third entity. "Control" means the possession, directly or indirectly, of the power to direct the management and policies of an entity, whether through the ownership of voting securities, by contract, or otherwise. Affiliates may not have shared sales or revenue-sharing arrangements, or common debt and equity financing arrangements.

⁴²⁴ In approving the Plan, the Commission indicated that "a developer cap, which will also help ensure a fair ranking of the waitlist, is appropriate" but may not be "described in sufficient detail by the parties." Docket No. 22-0231, Final Order dated July 14, 2022 at 59.

~~large scale of the Traditional Community Solar category, challenges exist related to the ongoing verification of the subscriber type and level of that subscriber type within the project. The Agency has not found a clear path forward that would incorporate these types of commitments and not create immense administrative burden as the community solar market continues to grow.~~

7.4.4. Public Schools

The Public Schools category includes ~~Small and Large Distributed Generation~~ distributed generation projects as well as community solar projects that serve a public school in Illinois.⁴²⁵ ~~The Public Schools category will generally comprise at least 15% of the ABP capacity.~~ Public Schools projects ~~will~~ also feature 20-year REC delivery contracts that pay for RECs over time as they are delivered, ~~rather than the front-loaded payment schedule previously used under the ABP regardless of project type.~~

Section 1-75(c)(1)(K)(iv) of the IPA Act currently restricts the eligibility of projects under the Public Schools category to those that are “installed at public schools.” ~~The matter defining whether a project is installed “at” a public school. In, particularly for purposes of siting community solar projects, was contested in the 2022 Plan litigation before the Commission in Docket No. 22-0231. The Final 2022 Plan, in~~ accordance with the Commission’s Final Order ~~approving this Plan,~~ stated that “community solar projects developed on land adjacent to a public school or on school district-owned land are eligible to participate in this category.”⁴²⁶ Furthermore, the 2022 Plan quoted the Commission’s finding that “because school districts only exist if there is a school, and as long as the project is located on school district land, then the project is in effect ‘installed at’ a public school.” The Agency understood the Commission’s Order therefore to require that all projects must be developed on land that is owned by a public school or school district. The IPA understands from feedback provided by stakeholders that some parties believe that the Commission did not, in fact, order that all community solar projects be sited on public school-owned or school district-owned land.

On May 26, 2023, the 103rd General Assembly passed HB 3445, which, if enacted, would explicitly modify the text of Section 1-75(c)(1)(K)(iv) to require that projects in the Public School category must be “installed on public school land.” This legislation was sent to the Governor on June 22, 2023, and as of the time of publication of this draft 2024 Plan, there has been no action taken on this bill. This particular modification to Section 1-75(c)(1)(K)(iv) appears clarify the legislative intent surrounding the creation of the category and furthermore would appear to settle any outstanding questions as to whether a project must be sited on land owned by a public school or district is prerequisite for the category. Finally, the requirement appears to be consistent with the Commission’s finding that projects located on district-owned land are installed “at” a public school. Accordingly, the Agency proposes that for purposes of this draft 2024 Plan, projects must be located on public school land, which may include district-owned land, in order to be considered installed “at” a public school, regardless of the gubernatorial action that may be taken on HB 3445.⁴²⁷ The Agency welcomes stakeholder feedback on this proposal through the public comment process.

⁴²⁵ ~~For the December 14, 2021 block opening of capacity for Public Schools, only DG applications were accepted.~~

⁴²⁶ ~~See Docket No. 22-0231, Final Order dated July 14, 2022 at 62. The Agency understands that the Commission’s finding that “school districts only exist if there is a school, and as long as the project is located on school district land, then the project is in effect ‘installed at’ a public school” would allow a distributed generation project to be installed at/on a school district building as well as at/on a public school.~~

⁴²⁷ HB 3445 also proposes changes to expressly include “public institutions of higher education, as defined in the Board of Higher Education Act” as “public schools” for project eligibility.

For community solar projects participating in the Public Schools category, the public school ~~at or school district which owns the land on~~ which the project is ~~sited (or the school district within which the project host is located)~~ must be an anchor subscriber to the community solar project. As such, the public school or district must subscribe to a minimum of 10% of the project's capacity and, by law, cannot exceed 40% of the project's capacity. The Agency recognizes that it may be difficult for a school district or public school to predict the levels of student enrollment – and thereby, energy usage – for the next 20 years. The Agency will allow flexibility around the ability of an anchor tenant of a Public School category community solar project to transfer the subscription to another public school or school district and adjust the subscription size (within the 10-40% range) as needed. In order to ensure that the benefits of the Public Schools category return to the schools that host these community solar projects, the Agency will ~~require that the~~ allow for a hosting public school ~~(or the school district within which the hosting school is located) to~~ request a waiver from the ~~requirements~~ requirement of serving as an anchor tenant subscriber as necessary during the subscription term. The Agency ~~will develop~~ developed the waiver process through solicitation of stakeholder feedback and ~~publish~~ published the process in the Program Guidebook.⁴²⁸

For this category, public schools are defined as any school operated by the authority of the Illinois School Code.⁴²⁹ —Public school projects located on schools within Environmental Justice Communities⁴³⁰ or located on schools that are categorized as a Tier 1 or Tier 2 school based on the latest annual Evidence-Based Funding Distribution process by the Illinois State Board of Education shall be given priority in the allocation process.⁴³¹

To achieve the desired prioritization, 70% of capacity will be allocated to schools categorized as Tier 1, Tier 2, and schools located within Environmental Justice Communities, and 30% will be allocated to Tier 3 and Tier 4 schools not located within Environmental Justice Communities. Tiers will be determined using the prior year results of the annual Evidence-Based Funding Distribution process conducted by the Illinois State Board of Education.⁴³² Capacity will be further allocated by size within these two groups of school types. 25% of each allocation will go to projects less than or equal to 250 kW, 50% to projects greater than 250 kW and less than or equal to 1 MW, and 25% to projects greater than 1 MW AC in size. This prioritization was set forth in the 2022 Long-Term Plan and is maintained here, with one caveat. A scrivener's error in the 2022 Long-Term Plan in tables defining block capacity for the Public Schools Category indicated that there would be a Group A and Group B delineation across the category, contrary to the text explaining the prioritization of the category. In order to prevent confusion, the Agency left the unintentional Group division in place under the last

⁴²⁸ See id.

⁴²⁹ See: 105 ILCS 5, Section 1-75(c)(1)(K)(iv) of the IPA Act gives the term "public schools" the meaning set forth in Section 1-3 of the School Code. As a result, projects installed at public institutions of higher learning are currently ineligible for the Program. The 103rd General Assembly as passed a modification to this language that would include institutions of higher learning in HB 3445; that legislation awaits action by the Governor. Because there is no ambiguity with respect to the definition of "public schools" under the IPA Act as there is with the language "installed at public schools," the Agency will not implement this expansion of the definition of eligible public schools unless this provision from HB 3445 becomes law.

⁴³⁰ For community solar projects sited on district-owned land on which there is no public school or district-owned anchor tenant on site, the anchor tenant school or district facility must be located within an Environmental Justice Community in order to be given priority in the allocation process. This distinction is not necessary for distributed generation projects, as such projects they must offset the load of the public school or district facility at which they are located by definition.

⁴³¹ Illinois State Board of Education Evidence-Based Funding Distribution process: <https://www.isbe.net/Pages/ebfdistribution.aspx>.

⁴³² Details can be found at [Evidence-Based Funding Distribution Calculation \(isbe.net\)](https://www.isbe.net/Pages/ebfdistribution.aspx) and [Environmental Justice Community Search Map \(arcgis.com\)](https://arcgis.com).

Plan. However, the Agency proposes for this draft 2024 Plan to remove the Group allocation entirely from the Public Schools category, as the Agency had intended under the 2022 Plan.

For each ~~delivery year~~ Program Year, if any of the above allocations are not filled within 180 days, projects located at a public school will be accepted on a first come, first serve basis regardless of prioritization based upon Tier, Environmental Justice Community location, or project size. However, the Agency will not remove the division of project type sub-categories outlined below within the Public Schools block after 180 days.

~~In order to ensure a smooth transition to new requirements in the market, there will be a one-year grace period wherein public school projects will be permitted to participate in Illinois Solar for All's Non-Profit and Public Facility sub-program.⁴³³ More information on this grace period can be found in Chapter 8. Public schools projects that have a pending application in the ILSFA program may not submit an application to the Adjustable Block Program. Application and subsequent rejection of said application to either program does not prohibit an Approved Vendor from applying to the other program after rejection, but rather an Approved Vendor may not have an active application for the same project in both programs simultaneously.~~

7.4.5. Community-Driven Community Solar

The Agency proposes in this draft Plan to add a sub-category dedicated to distributed generation projects developed on/at public schools. Section 1-75(c)(1)(K)(iv) states, "the Agency shall set the renewable energy credit price and establish payment terms for the renewable energy credits procured pursuant to this subparagraph (iv) that make it feasible and affordable for public schools to install photovoltaic distributed renewable energy devices on their premises, including, but not limited to, those public schools subject to the prioritization provisions of this subparagraph." As such, the Agency understands that the spirit of the law is to provide capacity through this category for distributed generation solar projects that are located on and work to primarily offset the electrical

Public Schools Subcategory	School Tier	Project Size		
		≤250 kW	>250 - 1,000 kW≤	>1,000 - 5,000 kW
<u>Table 7-4: Proposed Percentage Allocations for Public Schools Sub-Categories</u>				
DG (75%)	Tier 1, 2 and EJC (70% of 75%)	25% of the 70% for this Tier group	50% of the 70% for this Tier group	25% of the 70% for this Tier group
	Tier 3, 4 (30% of 75%)	25% of the 30% for this Tier group	50% of the 30% for this Tier group	25% of the 30% for this Tier group
CS (25%)	Tier 1, 2 and EJC (70% of 25%)	25% of the 70% for this Tier group	50% of the 70% for this Tier group	25% of the 70% for this Tier group
	Tier 3, 4 (30% of 25%)	25% of the 30% for this Tier group	50% of the 30% for this Tier group	25% of the 30% for this Tier group

⁴³³ ~~In approving the Plan, the Commission agreed with this proposed limitation on public school participation in the Illinois Solar for All Program, but also determined that "if that category is unable to meet demand from public schools and the ILSFA Non-Profit Public Facilities sub-program is undersubscribed, the IPA should revisit the issue in its next LTRRPP." Docket No. 22-0231, Final Order dated July 14, 2022 at 121.~~

load of the school at which the project is located. The Agency therefore proposes to further divide the Public Schools category into two sub-categories, one for community solar and one for distributed generation. The Agency proposes a split of 75% capacity of the Public Schools category to be set aside for distributed generation projects while 25% of the category will be set aside for community solar projects. Under this proposal, the capacity for Public Schools category would allocated as outlined below:

By way of example,⁴³⁴ utilizing 100 MW, the capacity would be divided by sub-category, Tier, and project size as follows:

Table 7-5: Proposed Capacity Allocations for Public Schools Sub-Categories

Public School Subcategory	School Tier	Project Size		
		≤250 kW	>250 - 1,000 kW≤	>1,000 - 5,000 kW
DG (75 MW)	Tier 1, 2 and EJC	13.125 MW	26.25 MW	13.125 MW
	Tier 3, 4	5.625 MW	11.25 MW	5.625 MW
CS (25 MW)	Tier 1, 2 and EJC	4.375 MW	8.75 MW	4.375 MW
	Tier 3, 4	1.875 MW	3.75 MW	1.875 MW

7.4.5. Community-Driven Community Solar

The Community-Driven Community Solar (“CDCS”) category intends to provide more direct and tangible connection and benefits to communities beyond projects developed via the Program’s TCS category. Section 1-75(c)(1)(K)(v) of the IPA Act states that “[a]t least 5% from community-driven community solar projects intended to provide more direct and tangible connection and benefits to the communities which they serve or in which they operate and, additionally, to increase the variety of community solar locations, models, and options in Illinois.” The CDCS category includes community solar projects up to 5 MW that meet the criteria to be classified as community-driven. The CDCS category will comprise at least 5% of the ABP generally and These projects are intended to provide benefits to the communities in which they operate, meaning that a CDCS project is required to be geographically located within the same community that the project serves.

The IPA Act defines “community” as a social unit in which people come together regularly to effect change; a social unit in which participants are marked by a cooperative spirit, a common purpose, or shared interests or characteristics; or a space understood by its residents to be delineated through geographic boundaries or landmarks. For the purposes of this CDCS category, in Cook, DuPage, Kane,

⁴³⁴ Please note that the final capacity allocation for the Public Schools category in years 2024-25 and 2025-26 remains an open item in this draft 2024 Plan, thus this is primarily an example to demonstrated the proposed sub-category allocations.

~~Lake, McHenry, and Will counties, a “community” may be defined by a social unit but also will be geographically limited to township as these projects are intended to provide a more direct and tangible connection and benefits to the communities in which they operate are the most populated counties in the State. In all other counties State-wide, “community” may likewise be defined by social unit but will be geographically limited to the county level, as many townships within these counties can be sparsely populated.~~

~~Each delivery year~~ At the opening of each Program Year, the Agency will have a 90-day period for CDCS projects to be submitted prior to any project selection. After the close of that 90-day period, the Agency will review projects submitted and score them according to the project selection process described below. The Agency will endeavor to complete the review, scoring, and selection process within 90 days: of the close of the application window for the category. Projects will be selected in order from projects with the highest score to projects with the lowest score based on the below scoring mechanism until the capacity for the Community-Driven Community Solar block is filled.

7.4.5.1. Community-Driven Community Solar Selection Criteria

Section 1-75(c)(1)(K)(v) of the IPA Act, as amended by Public Act 102-0662, provides that the Agency shall develop selection criteria for projects participating in this category. **Primary selection criteria include:**

- Community ownership or community wealth-building through having a minimum of 50% of the ownership of the project held by community residents or non-profit organizations which directly serve the community where the project is located. This ~~would include~~ includes having members of the community being able to participate in decisions regarding the governance, operation, maintenance, and upgrades of and to the project; and members of that community benefiting from the project through subscriptions to the project.
- Additional direct and indirect community benefits, beyond project participation as a subscriber, including, but not limited to, economic, environmental, social, cultural, and physical benefits. The application must quantify the value of these benefits and they must represent at least 20% of the ~~REC contract~~ value of the REC Contract.
 - Direct benefits ~~can~~ include, but are not limited to, financial benefits for the owner(s) and subscribers, such as bill savings, revenues from project ownership, tax credits, and the financial value of the project, as well as job creation, direct income, and increased economic activity in the defined geographic community.
 - Indirect benefits ~~can~~ include, but are not limited to, demonstration of environmental, educational, and cultural benefits.
- Meaningful involvement in project organization and development by community members, nonprofit organizations, or public entities located in or serving the community. ⁴³⁵
 - Meaningful involvement as used herein ~~can mean~~ includes, but is not limited to, a process that consists of public input, participation and engagement in the program design process, including workshops, webinars, and public comment periods all of which afford stakeholders (those that have an interest or stake in an issue, such as

⁴³⁵ Involvement in project organization and development is community involvement that occurs during the project development phase (prior to project energization).

individuals, interest groups, and communities) the opportunity to influence decisions that impact their community.

- Engagement in project operations and management by nonprofit organizations, public entities, or community members.⁴³⁶
 - Engagement as used herein can mean, but is not limited to, continuous community participation and consultation as projects are built, operated, and maintained in a way that affords opportunities for the community to weigh in on and make decisions regarding the project.
- Whether a project is developed in response to a site-specific RFP developed by community members, or a nonprofit organization or public entity located in or serving the community.

Sufficient demonstration of any of the individual primary selection criteria will be worth up to four (4) points each in the scoring system.

Demonstration of any of these **primary selection criteria** ~~should~~shall be accomplished through a detailed written narrative description that includes firm commitments and evidence as to how any benefits, resources, and wealth-building will flow to the community that will host the Community-Driven Community Solar project. Additionally, any community engagement activities and planned community ownership ~~should~~must be documented in a detailed ~~way~~manner in this narrative.

~~The Agency requested feedback on how to define terms used in the primary selection criteria in the request for comments put forth prior to the release of the draft 2022 Long Term Plan and additionally requested feedback on these terms in the draft 2022 Long Term Plan itself, but did not receive substantive feedback to help focus these terms and/or concepts.~~

Section 1-75(c)(1)(K)(v) of the IPA Act, as amended by Public Act 102-0662, also detailed the following ~~additional~~secondary **selection criteria** to prioritize CDCS projects that:

- are developed in collaboration with or to provide complementary opportunities for the Clean Jobs Workforce Network Program, the Illinois Climate Works Preapprenticeship Program, the Returning Residents Clean Jobs Training Program, the Clean Energy Contractor Incubator Program, or the Clean Energy Primes Contractor Accelerator Program
 - Complementary opportunities as used herein ~~can mean~~includes, but is not limited to: utilizing graduates of job training programs in project development; hiring job training graduates permanently for future projects, not just the applicant project; an expansion of the goals of the job training programs to include 'business training,' on how to develop a project, get financing, recruit customers, etc.
- increase the diversity of locations of community solar projects in Illinois, including by locating in urban areas and population centers⁴³⁷
- are located in Equity Investment Eligible Communities⁴³⁸

⁴³⁶ Engagement in project operations and management is an ongoing community engagement that occurs as projects are built, operated, and maintained.

⁴³⁷ The most recent census data will be used to determine the population of the locality (meaning city, town, or village). This resource can be used to determine the boundaries of the locality: <https://illinois.hometownlocator.com/cities/listcitiesalpha.alpha.a.cfm>.

⁴³⁸ Equity investment eligible communities are defined as 1) R3 Areas as established pursuant to the Cannabis Regulation and Tax Act, and 2) Environmental Justice Communities as established through Illinois Solar for All program. For maps and address lookup tools for these areas, see: <https://r3.illinois.gov/eligibility> and

<https://elevate.maps.arcgis.com/apps/webappviewer/index.html?id=d87a45c18a5c4e0fa96c1f03b6187267>.

- are not greenfield projects⁴³⁹
- serve only local subscribers⁴⁴⁰
- have a nameplate capacity that does not exceed 500 kW
- are developed by an equity eligible contractor; or
- otherwise meaningfully advance the goals of providing more direct and tangible connection and benefits to the communities which they serve or in which they operate and increasing the variety of community solar locations, models, and options in Illinois.

Sufficient demonstration of any of the individual **secondary selection criteria** will be worth up to two (2) points each in the scoring system.

Demonstration of any of these additional selection criteria ~~should~~shall be accomplished through a detailed written narrative description separate from the narrative provided for the primary selection criteria outlined directly above. Evidence of any/all additional selection criteria that are applicable to the applicant's Community-Driven Community Solar project should be outlined as comprehensively as possible in this narrative.

Selection of projects will be based on total points awarded up to the category's block size. To avoid prioritization of a project that does not have community-based support, the Agency will require a minimum score of six (6) points for project category qualification. Random selection ~~would~~will only be utilized as a tie-breaker for equally scored projects to fill available capacity, if any; however, should the capacity available be so small so as to only accommodate one or more projects below a certain size, then the Agency ~~might only~~may consider only selection of those projects small enough to not exceed that remaining capacity.

After project selection for any given delivery year is complete, projects that were not selected and that have a minimum score of at least ten (10) points will be placed on a waitlist for the following delivery year. The increase in the minimum score requirement is to ensure the quality of projects carried over from year to year.

The Agency recognizes that as Community-Driven Community Solar is a new type of community solar for Illinois and introduces a variety of new ways of evaluating project types, the first few years of the category should be viewed as an opportunity to learn how communities choose to organize and develop projects. Only after several rounds of project selection will it be possible to evaluate if the approach the Agency is proposing for project selection is successful in creating a diversity of community solar projects and organizational structures in Illinois. ~~Therefore, the Agency expects that in the next update of the Long-Term Plan (to be initiated in the summer of 2023 for implementation for the 2024 delivery year) this approach may be substantially revised, and the Agency will seek stakeholder feedback as part of that revision process.~~

7.4.5.2. Community-Driven Community Solar Scoring Rubric

The Agency developed the following rubric to be utilized to review and assign scores to Community-Driven Community Solar projects based on the Primary and Secondary selection criteria and

⁴³⁹ Note, projects that are developed as agrivoltaics for the sake of this category will not be considered greenfields.

⁴⁴⁰ Local subscribers are subscribers in the same county as the project, or if that project's county population is below 50,000, then also in adjacent counties.

proposes that the Program Administrator use this scoring rubric for awarding points available under the primary and secondary criteria outlined above.

Table 7-6: Community-Driven Community Solar Primary Selection Criteria Rubric

Primary Selection Criteria – Maximum of 20 points available				
Criteria	1 Point	2 Points	3 Points	4 Points
A. Community ownership or community wealth-building through having a minimum of 50% of the ownership of the project held by community residents or non-profit organizations which directly serve the community where the project is located. This would include having members of the community being able to participate in decisions regarding the governance, operation, maintenance, and upgrades of and to the project; and members of that community benefiting from the project through subscriptions to the project.	30% ownership	50% ownership	70% ownership	≥ 80% Ownership
B. Additional direct and indirect benefits, beyond project participation as a subscriber, including, but not limited to, economic, environmental, social, cultural, and physical benefits. The application must quantify the value of these benefits over the 15 years of the REC contract and they must represent at least 20% of the REC contract value. <ul style="list-style-type: none"> •Direct benefits can include, but are not limited to, financial benefits for the owner(s) and subscribers, such as bill savings, revenues from project ownership, tax credits, and the financial value of the project, as well as job creation, direct income, and increased economic activity in the defined geographic community. •Indirect benefits can include, but are not limited to, demonstration of environmental, educational, and cultural benefits. 	20% of REC contract value	25% of REC contract value	30% of REC contract value	≥ 35% of REC contract value
C. Meaningful involvement in project organization and development by community members, non-profit organizations, or public entities located in or serving the community. <ul style="list-style-type: none"> •Meaningful involvement in project organization as used herein can mean, but is not limited to, a process that consists of public input, participation and engagement in the program design process, including workshops, webinars, and public comment periods all of which afford stakeholders (those who have an interest or stake in an issue, such as individuals, interest groups, and communities) the opportunity to influence decisions that impact their community. 	3 or fewer community members or organizations engaged in Moderate project organization and development	3 or fewer community members or organizations engaged in Substantial project organization and development	4 or more community members or organizations engaged in Moderate project organization and development	4 or more community members or organizations engaged in Substantial project organization and development
D. Engagement in project operations and management by nonprofit organizations, public entities, or community members. <ul style="list-style-type: none"> •Engagement as used herein can mean, but is not limited to, continuous community participation and consultation as projects are built, operated, and maintained in a way that affords opportunities for the community to weigh in on and make decisions regarding the project. 	Minimal community members' or organizations' involvement or plans for involvement in project operations and management	Moderate community members' or organizations' involvement or plans for involvement in project operations and management	Substantial community members' or organizations' involvement or plans for involvement in project operations and management	Extensive or more community members' or organizations' involvement or plans for involvement in project operations and management
E. Whether the project is developed in response to a site-specific RFP developed by community members, or a non-profit organization or public entity located in or serving the community.	-	-	-	Was indeed developed in response to site-specific RFP

Table 7-7: Community-Driven Community Solar Secondary Selection Criteria Rubric

Secondary Selection Criteria – Maximum of 16 points available		
Criteria	1 Point	2 Points
<p>A. Projects that are developed in collaboration with or to provide complementary opportunities for the Clean Jobs Workforce Network Program, the Illinois Climate Works Pre-apprenticeship Program, the Returning Residents Clean Jobs Training Program, the Clean Energy Contractor Incubator Program, or the Clean Energy Primes Contractor Accelerator Program.</p> <p>•Complementary opportunities as used herein can mean, but is not limited to: utilizing graduates of job training programs in project development; hiring job training graduates permanently for future projects, not just the applicant project; an expansion of the goals of the job training programs to include ‘business training,’ on how to develop a project, get financing, recruit customers, etc.</p>	Provide complementary opportunities to listed programs	Developed in collaboration with listed programs
B. Projects that increase the diversity of locations of community solar projects in Illinois, including by locating in urban areas and population centers.	Population of locality is 50,000 – 69,999	Population of locality is 70,000 or more
	(Locality meaning city, town, or village)	(Locality meaning city, town, or village)
C. Projects that are located in Equity Investment Eligible Communities.	-	Whole project needs to be sited in EIEC; projects that are only partially in an EIEC will be reviewed on case-by-case basis.
D. Projects that are not greenfield projects.	-	Definition of greenfield: Greenfield project means a project proposed at a site that is either previously undeveloped land or agricultural land and that does not meet the definition of a brownfield site. Projects that are developed as agrivolatics for the sake of this category will not be considered greenfields.
<p>E. Projects that serve only local subscribers.</p> <p><i>Local subscribers are subscribers in the same county as the project, or if that project’s county population is below 50,000, then also in adjacent counties.</i></p>	-	Need to serve local subscribers for the length of REC contract.
F. Projects that have a nameplate capacity that does not exceed 500 kW.	-	Nameplate capacity (project AC size) is 500 kW or less.
G. Projects that are developed by an equity eligible contractor.	-	All development work is done by the EEC. ^[1]
H. Projects that otherwise meaningfully advance the goals of providing more direct and tangible connection and benefits to the communities which they serve or in which they operate and increasing the variety of community solar locations, models, and options in Illinois.	Need to both provide connection/benefits OR increase variety of locations/models/options	Need to both provide connection/benefits AND increase variety of locations/models/options
<p>[1] For purposes of this category, “project development work” refers to all construction and electrical work on a project, and project-specific site assessment work such as permitting, legal, and other site-specific development work, including work that may have already been undertaken prior to project application. Non-site specific development functions (such as general sales and marketing activities) will not be considered as project development work. This definition also differs from the “project workforce” definition utilized for the Minimum Equity Standards as outlined in P.A. 102-0662, for which a firm’s Illinois-based employees are included in the “project workforce” regardless of function.</p>		

7.4.5.3. Community-Driven Community Solar Developer Cap

A 20% developer cap for any affiliated⁴⁴¹ project developers for this Community-Driven Community Solar category will be in place for each Program Year and will be applied across total megawatts of block capacity, rather than the number of contracts awarded, regardless of whether the category fills on the first day. Any affiliated family of project developers which exceeds 20% of the capacity in a given year's Community-Driven Community Solar block (determined separately for Groups A and B) will have any projects that cause them to exceed the 20% capacity cap moved to become the first projects on the waitlist for the applicable group. If multiple affiliated entities exceed the 20% cap, then the projects moved to the beginning of the waitlist(s) will be ranked by the scores they received, with random selection used to break any scored ties. The Approved Vendor will have the opportunity to resize the project that causes them to exceed the 20% developer cap if there is enough remaining capacity within the 20% cap for a project to receive a REC Contract and not be waitlisted. The developer cap will reset at the commencement of each new Program Year, such that an Approved Vendor and its affiliates are only permitted to 20% of a block's capacity for a given Program Year. If an Approved Vendor (and its affiliates) have previously waitlisted projects that exceed the 20% cap, only those waitlisted projects that keep the Approved Vendor (and its affiliates) within that cap will be permitted to move forward.

7.4.5.4. Community-Driven Community Solar Random Selection Process

If further ordering is required across first-day projects (for instance, ordering of projects featuring the same score where projects receiving that score span across selected and unselected capacity within that block), the Agency will utilize a random selection process to create a rank-order within those equivalently-scored projects. This process would only be utilized by the Agency if/when the need arises based on the block capacity represented by first-day applications received and a need to differentiate between equivalently scored projects. During the random selection process, all projects will be assigned a random number using a command line script random number generator. Projects then are sorted by score first and by randomly assigned numbers second, as this breaks ties between projects with the same score. If multiple projects of the same size that belong to a single or affiliated Approved Vendors receive the same score through the scoring process are selected for a REC Contract, the Approved Vendor(s) will have the option to select which of their projects would be selected for inclusion in the annual block of capacity and which would be moved to the waitlist in order to keep that Approved Vendor (and its affiliates, if any) within the 20% developer cap.

7.4.6. Equity Eligible Contractor ("EEC")

The ~~EEC~~Equity Eligible Contractor category includes Distributed Generation projects as well as features both distributed generation and community solar projects that have been submitted to the Program by Equity Eligible Contractor Approved Vendors per the guidelines specified in certified

⁴⁴¹ "Affiliated" means, with respect to any entity, any other entity that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with each other or a third entity. "Control" means the possession, directly or indirectly, of the power to direct the management and policies of an entity, whether through the ownership of voting securities, by contract, or otherwise. Affiliates may not have shared sales or revenue-sharing arrangements, or common debt and equity financing arrangements.

~~as Equity Eligible Contractors under Section 7.7.3.⁴⁴² At 7.7.2 of this Plan.⁴⁴³ Section 1-75(c)(1)(K)(vi) provides that at least 10% of the capacity of the ABP Program shall come from projects submitted by applicants that are EEC certified. EEC certified Approved Vendors may also submit projects into other program categories and are not limited to the EEC category.~~

In ~~this the 2022 Long-Term~~ Plan as approved by the Commission on July 14, 2022, the Agency had proposed that for the 2022-2023 and the 2023-2024 ~~delivery years~~ Program Years, to give the market for EEC projects time to develop, the Agency would not increase the portion the Adjustable Block Program allocated to EEC projects above the minimum 10% level. ~~It was expected that in the next (i.e., 2024) Long-Term Plan (which will cover the subsequent two delivery years) the Agency would begin to increase that percentage with the goal of reaching 40% by the 2030 delivery year.~~ Due to the high level of community solar applications submitted to the EEC Group A category on November 1, 2022, the Agency proposed in its December 2, 2022, Modified 2022 Long-Term Plan a revised approach to the administration of the EEC category, which was ultimately approved by the Commission on May 4, 2023. ~~Section 7.4.6.3 below lays out the rationale for and details of this revised approach; if the provisions of that Section conflict with discussion of the EEC category elsewhere in this Plan, then Section 7.4.6.3 will control. To the extent that situations arise that are not clearly addressed by this modified section, the IPA will resolve any uncertainties through its established process for updating the ABP Guidebook.~~

In ~~this the~~ Modified 2022 Plan as approved by the Commission on Reopening, the Agency ~~has~~ created specific sub-categories within the EEC category for specific project types starting in the 2023-2024 delivery year. ~~Additionally, EEC Approved Vendors who submit distributed generation projects into the standard distributed generation. The Agency proposes to maintain those sub-categories will be permitted to apply for the advanced capital benefits of the EEC category for those applications. Furthermore, for this 2022 under this draft 2024 Long-Term Plan. Likewise, the Agency is not proposing different proposes to maintain~~ REC prices for EEC projects ~~than that are equal to prices for the comparable DG distributed generation or Community Solar traditional community solar projects (which would recognize variations in project size and geographic location), rather the Agency is proposing that the key value of participation in the EEC category is the opportunity for the advance of capital to overcome financing barriers.].~~

The IPA ~~will continue to work to reduce toward reducing and eliminate~~ eliminating barriers to participation by Equity Eligible Persons (“EEPs”) in all of its programs to the fullest extent possible. The Agency ~~will~~ regularly ~~solicit~~ solicits feedback from stakeholders and EEC ~~program~~ Program participants on the subject of eliminating or reducing barriers to participation in IPA programs; ~~beginning with a stakeholder feedback process to solicit input on how in order to increase participation by EECs~~ EEPs in the Program. The Agency solicits this input through stakeholder feedback processes, EEC roundtable discussions, and individual discussions between the Program Administrator’s EEC Sector Strategist and EECs. Specifically, the Agency ~~will convene~~ was tasked with convening a stakeholder feedback process to gain insight into common company ownership structures and methods for ensuring that entities seeking EEC certification are truly and permanently

⁴⁴² For the initial block of capacity for Equity Eligible Contractors, only distributed generation applications were accepted.

⁴⁴³ An Equity Eligible Contractor that wishes to develop a CDCS project, that project must be submitted to the CDCS category. Similarly, an EEC that wishes to obtain a 20-year REC Contract for a project under the Public Schools category must submit the project within that category.

controlled by and benefit EEPs.⁴⁴⁴ In approving ~~this~~ the 2022 Long-Term Plan, the Commission noted with approval the IPA's "commitment to continue to monitor this ABP category and to work with stakeholders to identify barriers and streamline the process."⁴⁴⁵ Through initial drafting of this 2024 Long-Term Plan, the Agency sought feedback on several topics regarding EECs, including but not limited to ownership structures.⁴⁴⁶ More on this feedback request and related proposals can be found in Chapter 10 of this draft Plan.

7.4.6.1. Equity Eligible Contractor Advance of Capital

Section 1-75(c)(1)(K)(iv) of the IPA Act ~~specifies~~ allows for the potential "advance of capital" under equity eligible contractor REC delivery contracts for projects submitted to the EEC Category⁴⁴⁷ "upon a demonstration of qualification or need[.]" Specifically, the Act provides that:

The Agency shall propose a payment structure for contracts executed pursuant to this paragraph under which, upon a demonstration of qualification or need, applicant firms are advanced capital disbursed after contract execution but before the contracted project's energization. The amount or percentage of capital advanced prior to project energization shall be sufficient to both cover any increase in development costs resulting from prevailing wage requirements or project-labor agreements and designed to overcome barriers in access to capital faced by equity eligible contractors.

~~Up~~ This draft Plan proposes that up to 50% of contract value may be advanced to an EEC-certified Approved Vendor under this provision.

~~A particular challenge that, but~~ the Agency ~~has identified with the~~ seeks public comment on whether this is an appropriate level. The Agency may award an advance of that is less than requested by the EEC.

One significant challenge with advancing capital is the risk of projects not being completed, despite the advance of and those ratepayer funds potentially being lost. That risk is different from all other contract structures in Illinois Shines that call for payments only upon project energization. To guard against waste, fraud, or abuse, the IPA believes advanced capital. Therefore authorizations should be limited to only genuine cases of need.

As discussed further in Chapter 10, the Agency proposes is concerned that the following risk mitigation requirements. First, to be eligible for an advance of capital, an EEC will need to include the request minimum statutory criteria for qualifying as an Equity Eligible Contractor may be encouraging business models which, while arguably meeting the statutory "Equity Eligible

⁴⁴⁴ Docket No. 22-0231, Order on Reopening dated May 4, 2023 at 9.

⁴⁴⁵ Docket No. 22-0231, Final Order dated July 14, 2022 at 71.

⁴⁴⁶ See Stakeholder Feedback Request for the drafting of the 2024 IPA Long-Term Plan: Chapter 10 and Chapter 7 both include questions related to EEC participation; Stakeholder feedback on EEC criteria release April 2023:

<https://illinoisshines.com/wp-content/uploads/2023/04/20230411-final-feedback-request-adjusting-eec-criteria.pdf>.

⁴⁴⁷ For the 2022-2023 Program Year, Equity Eligible Contractors were allowed to request an advance of capital for DG projects submitted to other Illinois Shines categories to account for the earlier-than expected closing of the EEC category. Please see Section 7.4.6.3 for more details. That exception ended after the 2022-23 Program Year; only projects applied to the EEC Category are now eligible for an advance of capital.

~~Contractor” definition, may not be “successful in advancing priority access to the clean energy economy for businesses and workers from communities that have been excluded from economic opportunities in the energy sector, have been subject to disproportionate levels of pollution, and have disproportionately experienced negative public health outcomes” as required by Section 1-75(c-10) of the Act. The advance of capital criteria must be viewed in combination with changes in EEC qualification proposed in Chapter 10. If those criteria are not tightened through this Plan, then the Agency should be more guarded in allowing for the advance of capital in the Part I application of the project, along with a short, as fewer EEC category applicants will have genuine need.~~

~~In determining what demonstrates genuine need, the IPA has limited experience since CEJA passed, having reviewed only one set of such requests. As such, the IPA believes it needs flexibility to tailor and adjust criteria as it continues to learn what constitutes “need” and how an EEC can most effectively demonstrate that “need.” Thus, this draft Plan proposes that, in lieu of a rigid scoring rubric, any advance of capital request should include and will be evaluated on at least the criteria below:~~

- ~~• The strength of the EEC’s narrative description of the need being addressed, and what key~~outlining the EEC’s need for capital advancement due to its status as an EEC, including a discussion of structural barriers faced by that specific EEC, barriers to capital access, and why that specific level of capital advancement is requested;
- ~~• The specific costs that the capital advancement will address (equipment, permitting, professional services, interconnection costs, REC delivery contract deposits, etc.);~~
- ~~• The number and scale of projects previously submitted into IPA programs by the EEC or any of its owners or affiliates;~~
- ~~• Planned project partners and subcontractors (and specifically, the scale and sophistication of those firms);~~
- ~~• The financial picture facing the EEC, including its owners and affiliates, as demonstrated through balance sheets, cash flow statements, tax returns, and similar documentation;~~
- ~~• The degree of Equity Eligible Person involvement in the development, ownership, and management of the applicant EEC.~~

~~The Agency seeks feedback on these criteria and any additional criteria that should be included.~~

~~The narrative description of the need should also specify what project development milestone will trigger the advanced capital disbursement. The narrative description should include a breakdown of costs that the Submissions shall be reviewed by the Program Administrator and Agency staff, and adverse determinations may be appealed to the IPA. The Agency proposes to publish additional information about the format and process of advance will cover and may be submitted on a of capital requests, required information or documents, weighting of criteria, and deadlines for submittals after this Plan’s approval but prior to the opening of the EEC category for the 2024-25 Program Year.~~

~~Given the sensitivity of information sought through an advance of capital application, the IPA commits to the protection of any information identified by the EEC as confidential-basis-, proprietary, or otherwise exempt from disclosure within the advance of capital request.~~

Once a project has been Part I verified and the contract or product order approved by the Commission, the EEC will then submit verification of achievement of the specified milestones to the Agency for review and approval. The EEC will then invoice the utility for the advancement following

the regular invoicing process and the utilities will process this invoice following the same, with the payments made by the contracting utility on the regular monthly invoicing cycle.

~~The Agency will use the information gained in first two years of this option's availability to refine how advances of capital will be addressed in future Long-Term Plans. For an EEC who benefits from~~Where a project that has received an advance of capital, ~~but projects are~~ is not completed and the EEC does not return the advanced funds, that EEC and any affiliates will face disciplinary action and will not be eligible to submit additional project applications to the ~~Adjustable Block~~ Program until at minimum that debt is paid.

As outlined Section 1-75(c)(1)(K)(vi) of the IPA Act, once the advance of capital is approved by the Agency, the capital will be disbursed with the following limitation on payments ~~made upon and after that project's energization::~~

Capital advanced prior to energization shall serve to reduce the ratable payments made after energization under items (ii) and (iii) of subparagraph (L) or payments made for each renewable energy credit delivery under item (iv) of subparagraph (L).

7.4.6.2. EEC Eligibility

Section 7.7.2 of this draft Plan describes in detail the requirements for an Approved Vendor to become certified as an Equity Eligible Contractor. Eligibility for this category is limited to Approved Vendors who qualify as an EEC. Equity Eligible Contractor Approved Vendors may choose to work with Designees or on their own, and those Designees may or may not also be EEC qualified. However, Approved Vendors that are not EECs but partner with a Designee that qualifies an Equity Eligible Contractor are ineligible to submit projects to the EEC category.⁴⁴⁸

While the Agency understands that there may be interest in models where a Designee is an Equity Eligible Contractor, but they operate under an Approved Vendor who is not an Equity Eligible Contractor, the Agency cannot reconcile that with Section 1-75(c)(1)(K)(iv) of the IPA Act's requirement that this category is for projects "from applicants that are equity eligible contractors." Applicants in the ~~Adjustable Block~~ Program are Approved Vendors, as they are ultimately the entity that holds the REC delivery contract with a utility. The concept of a Designee was developed by the Agency to ensure that ~~program~~Program requirements and accountability flow through to the entities involved in sales, marketing, subscriber acquisition, construction, and installation. It does not change who is the applicant into the ~~program~~Program, as Designees are not permitted to submit project applications to the ~~program~~Program. The Agency also hopes that this approach will minimize the risk that entities that are not Equity Eligible Contractors inappropriately benefit from this category. ~~As noted above, the Agency commits in this Modified 2022 Long-Term Plan to convene a stakeholder feedback process to gain insight into common company ownership structures and methods for ensuring that entities seeking EEC certification are truly and permanently controlled by and benefit EEPs.~~⁴⁴⁹

Projects that are developed by Approved Vendors certified as Equity Eligible Contractors and receive a REC ~~contract~~Contract through the EEC block of capacity may not assign those projects to an Approved Vendor that is not also a certified Equity Eligible Contractor for six years after the Part II

⁴⁴⁸ See Docket No. 22-0231, Final Order dated July 14, 2022 at 70-71.

⁴⁴⁹ Docket No. 22-0231, Order on Reopening dated May 4, 2023 at 9.

verification date of the project. After six years from the Part II verification date has passed, this moratorium on assigning EEC projects to Approved Vendors that are not certified as an EEC is lifted.

7.4.6.3. Modified Modifications to the EEC Category Made Upon Reopening in 2022-23 Program Year

7.4.6.3.1. Background

~~As approved by the ICC on July 14, 2022, this Plan originally set the EEC category capacity at the statutorily mandated minimum of 10% of total ABP capacity for the 2022-2023 and 2023-2024 program years.⁴⁵⁰ However, due to several contextual factors that led the Agency and stakeholders to expect that the EEC category might be undersubscribed, the Plan did not provide any process for selecting among projects submitted on the same day should applications exceed the capacity allocated to either Group.⁴⁵¹ The IPA began accepting applications for Approved Vendors to be certified as EECs on December 14, 2021, the same date on which the first block of capacity for the EEC category opened for applications as part of the re-opening of the Adjustable Block Program outlined in P.A. 102-0662.⁴⁵² During the reopening period of December 14, 2021 through June 30, 2022, the IPA did not receive a single project application into the EEC category and certified only 3 Approved Vendors as EECs. The Agency filed its Draft 2022 Long-Term Plan on March 21, 2022 and all Objections, Responses, and Replies to Responses were filed with the ICC by June 24, 2022. Given the low engagement from EECs in the lead up to and during litigation of the 2022 Long-Term Plan, the Agency had little evidence that applications to the EEC category in the first two program years would exceed a given year's capacity—let alone exceed it on the first day. Instead, comments from stakeholders and briefs filed in the Docket before the ICC consistently expressed concerns about the potential shortage of EECs and EEC project applications.⁴⁵³ These impressions were further confirmed during the first two months of the 2022-2023 program year when the EEC category opened on September 1, 2022, for distributed generation project applications. The Agency did not receive any applications for DG projects in the EEC category through October 31, 2022, and had certified only 13 Approved Vendors as EECs.~~

~~On November 1, 2022, the Program Administrator began accepting applications for traditional community solar projects, including those submitted to the EEC category. The Program Administrator received 38 applications for community solar projects totaling 112.5 MW of capacity in Group A within the EEC category on the first day, November 1, exceeding the allocated capacity for Group A. As provided in the Long-term Plan and confirmed by the ICC in its Order approving the Plan, applications received on the same day are considered equivalently “first.” Consequently, for the purpose of allocating capacity on a first-come, first-served basis (as utilized for project selection across the program’s history and as further outlined in the ABP Guidebook for developing project waitlists), all of the applications received on November 1 must be treated as if they were submitted at the same time, leaving no valid basis upon which the Agency can accept applications in chronological order. As noted above, the 2022 Plan approved by the ICC on July 14, 2022, did not provide any project selection process for the EEC category. To address this gap and the first day~~

⁴⁵⁰ 20 ILCS 3855/1-75(c)(1)(K)(vi).

⁴⁵¹ See, e.g., IPA Response at 49-57; IPA Reply to Responses at 30-36.

⁴⁵² 20 ILCS 3855/1-75(c)(1)(C)(iv)(6).

⁴⁵³ See, e.g., Joint NGOs Objection at 2-5; LVEJO Response at 2.

~~oversubscription of the Group A capacity for the EEC category, the Agency proposed modifications to the 2022 Plan increasing the EEC Group A Block Capacity for 2022-2023, providing pre-development capital opportunities for EECs that submit DG projects in the DG categories, establishing a new waitlist process, updating EEC category allocations, creating EEC sub-categories, and establishing developer caps for the 2023-2024 delivery year. This Modified Plan reflects the Commission's May 4, 2023 approval (with modifications) of the Agency's proposal, as outlined below.⁴⁵⁴~~

~~7.4.6.3.2. Increasing EEC, Group A Block Capacity~~

~~Historically, the IPA has utilized several methods for allocating program capacity when applications exceed category size, including random project selection, quantitative scoring based on qualitative criteria, and applying caps on the capacity allowed for any single applicant. However, after considering the purpose of the EEC category, the fact that none of the applicants had prior notice of any project selection method, and the statutory requirement that the IPA progressively expand the EEC category beyond the initial 10% of total ABP capacity, these previously employed project selection methods would be inappropriate, particularly when applied retroactively. Instead, the IPA proposed, and the Commission approved, an increase in the capacity of the EEC category so as to accommodate all of the projects submitted to Group A on the first day of community solar applications that are pending at the time of the Commission's Order on Reopening in this proceeding.⁴⁵⁵~~

~~Section 1-75(c)(1)(K)(vi) requires the IPA to "increase the percentage [of total program year capacity allocated to the EEC category] over time [from 10%] to 40% based on factors, including, but not limited to, the number of equity eligible contractors and capacity used ... in previous delivery years." The 2022 Plan originally approved by the ICC did not increase that percentage beyond the minimum 10% required by the IPA Act, intending "[t]o give the market for EEC projects time to develop."⁴⁵⁶ The increase in EEC category capacity necessary to accommodate all first-day Group A projects initially filed on November 1 would increase the capacity of the EEC category for the 2022-2023 program year to 213.5 MW, representing 24.5%⁴⁵⁷ of total program capacity—an increase from the original 10%, but in line with a progressive increase to 40% of total program capacity. One 4.5 MW project application withdrew from EEC Group A on January 23, 2023; as a result, the EEC capacity for program year 2022-2023 is expanded to 209 MW pursuant to the Commission's Order on Rehearing, or 24.1% of the overall Program capacity.~~

~~The influx of community solar projects on November 1, 2022, in the EEC category shows that, at least for community solar projects, the EEC market has indeed developed beyond the IPA's expectations. Since the IPA does not wish to penalize EEC first-movers and the statutory intention was always to expand the footprint of the EEC category within ABP, the approach that best aligns with the policy objectives of the EEC category would be to expand the EEC category capacity for Group A for the 2022-2023 program year to accommodate the project applications pending at the time of the Commission's Final Order approving this Modified 2022 Plan. As Group B capacity had not yet been~~

⁴⁵⁴ Docket No. 22-0231, Order on Reopening, May 4, 2023.

⁴⁵⁵ Docket No. 22-0231, Order on Reopening dated May 4, 2023 at 4.

⁴⁵⁶ 2022 Long Term Renewable Resources Procurement Plan at 174.

⁴⁵⁷ Based on the capacity of submitted applications as of the Agency's Petition for Reopening on December 2, 2022. The final size of the EEC category as a percentage of total ABP capacity has changed as outlined herein due to an application withdrawal before the Commission issued its Order on Rehearing on May 4, 2023.

~~fully subscribed at the time the Modified Plan was filed with the Commission, that EEC category Group B capacity remained open for the 2022-2023 program year on a first-come, first-served basis.⁴⁵⁸~~

~~7.4.6.3.3. Providing Opportunities for EEC DG Projects~~

~~Increasing the size of the EEC Group A category would still result in Group A being fully subscribed and thus not allowing submission of DG project applications to the EEC category for Group A.⁴⁵⁹ Many small and new Approved Vendors focus on small DG projects when first entering the solar market because those projects are more manageable and require less upfront capital. With the capacity fully allocated for Group A in the EEC category, any EECs that had been planning to submit DG projects this year would be unable to participate in the category. This EEC Group A block closure would foreclose the ability to apply for advanced capital, a feature unique to the EEC category and “designed to overcome barriers in access to capital faced by equity eligible contractors.”⁴⁶⁰~~

~~To mitigate this result, the IPA will permit EECs that submit project applications into the Small DG and Large DG categories during the 2022-2023 program year to apply for an advance of capital, as they would have been able to do if applying through the EEC category. Since Group B still had open capacity at the time of filing the proposed Modified Plan for Commission approval on December 2, 2022, this was only available for Group B projects after the EEC Group B capacity filled on January 23, 2023. Those EECs submitting project applications into the Small DG and Large DG categories would need to comply with all the requirements laid out in Section 7.4.6.1 of the 2022 Long Term Plan pertaining to requests for advanced capital, including making the request in the Part I application and providing a description of need and key project milestones to trigger disbursement, and the request for advanced capital would still be subject to IPA approval. Additionally, if an EEC is approved for advanced capital and receives an approved REC contract, that EEC will be bound by the contract terms applicable to the EEC category.⁴⁶¹~~

~~As the EEC category did not feature a higher REC price, allowing for qualifying EEC projects to receive advanced capital will not increase total program budget.~~

~~7.4.6.3.4. EEC Waitlists~~

~~While the proposed expansion of the EEC Group A capacity for 2022-2023 addresses the immediate challenge posed by already-submitted applications, it does not address how to manage the applications the Program Administrator will receive for the rest of the 2022-2023 program year to the EEC category in Group A. Permitting projects submitted by EECs into the Small and Large DG categories to apply for advancement of capital, as outlined above, may divert DG applications from the EEC category, but the current oversubscription is due to community solar project applications. To manage any additional applications received in the 2022-2023 program year for the EEC Group A capacity, the IPA will place those projects onto an ordinal waitlist, in line with the process for other ABP categories contained in Section 7.3.5 of this Plan. As additional capacity becomes available for~~

⁴⁵⁸ ~~Group B of the EEC category closed on January 23, 2023. Any applications submitted to the EEC Category in either Group are now being added to an ordinal waitlist.~~

⁴⁵⁹ ~~At the time of this filing, the Agency has not received any applications to the EEC category for DG projects.~~

⁴⁶⁰ ~~20 ILCS 385/1-75(e)(1)(K)(vi).~~

⁴⁶¹ ~~See: <https://illinoisabp.com/wp-content/uploads/2022/08/ABP-15-Year-REC-Delivery-Contract-8-31-2022.pdf>, particularly Sections 5.6 (Advance of Capital Invoicing and Payment) and 13.1 (Assignment of Agreement and Product Orders).~~

~~Group A of the EEC category, project applications will be accepted in order of the waitlist. During the remainder of the 2022-2023 program year, previously allocated capacity may become available if a project that had been allocated capacity is withdrawn, or otherwise does not receive a REC contract. At the end of the program year, any projects still on the waitlist will roll over to the next program year and be prioritized for capacity allocation.~~

~~7.4.6.3.5. EEC Category Allocation~~

~~The 2022 Long-term Plan set the capacity for the EEC category at 10% of the total ABP capacity for the two program years governed by that Plan, 2022-2023 and 2023-2024. In light of the expanded capacity in the 2022-2023 program year, the Agency has considered multiple options for setting the capacity for the EEC category for the 2023-2024 program year and how those options might affect total program capacity and budget. The original allocation of the minimum 10% of total ABP capacity for each of these program years resulted in the total block sizes listed below, with the unallocated capacity from the 2021-2022 reopening rolled over to the 2022-2023 program year.~~

Table 7-5: ABP Block Sizes and EEC Allocation

Program Year	As Outlined in 2022 Long-Term Plan			After Addition of Re-allocated Capacity	
	Total ABP size (MW)	EEC category size (MW)	% of total capacity in EEC	Actual EEC size (MW)	Actual % of total capacity in EEC
2021-2022	665.11	Group A: 22.5	11.3%	Group A: 22.5	11.3% ⁴⁶²
		Group B: 52.5		Group B: 52.5	
2022-2023	627	Group A: 20	10.5%	Group A: 43.59	18%
		Group B: 46		Group B: 101.04	
2023-2024	667	Group A: 20	10%	N/A (Reallocation to take place in June 2023)	
		Group B: 46		N/A (Reallocation to take place in June 2023)	

~~Expanding the 2022-2023 EEC Group A capacity to 108 MW⁴⁶³ brings the total for the EEC category to 209.035 MW, representing 24.1% of the total adjusted ABP size (867.54 MW, including unallocated capacity “rolled over” from 2021-2022), up from 18% under the original allocation with rolled over capacity. That increase could be accounted for through several adjustments:~~

- ~~1) Reducing the 2023-2024 category size by the extra capacity needed for 2022-2023 and reallocating any unallocated capacity in EEC Group B and other categories at the end of 2022-2023 to fulfill any shortfall and rollover to 2023-2024, meaning the EEC capacity for 2023-2024 would be undetermined at this time and contingent on the amount of unallocated capacity remaining in other categories on May 31, 2022;~~

~~Increasing the capacity for the 2022-2023 program year to accommodate submitted projects but also maintaining the planned capacity for the 2023-2024 program year, with any unallocated 2022-2023 program year~~In Program Year 2022-23, the Agency witnessed a large and unexpected oversubscription of the EEC category that required the reopening and modification of the Agency’s 2022 Long-Term Plan. The Agency sought the Commission’s approval on several matters related to the EEC category including EEC capacity allocation, sub-categories in the EEC category, an EEC developer cap, and prioritization of waitlisted EEC projects.

In order to accommodate the oversubscribed category the Commission approved the IPA’s preferred approach in its Modified 2022 Long-Term Plan to increase the annual block to accommodate submitted projects but also maintaining the planned capacity for the 2023-2024 Program Year, with any unallocated 2022-2023 Program Year capacity from other categories used to meet that EEC Group A block size increase (and thus not rolled over to the 2023-2024 ~~program year~~Program Year), so as to net out total capacity to the extent possible; ~~or,~~

⁴⁶²The capacity for the first year of the EEC category did not feature any roll-over capacity as that function was introduced by P.A. 102-0662 and the EEC category did not exist previously.

⁴⁶³This updated expanded size reflects the withdrawal of one 4.5 MW project application from EEC Group A on January 23, 2023.

- 2) ~~Increasing the percentage of total capacity allocated to the EEC category for both program years to a level that would accommodate the projects submitted thus far, essentially accelerating the ramp up of the EEC category, and still allowing unused capacity to be rolled over on top of that baseline capacity.~~

~~All three options pose challenges and benefits, but the IPA proposed adopting Option 2, which accommodates the projects submitted this year, maintains the planned opening of new capacity for the next program year, while also minimizing the potential budget impacts. Noting “the unanimous support for this approach,” the Commission approved the Agency’s adoption of the proposal to accommodate all community solar projects submitted to Group A on November 1, 2022 and utilize unallocated 2022-2023 program year capacity from other categories to meet that EEC Group A block increase.⁴⁶⁴~~

~~The IPA recommended taking the second approach because the policy objectives of the EEC category are to spur growth in the number of EECs and their access to capital. Option 1 could undermine that objective as it would likely result in little to no available capacity for the 2023-2024 program year (even if unallocated capacity was rolled over, it could be completely filled by waitlisted projects). Option 3 would certainly allow for growth in the EEC market and would put the Program ahead of schedule for reaching the mandatory 40% of total capacity by 2030, but could also result in an unplanned budget increase. The second approach allows the EECs that have already submitted project applications to move forward, ensures additional capacity for the next program year, yet also offsets these increases by netting out an unallocated capacity that would have otherwise been rolled over for 2023-2024.~~

~~Additionally, distributed generation and community solar sub-categories were developed and approved through the Agency’s Modified 2022 Long-Term Plan. As the Agency continues to see an outsized number of community solar projects be submitted to the EEC category, the sub-categories will continue in the Program Years covered by this 2024 Long-Term Plan, with no proposed percentage changes.~~

~~A developer cap was approved by the Commission that was only to be in effect if the category was oversubscribed on the first day the block of annual capacity was open. The Agency saw oversubscription on the first day of the 2023-24 Program Year, thus triggering the developer cap, and could see this trend continue in future Program Years.~~

~~In this draft 2024 Long-Term Plan, the Agency has proposed to revise the developer cap outlined in the Agency’s Modified 2022 Plan to bring that developer cap to align with the other developer caps used within the Program—and, in so doing, seeks to ensure a fair playing field among EEC AVs within the category.~~

7.4.6.4. EEC Sub-Categories

The IPA ~~proposes to add a few~~ added structural features to the EEC category for ~~program year~~ Program Year 2023-2024 in light of ~~the project applications received thus far, trends observed in the 2022-23 Program Year.~~ While the community solar project applications ~~have~~ severely oversubscribed Group A capacity in Program Year 2022-23 (and Group B also featured a substantial number of first day community solar applications), there ~~have been now~~ were significantly fewer

⁴⁶⁴ ~~Docket No. 22-0231, Order on Reopening dated May 4, 2023 at 4.~~

distributed generation projects submitted into the EEC category. ~~As explained above, the~~The IPA understands that small and emerging Approved Vendors often start with ~~DG~~distributed generation installations as they are more manageable in scale. If large community solar project applications continue to absorb the entire EEC category capacity, the IPA is concerned that the EEC category may fail to support smaller and newer businesses and equitably grow the ~~EEC~~number of EECs in the solar market.

Section 1-75(c)(1)(K)(vi) of the IPA Act authorizes the IPA to “create subcategories within this category to account for the differences between project size and type.” Thus, ~~for the 2023-24 program year, the IPA proposes to create~~created two ~~subcategories~~sub-categories within each Group of the EEC category: one for distributed generation and one for community solar. ~~Initially, through the modifications to the Agency proposed that each Group’s capacity will be split evenly between the two subcategories, with half reserved for DG projects and half reserved for community solar projects. 2022 Long-Term Plan approved by the Commission in May 2023.~~ In approving the creation of sub-categories, the Commission found that it is sufficient to allocate of 25% of the EEC ~~Category’s~~category’s capacity to distributed generation projects.⁴⁶⁵ The Agency ~~will instead adjust~~proposes to maintain the ~~2023-2024~~ capacity of each Group to be split 75% for community solar and 25% for distributed generation. This split ~~will ensure~~ensures that some capacity remains available for EECs seeking to develop distributed generation projects, especially as new EECs enter the market.

~~Recognizing that this split may create a lopsided waitlist of community solar projects, the IPA also proposed to open any unallocated capacity reserved for DG projects to projects of any type after nine months of the delivery year have passed (e.g., starting in March as delivery years commence in June). The IPA utilizes this approach in the Illinois Solar for All Program, which includes two sub-programs (Single and Small Multifamily DG and Large Multifamily DG) that share a pooled budget. Nine months provides ample opportunity for smaller and emerging firms to develop projects, while ensuring that any unused DG capacity can contribute to the growth of the EEC community solar market. The Commission affirmed this nine-month reservation of capacity for DG projects in approving the Modified Plan upon Reopening.~~⁴⁶⁶

~~2023-2024~~As the Agency is committed to providing opportunities for distributed generation projects that are developed by EECs, the Agency will no longer reallocate sub-category capacity within the EEC category after nine months (as is set to occur during the 2023-24 Program Year per the 2022 Modified Long-Term Renewable Resources Procurement Plan). The Agency will reallocate any uncontracted capacity in either EEC sub-category at the close of the Program Year, following the process as outlined in Section 7.3.4.

7.4.6.5. EEC Developer Cap

~~At the same time, the Agency is keenly aware that the above approach would not prevent the capacity in either the DG or the community solar subcategories from being filled entirely by a single, well-established EEC. In fact, the currently oversubscribed Group A capacity features projects submitted by only 5 EECs. Keeping a core policy objective of the EEC category in mind (growing the number of EECs), the Agency proposes to layer a developer cap on top of the subcategories~~Beginning with the

⁴⁶⁵ ~~Order on Reopening, ICC Docket No. 22-0231, Order on Rehearing dated at 14 (May 4, 2023 at 14).~~

⁴⁶⁶ ~~Docket No. 22-0231, Order on Reopening dated May 4, 2023 at 14.~~

~~2023-24 Program Year, the Agency layered a developer cap on top of the sub-categories, such that no single EEC (or any of its affiliates—which includes any common ownership across privately-owned entities) may receive more than 20% of an EEC category’s Group capacity in a given program year. The In accordance with the Commission’s Order on Reopening in docket No. 22-0231, the developer cap will be~~ applied ~~beginning~~ in the 2023-2024 ~~program year if Program Year due to the EEC community solar subcategory is oversubscribed on sub-category exceeding capacity on the first day and will be measured against the total capacity made available to the EEC category for the program year.~~⁴⁶⁷ Waitlisted projects that receive capacity in the 2023-2024 ~~program year will therefore be~~ Program Year were also subject to this developer cap. Additionally, the Commission has directed “that the developer cap cumulatively applies on the first day that the remaining DG capacity (if any) is made available to EEC community solar.”⁴⁶⁸ The Agency will apply this methodology in the current Program Year on the date that EEC DG capacity is made available to EEC CS waitlisted projects.

Even with defined ~~subcategories~~sub-categories and a developer cap applicable on the first day, the Agency may encounter a scenario in which it must somehow differentiate between projects of the same type, in the same group, submitted on the same day in the EEC category in 2023-2024. For example, if the Program receives multiple, large, community solar project applications from different EECs on the first day of the ~~program year~~Program Year that exceed that Group’s allocation for community solar, some methodology must be used to distinguish between competing applications. The Agency does not at this time propose to create a project scoring system for the EEC category. ~~Given the myriad policy considerations at play with the EEC category, the Agency would prefer to develop any project selection scoring system with input from stakeholders through a formal comment process. The Agency plans to examine this possibility in developing the next Long Term Renewable Resources Procurement Plan. For the 2023-2024 program year, the Agency instead proposes to rank project applications received at the same “time” (on the same day) when such applications exceed the subcategory and Group capacity, in reverse order by the amount of capacity that EEC (including its affiliates) has already received in that and previous program years. The capacity will then be allocated in rank order, beginning with the EEC (and its affiliates) that has received the least amount of capacity thus far. Only in the case of ties—which would be an unlikely outcome (equal prior awarded capacity) within an already unlikely outcome—would random selection be utilized. As the EEC category is designed to accelerate the development of a robust EEC market with many entities, prioritizing those EECs that may not have received state incentives yet facilitates a more diverse, decentralized EEC market, given the myriad policy considerations at play with the EEC category. However, if stakeholders would prefer a project selection scoring system for the EEC Category, the Agency suggests that a specific proposal be set forth in public comments on this draft 2024 Plan.~~

For the Program Years covered by this 2024 Long-Term Plan, the Agency proposes a 20% developer cap for any affiliated family of project developers for the Equity Eligible Contractor capacity to be applied across Group A and Group B separately, regardless of whether the category fills on the first day. Any affiliated⁴⁶⁹ family of project developers which exceeds 20% of the awarded capacity in a

⁴⁶⁷ ~~Docket No. 22-0231, Order on Reopening dated, ICC Docket No. 22-0231 at 17 (May 4, 2023 at 17).~~

⁴⁶⁸ ~~Id.~~

⁴⁶⁹ “Affiliated” means, with respect to any entity, any other entity that, directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with each other or a third entity. “Control” means the possession, directly or indirectly, of the

~~given year's Equity Eligible Contractor block will have any projects that cause them to exceed the 20% capacity cap moved to become the first projects on the waitlist for the applicable group. The Approved Vendor will have the opportunity to resize the project that causes them to exceed the 20% developer cap if there is enough remaining capacity within the 20% cap for a project to receive a REC Contract and not be waitlisted. The developer cap will reset at the commencement of each new Program Year, such that an Approved Vendor and its affiliates are only permitted to 20% of a block's capacity for a given Program Year. If an Approved Vendor (and its affiliates) have previously waitlisted projects that exceed the 20% cap, only those waitlisted projects that keep the Approved Vendor (and its affiliates) within that cap will be permitted to move forward.~~

7.5. REC Pricing Model

7.5.1. Background

~~For the Initial~~ To develop REC Prices for the Adjustable Block Program and the Illinois Solar for All Program for inclusion in the Initial Long-Term Plan, the IPA adopted and modified the National Renewable Energy Laboratory's Cost of Renewable Energy Spreadsheet Tool ("CREST") to develop a model for calculating REC prices. CREST is an economic cash flow model that estimates the cost of energy in terms of cents per kilowatt hour associated with specific input assumptions regarding technology type, location, system capital and operating costs, expected production, project useful life, and various project financing variables.⁴⁷⁰ The Agency's REC pricing model established initial pricing for each block, with prices then declining 4% for each subsequent block.

In its Order approving the First Revised Plan, the Commission stated that "REC prices must be lower," although it ~~neglected to~~ did not adopt any specific proposal for how to lower such prices (and no methodology for lowering prices was introduced into the record).⁴⁷¹ Instead, the Commission required that "workshops should be held and stakeholder input considered" regarding how REC prices could be lowered, with a need to be mindful that, going forward, "the IPA must recognize market signals rather than solely relying on its cost modeling approach" in determining REC prices.

~~The Agency solicited stakeholder feedback on REC pricing in November 2020⁴⁷² and further feedback after a workshop in July 2021.⁴⁷³ Generally, most stakeholders favored maintaining Two key changes to the 4% decline between blocks, but there was some concern that community solar REC prices remain too high. Alternatively, stated concerns that would argue against a decline in REC prices included the decrease in the Federal Investment Tax Credit from 30% to 26%, a decline in energy prices (which would reduce net metering credit value), higher than expected interconnection costs (particularly for community solar), and ongoing uncertainty about the future value of smart inverter rebates.⁴⁷⁴~~

~~When the Agency released the now withdrawn draft Second Revised Plan, it offered an example of what REC prices would look like with a continuation of the 4% decline between blocks as well as REC~~

~~power to direct the management and policies of an entity, whether through the ownership of voting securities, by contract, or otherwise. Affiliates may not have shared sales or revenue-sharing arrangements, or common debt and equity financing arrangements.~~

⁴⁷⁰ For more information on CREST, see: <https://www.nrel.gov/analysis/crest.html>.

⁴⁷¹ See Final Order, ICC Docket No. 19-0995, Final Order dated at 46 (Feb. 18, 2020 at 46.).

⁴⁷² See: <https://illinoisabp.com/stakeholder-feedback-rec-pricing-feedback-request/>.

⁴⁷³ See: <https://ipa.illinois.gov/renewable-resources/workshop-information.html>.

⁴⁷⁴ The Agency notes that since the time that feedback was received, energy prices rose significantly in the second half of 2021.

~~price modeling based upon updating certain inputs to the original pricing model approved in the Initial Plan.⁴⁷⁵ With the Program were made through the enactment of Public Act P.A. 102-0662, two key changes were made that impacted the Agency's REC price modeling. First, three new project categories of projects and contract structures were introduced (i.e. projects submitted to the Public Schools projects, Community-Driven Community Solar projects, and Equity-Eligible Contractors projects), with one of those new categories, Public Schools projects as well as the existing category for Traditional Community Solar, now featuring category, and community solar projects submitted into the EEC Category now feature 20-year contracts rather than 15-year contracts. The second change is that rather than blocks opening as the previous Second, the Program has transitioned to annual blocks from the prior declining block close, blocks are now set on an annual basis to correlate with energy delivery years (June 1 to May 31). As a result, the concept of 4% declines between blocks no longer fits the program design and the Agency instead proposes to conduct an annual update to REC prices, as described below in Section 7.5.7-structure.~~

~~For the 2022 Long-Term Plan as initially filed with the Commission, the Agency updated the modeling conducted for the withdrawn draft Second Revised Plan in several ways and used that updated modeling as the basis for the REC prices contained in this Plan. First, it updated the cost of installation to account for an estimate of incremental impact of prevailing wage requirements where applicable. This update follows the price adjustment the Agency used for REC prices for the non-waitlisted Large DG blocks that opened in December 2021 but now applies across a wider set of program categories.⁴⁷⁶ Second, for those categories now featuring 20-year contracts, the model was adjusted for a larger quantity of REC deliveries that provide corresponding revenue to the project. Third, for the community solar categories, rather than having an adder for various levels of small subscribers, given the new requirement that all projects have at least 50% small subscribers, the previous value the Agency proposed in the withdrawn Second Revised for the 50% small subscriber adder has been included in all community solar prices and there is no longer a separate adder for small subscribers. Each of those changes were approved by the Commission, along with additional modifications explained further below.⁴⁷⁷~~

~~Perhaps most notably, through the Plan approval process in ICC Docket No. 22-0231, stakeholders raised objections and made various proposals to further modify the Agency's REC Pricing Model, either through structural changes to the model itself or updated inputs. The IPA proposed to engage an independent expert consultant to complete a thorough review of REC prices prior to the next update of the Agency's Long-Term Plan. The independent expert consultant will provide the IPA with recommendations on how to develop administratively-set REC prices that both efficiently invest ratepayer funds in renewables and respond annually to changing market conditions. The IPA will provide transparency around the results of the review and utilize the independent analysis to craft REC prices for the next Plan. The Commission agreed with this approach and noted that it looks forward to reviewing the recommendations of the Agency's independent expert consultant in its Order approving this Plan.⁴⁷⁸~~

~~⁴⁷⁵ A description of the updated inputs is contained in Section 6.3 of the withdrawn draft Second Revised Plan. See: <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/draftsecondrevisedplan16august.pdf> and additional information is contained in Appendices D and E at: <https://ipa.illinois.gov/energy-procurement/second-revised-ltrpp-appendices.html>.~~

~~⁴⁷⁶ See: <https://illinoisabp.com/wp-content/uploads/2021/10/Large-DG-REC-Price-Feedback-14-Oct-2021-Final.pdf>.~~

~~⁴⁷⁷ See Docket No. 22-0231, Final Order dated July 14, 2022, at 93-95.~~

~~⁴⁷⁸ See Docket No. 22-0231, Final Order dated July 14, 2022 at 94.~~

The Agency also made a significant change to Appendix E which contains the spreadsheets used to calculate REC prices. For the withdrawn draft Second Revised Plan, each category and group was presented in a separate spreadsheet, with a total of 16 separate spreadsheets for REC prices for the Adjustable Block Program and the Illinois Solar for All Program. The Agency has now For the 2022 Long-Term Plan, the Agency also made a significant change to Appendix E (which contains the spreadsheets used to calculate REC prices). The Agency consolidated the REC pricing model into a single spreadsheet which automatically recalculates REC prices through drop-down menu selections. This new spreadsheet also groups assumptions used in modeling into consolidated tables which will allow, thus allowing stakeholders to compare differences between categories in a single view. While the change in the spreadsheet design change does not impact the resulting REC prices, it is intended to allow for easier review of modeling assumptions by stakeholders, and also to allow stakeholders to use the modeling tool to test how changes in assumptions would impact REC prices. This spreadsheet design has once again been used for the 2024 Long-Term Plan's REC Pricing Model.

~~7.5.2. Modeling Update~~

7.5.2. As part Independent Review of the development of the withdrawn draft Second Revised Plan REC Prices

Through filings in Docket No. 22-0231, the Agency undertook the exercise of updating proposed to engage an independent expert consultant to complete a thorough review of REC prices prior to the next update of the Agency's Long-Term Plan. An independent expert consultant would provide the IPA with recommendations on how to develop administratively-set REC prices that both efficiently invest ratepayer funds in renewables and respond annually to changing market conditions, and the IPA would provide transparency around the results of the review and utilize the independent analysis to craft REC prices for the next Plan. The Commission agreed with this approach and noted that it looked forward to reviewing the recommendations of the Agency's independent expert consultant in its Order approving this Plan.⁴⁷⁹

The Agency engaged Sustainable Energy Advantage ("SEA") to conduct the independent review of REC pricing and develop a report containing recommendations on administratively-set REC prices under both the Illinois Shines and Solar for All Programs. SEA has been involved in the development, analysis and implementation of clean energy policies and markets, particularly throughout the Northeast United States, and has advised a wide range of state government agencies and clean energy market participants across all technologies. A summary of SEA's recommendations is contained herein and the full report is included as Appendix C to this 2024 Long-Term Plan.

In conducting its independent review, SEA developed presentations on key topics and held workshop for stakeholders on March 7, 2023.⁴⁸⁰ SEA also solicited written feedback from program stakeholders on the concepts presented at the workshop.⁴⁸¹ SEA then drafted and presented its report, titled,

⁴⁷⁹ Final Order, ICC Docket No. 22-0231 at 94 (Jul. 14, 2022).

⁴⁸⁰ For presentations from the workshop, please see: Illinois ABP and ILSFA REC Pricing Policy Design Issues, Options, and Implications and Key Inflation Reduction Act (IRA) Changes Relevant to ABP and (IL)SFA-Eligible Projects. For a recording of the workshop please see: Independent Review of Illinois ABP and Illinois Solar for All REC Pricing.

⁴⁸¹ Feedback submitted by stakeholders is available at: Renewable Resources Workshops, please look under the sub-category, Illinois Shines (Adjustable Block Program) and Illinois Solar For All REC Prices Updates, Independent Review of REC Prices for Future Program Years.

“Independent Review of Illinois Shines and Illinois Solar for All Renewable Energy Credit Pricing Approach,” which the IPA released on June 7, 2023.

The report contains a review of REC pricing design options based on models and approaches used in other jurisdictions, including market-based programs, value-based programs, cost-based programs, and hybrid approaches; the history of REC pricing in the Illinois Shines and Illinois Solar for All Programs; and a discussion of market-based price adjustments and the impacts of the Inflation Reduction Act. SEA’s independent review provides the Agency both with a set of recommendations for consideration by the Agency in developing updated REC prices as well as suggestions for consideration through future legislation, as those recommendations are not currently authorized under statute.

SEA’s recommendations are summarized in Table 7-8.

Table 7-8: Summary of REC Pricing Policy Design Recommendations

Recommendation		Objective	Implementation
1	Continue to use the Cost-Based Approach to Annual Incentive-Setting	Incentives differentiated by project type; transparency; stability	Detailed cost research and stakeholder input
2	Continue to use a Discounted Cash Flow model to calculate the revenue requirement for each ABP and ILSFA project category	Accurate accounting for tax incentives; transparency;	Incentives set annually via CREST modeling
3	Collect and Disclose Project-Level Data, Aligned to CREST Input Fields	Balance risk-adjusted returns and ratepayer impact	Annual collection and disclosure process
4	Perform and Deploy a Billing Determinant-Level Net Metering Credit Forecast	Estimate net metering credits based on market drivers	Identify and forecast specific billing determinants from tariff
5	Establish and Implement Criteria for a Deployment-Based Adjustment to Annual Cost-Based Pricing Estimates	Account for non-price factors; market-responsive	Adjust REC price relative to deployment thresholds
6	Refrain from Intra-Year Adjustments to REC Price Incentives	Discourage price manipulation	Annual adjustments

Recommendations One and Two support having the Agency continue to use a cost-based approach for REC pricing. Given the high degree of differentiation of costs by project type for both Illinois Shines and ILSFA, a cost-based approach aligns best the Agency’s goals for incentive setting purposes. SEA concluded that a “cost-based approach also supports Illinois’ desire to create a long-term, stable solar industry within the state by providing price signals on an annual basis and transparency into –

plus the opportunity to participate in – the price-setting process.”⁴⁸² In affirming the cost-based approach, SEA recommends a continuation of the Agency’s current approach to calculating the revenue requirement for each program’s project category. A Discounted cash flow (DCF) model (such as the CREST model used in the REC Pricing Model. ~~Changes from that update, along with modifications approved by the Commission in Docket No. 22-0231, are~~) is an industry standard approach for project finance analyses. While SEA concluded that the model the Agency uses should be continued, SEA recommended that the Agency reexamine its recovery factor analyses as they “are not sufficiently precise, particularly with respect to their treatment of tax benefits, which regularly comprise 50% (or more) of renewable energy project value on an NPV [net present value] basis.” As guidance from the Treasury Department on the implementation of the Inflation Reduction Act (“IRA”) continues to be released, alterations to the model will need to be considered in the future.

Recommendation Three is to collect and disclose aggregated project-level cost data. Project-level cost data is critical to a successful and effective implementation of the REC Pricing Model over time and would replace the current approach of utilizing national data from publicly-available reports published by the National Renewable Energy Laboratory. Without Illinois-specific data available, the Agency and other policymakers lack visibility into how average project costs and cost components are changing over time, leading to the use of incomplete information to make decisions about adjustments for setting REC prices for in the Agency’s programs.

The Illinois Shines and Solar for All programs currently do not collect cost data that would be granular enough to use in the REC Pricing Model.⁴⁸³ For setting REC Prices for the 2024-2025 program year, the Agency plans to continue to rely on NREL data, but proposes to convene a workshop after the approval of this 2024 Long-Term Plan to develop a standard format for the submittal of this data at the Part II application stage for Illinois Shines and Illinois Solar for All. The goal would be to begin data collection in the fall of 2024 for use in setting prices for the 2025-2026 program year. The Agency expects that for the 2025-2026 program year it would use a combination of NREL data and actual reported cost data in order to ensure a sufficient sample size, and in future years transition completely to the use of reported program data cost data. The SEA Report provides information on approaches that have been utilized in other States that conduct more robust cost data collection and could be adapted for use in Illinois.

Recommendation Four is to perform and deploy a billing determinant-level net metering credit forecast. After reviewing stakeholder feedback, the Agency believes the net metering components now included in ~~this 2022 Long-Term Plan. Key changes the~~ REC Pricing Model are the correct billing determinants. The Agency welcomes stakeholder feedback on the REC Pricing Model contained in this draft 2024 Long-Term Plan and whether the components of the net metering forecast are properly recognized and modeled.

Recommendation Five proposes establishing and implementing criteria for a deployment-based adjustment to annual cost-based REC prices. SEA recommends that “policymakers consider the potential benefits of allowing a post-processing adjustment (i.e., an adjustment to the REC price after the initial, annual calculation has been made) based on the level of program participation in the prior year.” SEA suggests that for a market-based adjustment to occur, participation would need to deviate

⁴⁸² Appx. C at 23.

⁴⁸³ Examples of cost data fields that are used as inputs into the CREST model include: Generation Equipment, Balance of Plant, Interconnection, Development Costs & Fees, Reserves & Financing Costs. Costs are generally expressed on a per kW DC basis.

above or below a pre-determined threshold relative to the annual category-specific target. Table 7-9 outlines SEA's recommendation for how to implement a market-based adjustment.

Table 7-9: Recommended Year-to-Year REC Price Adjustments and Associated Market Conditions

Market Condition	Recommended Price Adjustment
<25% of block capacity has been awarded at end of prior program year	Cost-based REC price for the following year is automatically increased by 10% of the block-specific revenue requirement
25% to <50% of block capacity has been awarded at end of prior program year	Cost-based REC price for the following year is automatically increased by 7.5% of the block-specific revenue requirement
50% to 75% of block capacity has been awarded at end of prior program year	Cost-based REC price for the following year is automatically increased by 5% of the block-specific revenue requirement
>75% to 100% of block capacity has been awarded at end of prior program year	No REC price adjustment
If "Waitlisted Capacity" is 50% to 100% on top of the Program Year Block Size	Cost-based REC price for the following year is automatically decreased by 5% of the block-specific revenue requirement
If "Waitlisted Capacity" is >100% on top of Program Year Block Size	Cost-based REC price for the following year is automatically decreased by 10% of the block-specific revenue requirement

Stakeholder feedback received in June 2023 after the release of the SEA Report revealed strongly differing views on whether a market-based adjustment should be implemented. The Agency also notes a timing challenge in that REC prices are determined several months prior to the beginning of a program year (and thus the end of the prior program year) and thus the market conditions would not be known at the time REC prices are set. Nonetheless, the Agency believes that a market-based price adjustment approach must be considered, consistent with prior Commission orders. While this draft 2024 Plan does not propose the utilization of a market-based price approach, the Agency welcomes suggestions on whether and how to implement such an approach through public comments.

Recommendation Six is that the Agency refrain from intra-year adjustments to REC price incentives. The Agency agrees, although as discussed in Section 7.5.6, if there are extraordinary events that

require an intra-year adjustment, there are mechanisms available to the Agency to make such adjustments, which would include: opportunities for stakeholder input.

- ~~Adjustment of the Federal Investment Tax Credit to 22%~~
- ~~Updated project cost information based on the *U.S. Solar Photovoltaic System and Energy Storage Cost Benchmark: Q1 2020* Report from NREL.⁴⁸⁴ This also includes reducing the impact of tariffs on imported modules to the current level. Community Solar projects now reflect costs for tracking rather than fixed-mount systems. Finally, development costs and fees for 5 MW systems were extrapolated from 2 MW system data to create inputs for the larger system sizes.⁴⁸⁵~~
- ~~Updated AC/DC ratios based on an analysis of actual project applications received and energized and capacity factors based on PVWatts analyses of energized projects. However, due to the lack of Community Solar projects below 500 kW, for smaller community solar size categories, DG project data was utilized. Capital costs have also been adjusted to reflect these AC/DC ratios. Update of net metering credit values and energy values to current values, including the value capacity for projects over 25 kW, and applicable tariffs. Net metering annual increases were also adjusted from 2% to 1%.~~
- ~~An increased in the length of time for construction.~~

For systems up to 25 kW, interconnection costs are now set at \$200 to reflect the changes made to Section 16-107.5(h-5)(3) of the Public Utilities Act regarding Level 1 SEA also considered the impact of the Inflation Reduction Act on REC pricing and provided the recommendations listed in Table 7-10. A challenge in considering the impact of the Inflation Reduction Act on REC prices is the ongoing rollout of federal guidance on how the Act will be implemented, and similarly, how the market will react to those new opportunities. The Agency will continue to closely monitor these developments.

⁴⁸⁴ See: <https://www.nrel.gov/docs/fy21osti/77324.pdf>. This report was released in January 2021 and is the most recent data available from NREL.

⁴⁸⁵ See Docket No. 22-0231, Final Order dated July 14, 2022, at 95.

Table 7-10: Recommendations to Align Illinois Shines/ILSFA with Inflation Reduction Act of 2022

	Recommendation	Objective	Implementation
A	Include interconnection costs in ITC basis (for non-residential projects) where allowed by IRA	Update REC price calculation to account for new Federal incentives	Ensure CREST is programmed to include interconnection costs in the calculation of ITC/CEIC value, where applicable
B	For ABP, model REC prices not only with 30% ITC, but also assuming one bonus credit (i.e., total 40% ITC)	Update REC price calculation to account for new Federal incentives	Calculate REC incentive based on LCOE with revised ITCs
C	For ILSFA, model REC prices not only with 30% ITC, but also assuming the “low-income economic benefits” bonus credit (i.e., total 50% ITC)	Update REC price calculation to account for new Federal incentives	Calculate REC incentive based on LCOE with revised ITCs
D	Align ABP and ILSFA programmatic requirements and definitions with IRA bonus credit requirements	Simplify administration of ABP and ILSFA projects and maximize their share of federal funding (thus enhancing the cost-effectiveness of both programs)	(As one example...) Update definitions of low-income customers to “low-income communities,” or potentially adopt other definitions related to “energy communities”
E	Create project sub-classes/sub-categories (and differential REC prices) for projects eligible to receive bonus credits in existing ILSFA and ABP project categories	Ensure that projects receiving bonus credits are not double-compensated (e.g., receiving a REC price developed with an assumption the project will receive no bonus credit, while simultaneously claiming a bonus credit)	(1) Require project owners to formally attest to bonus credits taken or not taken. (2) The IPA’s planning consultant could identify and model the most common categories expected to claim bonus credits and model differentiated REC prices that account for all associated incremental capital and operating costs.

For Recommendation A, the Agency has not yet made adjustments to the REC Pricing Model as it is still gathering information on interconnection (especially for community solar projects). However, this recommendation may be included in future updates to the model, especially as additional federal guidance becomes available.

For Recommendation B, the Agency requested stakeholder feedback in June 2023 on including the 10% domestic content adder, which is the adder that would increase the ITC from 30% to 40%. That feedback was strongly against including the adder as the preliminary guidance on this adder is that achieving the adder may be difficult.⁴⁸⁶ Consequently, the Agency is not including the 10% adder in the REC pricing model. If subsequent guidance makes this adder easier to obtain, the Agency may

⁴⁸⁶ See e.g., <https://www.pv-tech.org/its-going-to-be-a-big-ask-iras-domestic-content-adders-leave-the-pv-industry-with-questions/>.

propose revising the REC Pricing Model to include that 10%, raising the ITC used in the model to 40%.

For Recommendation C, stakeholders were concerned about the applicability of low-income related bonus credits across the range of projects that might apply to Illinois Solar for All, as well as the caps on annual capacity for the adder. Consequently, the Agency has not included the low-income economic benefits adder in the REC Pricing Model for Illinois Solar for All REC prices. However, the Agency has updated the REC Pricing Model used to establish ILSFA REC prices for non-profit and public facilities to recognize that such facilities can now achieve a 30% ITC under the direct pay option.

For Recommendation D, the Agency agrees that it would generally be sensible to align programmatic requirements with definitions used in the Inflation Reduction Act. However, in many cases, this would require statutory changes to the Illinois Power Agency Act.⁴⁸⁷

For Recommendation E, as the Agency is not implementing additional ITC adders in the REC Pricing Model, it is not necessary at this time to create sub-categories with separate REC prices based upon those adjustments. As additional guidance on ITC adders is released, and as the Agency gathers information on how the market is utilizing those adjustments, the Agency may consider these changes in a future Long-Term Plan.

SEA also included an Appendix to the report discussing what level constitutes a reasonable risk-adjusted rate of return for investing in a solar project. Citing examples from Rhode Island, the Appendix cites a range of rates of returns for different forms of investors (e.g., tax equity investor or sponsor investor) from a low of 9.5% to a high of 15%. Given the prepayment of RECs in most categories of Illinois Shines and all categories of Illinois Solar for All, SEA notes that risk may be on the lower side, warranting a rate of return on the lower end of this range. The REC Pricing model currently uses 12% for distributed generation projects and 14% for community solar projects and the IPA seeks public comment on the propriety of those levels.

7.5.3. Modeling Updates

As discussed above, SEA did not recommend any fundamental changes to the REC Pricing Model. Instead, SEA recommended maintaining the current model and considering utilizing an annual deployment-based adjustment as a way to be responsive to market demand. SEA also provided recommendations on considering the impact of the changes to the ITC resulting from the enactment of the Inflation Reduction Act. Stakeholder comments gathered during the development of this draft 2024 Long-Term Plan argued against including these additional adjustments to the REC Pricing Model.⁴⁸⁸ The feedback received by the Agency included concerns about the ability to utilize the domestic content adder, and the lack of clarity on how geographic adders will be determined by the IRS.

The Agency shares those concerns. Thus, for this draft Plan, the IPA has not made additional adjustments to the REC Pricing Model.⁴⁸⁹ If additional federal guidance is released related to the

⁴⁸⁷ For example, both the definition of Environmental Justice Communities and the low-income threshold used in ILSFA differ from the IRA.

⁴⁸⁸ See comments posted at: <https://ipa.illinois.gov/energy-procurement/plans-under-development/stakeholder-feedback-for-long-term-plan-development.html>

⁴⁸⁹ The REC Pricing Model continues increasing the ITC to 30%, as was done for REC prices for the 2023-2024 Program Year.

~~domestic content adder, the Agency may reconsider inclusion of an upward adjustment to the ITC level used in the REC Pricing Model for the filed Plan.~~

~~The proposed REC prices for the 2024-2025 delivery year are based on a REC Pricing Model built off the ICC-Approved REC Pricing model contained in the 2022 Long-Term Plan and certain inputs that were updated for the 2023-2024 Delivery Year.⁴⁹⁰ The following updates were also made for the draft 2024 Long-Term Plan and are discussed in more detail in Appendix D:~~

- ~~• Updated cost data from the most recent NREL benchmarking report~~
- ~~• Updated net metering rates~~
- ~~• Updated AC/DC ratios and capacity factors based on energized Illinois Shines projects⁴⁹¹~~
 - ~~• Updated interconnection costs:~~
 - ~~• An update of Community Solar interconnection costs for community solar projects based on a survey of Approved Vendors with actual interconnection costs for energized Community Solar projects.~~
 - ~~• Adjustments to account for the cost of prevailing wage requirements.~~
 - ~~• Adjustments to reflect the length of the REC delivery contract, and Public Schools projects modeled using an alternative cash flow model as described in Appendix D.~~
 - ~~• The cost community solar small subscriber management is now included in the community solar REC prices rather than reflected as an adder based on subscription levels.~~
 - ~~• Adjustment to the assumed subscriber savings for the Non-Profit and Public Facilities subprogram of Illinois Solar for All.⁴⁹²~~
 - ~~• Adjustment to the bonus depreciation value to 80% to reflect the phase out of bonus depreciation by 2026.⁴⁹³~~
- ~~• Adoption of five year historical average price inputs for capacity charges for non-residential modeled systems and five year historical, seasonally-weighted averaged purchased electricity charges for systems modeled on the 10-kW system size.⁴⁹⁴ completed community solar projects conducted in July 2023.~~

~~Examples of inputs that were not updated include financing structure (e.g., debt ratios and project financing interest rates), internal rates of return, and O&M operations and maintenance costs. These inputs are all listed in detail in Appendices D and E. As discussed in Section 7.5.2, for this draft 2024 Long-Term Plan, the Agency is interested in stakeholder feedback on rates of return and debt to equity ratios.~~

~~A description of The decrease in REC prices shown in Table 7-11 reflect results from the REC Pricing Model and inputs used is contained in Appendix D and the REC Pricing Spreadsheet is provided in Appendix E, both of which have been updated consistent with the Commission's Final Order approving for this draft 2024 Long-Term Plan- and are the result of several factors. The model is very complex, and changes to one set of factors in the model have interactive effects with other factors~~

⁴⁹⁰ See Section 7.5 of the 2022 Long-Term Plan and the announcement of the 2023-2024 REC prices: <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/rec-prices-rationale-41923.pdf>

⁴⁹¹ Appendix D contains further details on changes to the REC pricing model.

⁴⁹² See Docket No. 22-0231, Final Order dated July 14, 2022 at 95.

⁴⁹³ See Docket No. 22-0231, Final Order dated July 14, 2022 at 93.

⁴⁹⁴ See Docket No. 22-0231, Final Order dated July 14, 2023, at 95.

that can be multiplicate, rather than just additive. In other words, they compound each other so several small individual changes in inputs can have large total results. The Agency ~~has updated-offers~~ the following observations to help explain these changes, and welcomes stakeholder feedback on the REC Pricing Model and refining these prices to accurately reflect market conditions in Illinois.

First, cost data is from the most recent NREL cost benchmarking study and costs have declined 2-8% compared to the inputs in accordance with the Commission's modifications under the Final Order in Docket No. 22-0231, used for program year 2023-2024 REC Price Model. This results in lower cost inputs that go into the REC Pricing model. Details of the specific line items costs used in the model are included in Tables D-2 through D-4 of Appendix D.

Second, the model uses capacity factors are 1-5% higher than used for the 2023-2024 REC Prices. The capacity factors are based on updated actual capacity factors from energized Illinois Shines projects based on PVWatts modeling. Higher capacity factors result in lower REC prices because a higher capacity factor means that for a given modeled system, it would generate more RECs over the term of the contract and thus costs for a given system size are spread out over more RECs.

Third, net metering rates were updated and were 1-4% higher than those used for 2023-2024 REC Prices. Net metering rates reflect the revenue a project would have other than the revenue from the sale of RECs. The REC Pricing Model ~~and model~~ nets out the net present value of levelized price of energy and the net present value of future net metering revenue to determine the revenue gap that is filled by revenue from RECs. Thus, a higher net metering rate reduces the revenue needed from the sale of RECs.

The Agency has endeavored to accurately model REC prices based upon the information available and the recommendations of SEA. The IPA appreciates the input and feedback of market participants – both received prior to the publication of this draft 2024 Plan and in public comments. The Agency also recognizes that aspects of the REC Pricing Model may be refined or revised prior to filing this Plan with the Commission, or may be contested during the approval of this plan before the Commission and thus may change significantly when final prices for the 2022-2023 delivery year were published on August 1, 2022, in accordance with the IPA's commitment made in the proceeding.⁴⁹⁵ 2024-2025 program year are established.

The Agency cautions Approved Vendors, Designees, potential customers, and other stakeholders that these prices should be viewed as a preliminary. Prices may change between the release of this draft 2024 Long-Term Plan and the finalization of prices after the ICC's approval of the 2024 Long-Term Plan in February 2024.

Table 7-11 shows the proposed REC prices for the 2024-2025 Program Year, including how these proposed prices vary from the prices in effect for the 2023-2024 Program Year.

⁴⁹⁵ See Docket No. 22-0231, Final Order dated July 14, 2022 at 42.

Table 7-11: Proposed ~~ABP~~ Illinois Shines REC Prices (\$/REC) for ~~Delivery~~ 2024-25 Program

Block Category	Project Size	Group A ^[A]	Group B ^[B]	Group A REC Price Change from 2023- 2024 Delivery Year (%)	Group B REC Price Change from 2023- 2024 Delivery Year (%)
Small DG	0 - 10 kW	\$67.11	\$80.13	-8.1 (-10.8%)	-3.62 (-4.3%)
	10 - 25 kW	\$57.07	\$66.12	-7.64 (-11.8%)	-10.15 (-13.3%)
Large DG	25 - 100 kW	\$49.57	\$59.03	-9.71 (-16.4%)	-10.44 (-15.0%)
	100 - 200 kW	\$47.59	\$57.35	-12.85 (-21.3%)	-8.61 (-13.1%)
	200 - 500 kW	\$40.78	\$46.19	-12.61 (-23.6%)	-12.17 (-20.9%)
	500 - 2000 kW	\$37.96	\$41.61	-12.05 (-24.1%)	-10.45 (-20.1%)
	2000- 5000 kW	\$28.86	\$31.05	-11.3 (-28.1%)	-8.51 (-21.5%)
Tradtional Community Solar	0 - 25 kW	\$49.55	\$53.70	-5.53 (-10.0%)	-9.78 (-15.4%)
	25 - 100 kW	\$51.16	\$61.56	-7.78 (-13.2%)	-10.36 (-14.4%)
	100 - 200 kW	\$49.79	\$63.65	-11 (-18.1%)	-9.57 (-13.1%)
	200 - 500 kW	\$45.90	\$56.51	-11.06 (-19.4%)	-8.69 (-13.3%)
	500 - 2000 kW	\$40.24	\$48.53	-9.7 (-19.4%)	-7.55 (-13.5%)
	2000- 5000 kW	\$30.86	\$37.33	-8.41 (-21.4%)	-5.06 (-11.9%)
Community-Driven Community Solar	0 - 25 kW	\$63.34	\$68.67	-7.76 (-10.9%)	-13.7 (-16.6%)
	25 - 100 kW	\$65.49	\$79.24	-10.67 (-14.0%)	-14.37 (-15.4%)
	100 - 200 kW	\$63.61	\$81.95	-14.72 (-18.8%)	-13.17 (-13.8%)
	200 - 500 kW	\$58.24	\$72.23	-14.78 (-20.2%)	-11.87 (-14.1%)
	500 - 2000 kW	\$50.81	\$61.52	-12.92 (-20.3%)	-10.28 (-14.3%)
	2000- 5000 kW	\$38.19	\$46.78	-11.14 (-22.6%)	-6.53 (-12.2%)
Public Schools	0 - 25 kW	\$73.33	\$86.44	-1.62 (-2.2%)	5.28 (6.5%)
	25 - 100 kW	\$67.27	\$78.84	1.7 (2.6%)	8.42 (12.0%)
	100 - 200 kW	\$68.38	\$74.63	1.98 (3.0%)	8.04 (12.1%)
	200 - 500 kW	\$60.30	\$65.90	1.36 (2.3%)	6.09 (10.2%)
	500 - 2000 kW	\$56.43	\$58.74	-0.3 (-0.5%)	5.15 (9.6%)
	2000- 5000 kW	\$45.08	\$44.41	-0.64 (-1.4%)	7.18 (19.3%)

[A] Group A encompasses Ameren Illinois, MidAmerican, Mt. Carmel, Rural Electric Cooperatives, and Municipal Utilities located in MISO
[B] Group B encompasses ComEd, and Rural Electric Cooperatives and Municipal Utilities located in PJM

~~Year 2022-23~~⁴⁹⁶

Block Category/Size		Group A (Ameren Illinois, MidAmerican, Mt. Carmel, Rural Electric Cooperatives, and Municipal Utilities located in MISO)	Group B (ComEd, and Rural Electric Cooperatives and Municipal Utilities located in PJM)
Small DG	≤10 kW	\$78.51	\$82.28
	>10–25 kW	\$66.39	\$71.89
Large DG	>25–100 kW	\$57.94	\$62.23
	>100–200 kW	\$58.85	\$59.02
	>200–500 kW	\$52.35	\$53.11
	>500–2,000 kW	\$50.42	\$47.63
	>2,000 kW–5,000 kW	\$40.90	\$33.31
Public Schools (20 years)	≤25 kW	\$74.95	\$81.16
	>25–100 kW	\$65.57	\$70.42
	>100–200 kW	\$66.40	\$66.59
	>200–500 kW	\$58.94	\$59.81
	>500–2,000 kW	\$56.73	\$53.59
	>2,000 kW–5,000 kW	\$45.72	\$37.23
Traditional Community Solar (20 years)	≤25 kW	\$56.23	\$61.54
	>25–100 kW	\$59.19	\$64.39
	>100–200 kW	\$60.85	\$65.23
	>200–500 kW	\$57.22	\$62.09
	>500–2,000 kW	\$51.32	\$55.50
	>2,000 kW–5,000 kW	\$45.50	\$47.78
Community- Driven Community Solar	≤25 kW	\$71.60	\$78.27
	>25–100 kW	\$75.34	\$82.16
	>100–200 kW	\$77.27	\$83.42
	>200–500 kW	\$72.47	\$79.19
	>500–2,000 kW	\$64.76	\$70.12
	>2,000 kW–5,000 kW	\$56.85	\$59.44

Note that as Prices for the 2025-2026 delivery year would be updated in early 2025 as described below.

As discussed in Section 7.4.5.3, ~~for this 2022 Long-Term Plan,~~ the Agency is not proposing separate prices for projects in Equity Eligible Contractor category. Those projects will instead feature the opportunity for the advance of capital. Equity Eligible Contractor projects ~~would use the applicable REC price for distributed generation or community-driven community solar (as they would be under~~

⁴⁹⁶ These prices are consistent with those published by the Agency on August 1, 2022.

~~15-year contracts~~ will receive the applicable REC price and contract structure for a distributed generation or traditional community solar project. If EECs wish to submit CDCS projects to the Program, those projects must be submitted to the CDCS category, as they feature a distinct application window and scoring process. Those CDCS projects will receive the REC price and contract associated with that Program category. Similarly, EECs may submit projects into the Public Schools category and those projects will receive the REC price and contract related to that Program category. In addition, a ~~Public Schools project that is~~ community solar projects submitted to the Public Schools category would receive the Traditional Community Solar REC price applicable to the project's size.

~~7.5.3. Adjustments~~

~~Adjustments are intended to adjust the base REC price to meet specific additional purposes. These include adjusting for system size, and for adjusting for the additional costs of small subscribers for community solar projects.~~

~~While the Act seeks to encourage projects “in diverse locations and are not concentrated in a few regional areas,”⁴⁹⁷ at this time the Agency is not proposing any specific geographic REC price adders for distributed generation projects. The Agency believes that the split of the blocks between utility service territories adequately addresses program-wide/statewide geographic diversity, and DG project applications to date indicate that projects are well distributed across the state.~~

~~The Agency observes that while projects are spread across the state at a high level, community solar projects are predominantly located in rural areas that are not likely to be close to subscribers. The Agency expects that the creation of the new category of Community-Driven Community Solar will address this issue and result in community solar projects in more suburban and urban areas that will increase the diversity of community solar project locations.~~

~~7.5.4. Size Category Adjustments~~

~~Prior to the enactment of Public Act 102-0662, Small DG projects were defined as projects up to and including 10 kW in size. That size has been increased to up to and including 25 kW. The Agency proposes to now have two price levels within the Small DG category, one for projects up to and including 10 kW and one for projects over 10 kW up to and including 25 kW. The price for projects up to and including 10 kW does not include an adjustment the incremental cost of prevailing wage requirements. Most residential projects are under 10 kW in size (and similarly most projects under 10 kW are residential), so the use of two levels provides a proxy for that adjustment.~~

~~For all other categories, the Agency proposes to have the smallest size category for projects up to and including 25 kW, and then subsequent category sizes for projects 25 kW up to and including 100 kW, over 100 kW up to and including 200 kW, over 200 kW up to and including 500 kW, and over 500 kW up to and including 2 MW, and over 2 MW up to and including 5 MW, with adjustments to REC prices reflecting modeled development costs by size category.⁴⁹⁸~~

⁴⁹⁷ 20 ILCS 3855/1-75(e)(1)(K).

⁴⁹⁸ As per the Commission's Order in Docket No. 22-0231, the IPA will explore additional subcategories across Large DG projects for its next Long-Term Plan. See Docket No. 22-0231, Final Order dated July 14, 2022 at 96.

7.5.5.7.5.4. Co-location of Distributed Generation Systems

~~For purposes of Adjustable Block Program categories and applicable REC prices~~Co-location of projects occurs when multiple projects are located adjacent to each other, perhaps using the same point of interconnection. Co-located projects can be structured to maximize income from incentives, such as by dividing up a larger project into smaller pieces that qualify for higher incentives. For purposes of administering the Illinois Shines program, the total capacity of distributed generation systems energized after June 1, 2017 on a single parcel that participate in the ~~Adjustable Block~~ Program are considered a single system.⁴⁹⁹ ~~(For example, three 100 kW systems on a single parcel will be considered a 300 kW system.) If a system on a single parcel is subsequently expanded, the Agency reserves the right to revise the incentive amounts paid for the subsequent system(s), and to set the incentives based on the total expanded system size rather than just treat the expansion as a separate system. For the purpose of establishing a revised incentive level under these circumstances, the systems' location would be considered at the parcel level.~~

Exceptions will be made if it can be demonstrated that two projects on one parcel have separate, non-affiliated owners and serve to offset the load of separate, non-affiliated entities on a parcel.

In rural areas of Illinois, it is not uncommon for a parcel to have buildings (and thus load to be offset by distributed generation) that serve separate residential and agricultural uses. The Agency will evaluate requests to consider those uses separately for the application of this standard.

The Agency's co-location determinations only apply to distributed generation projects participating in the ~~Adjustable Block~~ Program and not projects installed outside of the Program (e.g., through previously conducted Agency procurements, receiving DCEO rebates, or developed without incentives). It also does not apply to the co-location of distributed generation and community solar projects. Co-location of community solar projects is discussed in Section 7.9.4. As noted in that section, community solar projects that have an aggregate nameplate capacity that sums to over 5MW may not be co-located by law regardless of their participation in the Program.

7.5.5. System Expansions

~~If a system on a single parcel is subsequently expanded (referred to in the Program as a system expansion), the Agency reserves the right to revise the incentive amounts paid for the subsequent system(s), and to set the incentives based on the total expanded system size rather than just treat the expansion as a separate system. For the purpose of establishing a revised incentive level under these circumstances, the systems' size would be considered at the parcel level. In addition, if a project expansion is submitted more than two years after ICC approval of the original system, then expansion pricing will not apply. However, if the expansion project has already been built and interconnected at the time of project application, the date of interconnection must be more than two years after the ICC approval of the original system. If not, it will be subject to expansion pricing.~~

7.5.6. Community Solar

Community solar projects face additional costs and feature reduced eligibility for direct energy-related revenues than distributed generation systems. On the revenue side, subscribers to such

⁴⁹⁹ Any system developed under this ~~program~~Program would require a separate GATS or M-RETS ID from any system developed through a different program (e.g., the Supplemental Photovoltaic Procurement or the Utility DG procurements) or without ~~programmatically~~Programmatic support. This would allow for a clear demarcation between systems and their associated RECs.

projects are eligible only for energy-only net metering, while on the cost side, there is the cost of acquiring, maintaining, and managing subscribers. The prices for community solar RECs compared to distributed generation projects as shown above in Table 7-5 reflect those differences.

~~In the Initial Long-Term Plan, the Agency included adders for community solar projects with higher levels of small subscribers (residential and small commercial customers with subscriptions below 25 kW). For the Revised Plan, the Agency eliminated the Initial Plan's highest adder for over 75% small subscribers and had the largest adder available for projects featuring over 50% small subscribers. This left the adders ranging from \$11.17/\$10.88, for Groups A and B respectively for projects with over 25% small subscribers, and less than 50% to \$22.34/\$21.77 respectively, for projects with 50% or greater small subscribers.~~

~~The Agency continued to have concerns that these adders may have been too high. These adders were developed using an analysis of community solar subscription costs contained in the Initial Plan. The Agency notes that a 2018 GTM Research report⁵⁰⁰ contained estimates of subscriber acquisition costs that ranged from \$0.06 to \$0.25 per Watt and ongoing subscriber management (including billing and replacing subscribers) of \$0.12 to \$0.35 per Watt. The low end of the combined costs from those estimates would be \$0.18 per Watt and the high end \$0.60 per Watt. Translating those costs to the REC output over 15 years of a typical 2 MW community solar project (with a 22% AC capacity factor), those ranges would imply additional subscriber related costs of \$6.85 to \$22.83 per REC, which indicates that those small subscriber adders were too high, especially if the prior adder for systems with greater than 75% small subscriber participation had been maintained.~~

~~Another data point suggesting a lower adder comes from Minnesota, which utilized the equivalent of \$15/REC for a two-year pilot for projects that energized in 2019 or 2020 (and is currently undergoing review with stakeholders advocating for its extension).⁵⁰¹~~

~~For the withdrawn draft Second Revised Plan, the Agency sought stakeholder feedback on if small subscriber adders should be reduced. The shift to online marketing and enrollment is likely an additional cost savings for community solar providers that may not have been reflected in the original current adder. The Agency suggested starting with the midpoint of the range of costs reported by GTRM Research, or \$14.82/REC for 50% or over small subscriber levels (and a lower adder for projects in the 25-50% small subscriber range). This approach produced adders very similar to the current Minnesota adder.~~

~~Public Act 102-0662 now Section 1-75(c)(1)(K)(iii)(2) of the IPA Act requires that community solar projects have a minimum of 50% small subscribers. This renders the need to have an adder for different levels of small subscriber levels unnecessary, subscriptions of 25 kW or less for at least 50% of the facility's nameplate capacity and directs the Agency to "price the renewable energy credits with that as there would no longer be the possibility of a project having between 25 and 50% small subscribers. As the Agency had already proposed basing the highest level adder as being at the 50% of higher small subscriber level, the amount that was previously broken out as an adder is now proposed to be included in all community solar REC prices. The Agency proposes maintaining its suggestion from the withdrawn draft Second Revised Plan of having that a factor." Accordingly, the~~

⁵⁰⁰ The Vision for U.S. Community Solar: A Roadmap to 2030. GTM Research, July 2018 (https://votesolar.org/wp-content/uploads/2021/05/EXEC_SUMM_The_Vision_for_US_Community_Solar_072518.pdf).

⁵⁰¹ See Appendix C for additional information on the Minnesota adder.

REC Pricing Model includes an adjustment set to community solar prices reflecting the estimated cost of acquiring small subscribers on each project.

In the 2022 Long-Term Plan, the Agency proposed, and the Commission approved setting this adjustment at \$14.82/REC. The Agency further notes that changes to community solar net metering contained in Section 16-107.5(1)(3) of the Public Utilities Act will allow Ameren and ComEd to offer consolidated billing for community solar projects, which is a potential additional decrease in the cost of managing small subscriber subscriptions. In approving this approach for the 2022 Long-Term Plan, the Commission noted that the REC price for community solar is clearly sufficient to support participation in the ~~program~~ Program based upon the ~~over-subscription~~ high levels of participation in the Traditional Community Solar category.⁵⁰² In the stakeholder feedback solicited during the development of the draft 2024 Long-Term Plan, no stakeholder proposed a change to the adder due to the lack of good market data, although several commented on the increasing cost of subscriber acquisition and the fees associated with consolidated billing. At this time, the Agency proposes no change to the \$14.82/REC adjustment for community solar projects embedded in the REC Pricing Model.

7.5.7. Updating of REC Prices

PriorThe shift of the Illinois Shines Program to the enactment of Public Act 102-0662, there were two ways REC prices could change. The first was when a block of capacity closed, the next block would open at a new, lower price and the Agency set that price decline at 4% between annual blocks. The second way that REC prices could change was a provision of Section 1-75(c)(1)(M) of the IPA Act that allowed the Agency to change prices (and other program elements) by up to 25% without seeking Commission approval, but with stakeholder input. During the period of 2019 through 2021, the Agency did not make any such REC price adjustments.

Public Act 102-0662 now sets blocks to be based on capacity for a given energy delivery year. As a result, the approach of having REC prices decline by 4% has resulted in a structure where the traditional 4% decline between blocks is now less no longer appropriate. Under the prior model the rate of progression between blocks was determined by market activity. More applications received by the program meant faster closing of blocks, and prices changing more often; thus fewer applications received by the program, and prices would be maintained for a longer time. As the transition between blocks will now occur occurs on a known schedule, occurring every June 1, the Agency proposes that rather than having a pre-determined price change between blocks, that instead the Agency will conduct an annual refresh of the REC Pricing Model described above. This will include refreshing inputs from known sources and seeking stakeholder feedback on preliminary prices.

ForThis approach was approved by the Commission under the 2022-2023 Long-Term Plan. REC prices for the 2022-23 delivery year, REC prices will be as were approved by the Commission through the Commission's approval the 2022 Long-Term Plan. For The Agency updated the REC Pricing Model for the 2023-2024~~24~~ delivery year, the Agency proposes to begin the updating of the REC pricing model in January of 2023 with the release of a draft new set of REC and released final prices for stakeholder feedback. the 2023-24 program year on April 17, 2023.

The Agency will consider that feedback and finalize REC prices by May 1, 2023. proposes the same process for the 2024-25 and 2025-26 program years, with the REC prices for the 2024-25 program

⁵⁰² See Docket No. 22-0231, Final Order dated July 14, 2022 at 97.

~~year approved through the 2024 Long-Term Plan and prices for 2025-26 program year released after a stakeholder feedback process in early 2025. Both processes may include consideration of market-based price adjustments as raised in Section 7.5.2.~~

~~The other mechanism for changing REC prices is Section 1-75(c)(1)(M)'s While the Agency does not intend to make intra-year changes to REC prices (consistent with SEA's Recommendation 6), if market conditions are such that changes are absolutely necessary, there is a mechanism to do so. Section 1-75(c)(1)(M) contains an allowance that "[p]rogram modifications to any block price that do not deviate from the Commission's approved value by more than 10% [and] shall take effect immediately and are not subject to Commission review and approval." This adjustment level was reduced from 25% to 10% by Public Act 106-0662. Furthermore, any modifications to prices require stakeholder feedback and advance notification.~~ There are several reasons why the Agency might consider a mid-year price adjustment, but the IPA would only do so if it determines that changing circumstances have created a genuine need for an adjustment. Examples of such circumstances would include changes to federal legislation that impact the Investment Tax Credit, new tariffs on imported panels and modules, or significant changes to net metering credits or the smart inverter rebate (~~however smart inverter rebates will not change prior to December 2024, which is outside the time period covered by this 2022 Long-Term Plan~~). ~~and the Agency will incorporate updated rebate levels when they become available into the REC Pricing Model for the 2025-2026 program year~~. If the Agency becomes aware of a circumstance that would warrant consideration of a mid-year REC price adjustment, it will conduct modeling of REC price changes, provide notice to stakeholders, and conduct a stakeholder feedback process before ~~making~~finalizing any changes, as provided for in Section 1-57(c)(1)(M).

~~Following the Commission's approval of this Plan, federal legislation was enacted on August 16, 2022, which includes extensions of and enhancements to the structure of the Investment Tax Credit, which would have a significant impact on the REC Pricing model. However, any such changes to REC prices based upon the enactment of the federal Inflation Recovery Act will require time to evaluate and adjust; accordingly, the Agency will not incorporate such changes into REC Prices until the 2023-2024 delivery year.⁵⁰³~~

~~Finally, as discussed above, the Agency will retain an independent expert consultant to conduct a re-evaluation of the REC Pricing Model prior to the release of the 2024 Long-Term Plan.⁵⁰⁴ The recommendations provided by the expert consultant will be utilized in the development of the REC Prices for future years and governed by future Plans. At the earliest, the IPA believes that the recommendations may be used to inform the adjustments to REC prices for the 2024-2025 and 2025-2026 delivery years.~~

7.6. Prevailing Wage

As outlined in Section 1-75(c)(1)(Q) of the IPA Act, most ~~Adjustable Block Program project proposals~~Illinois Shines projects must comply with Illinois Prevailing Wage Act requirements. Prevailing wage is a minimum compensation level by county set by the Illinois Department of Labor for construction activities related to public works. Section 1-75(c)(1)(Q) of the IPA Act (20 ILCS

⁵⁰³ The Agency provided rationale for this decision here: <https://illinoisabp.com/wp-content/uploads/2022/08/August-19-2022-announcement-final-for-publication.pdf>

⁵⁰⁴ See Docket No. 22-0231, Final Order dated July 14, 2022, at 94.

3855) ~~now~~ requires that individuals engaged in the construction of applicable projects submitted to the Program are paid the prevailing wage. Additionally, Public Act 102-0673 clarifies that projects receiving incentives under the Program are “public works” subject to the Prevailing Wage Act—which includes notice requirements and related provisions as well.

For ~~Adjustable Block Program~~ Illinois Shines administration, Illinois law allows only the following types of projects to be considered exempt from prevailing wage requirements:

- Large Distributed Generation projects (greater than 25 kW AC) that were on a waitlist as of the ~~program's~~ Program's reopening on December 14, 2021
- Distributed generation projects (Large or Small) that either serve a single-family or multi-family residential building, or serve a house of worship and are not greater than 100 kW AC (aggregated with any co-located projects)
- Distributed generation projects (Large or Small) for which construction can be demonstrated to have been completed before September 15, 2021, the effective date of Public Act 102-0662.

A project application sized between 10-25 kW for which an application was originally received in the Large Distributed Generation category (i.e., on or before November 1, 2021 when the ABP Illinois Shines application portal closed to applications in preparation for ~~program~~ Program reopening on December 14, 2021) ~~will be~~ is considered a waitlisted Large Distributed Generation project for prevailing wage purposes, although that project will otherwise be reclassified as a Small Distributed Generation project for *processing* the project application and ~~that reclassification will be reflected in for the purposes of establishing~~ the REC price and payment terms.

~~After the enactment of Public Act 102-0673,~~ Illinois Shines projects that do not qualify for one of the above exemptions must comply with all provisions of the Prevailing Wage Act (“PWA”). The Illinois Department of Labor (“~~DOL~~ IDOL”) oversees the implementation and enforcement of the Prevailing Wage Act and has multiple resources, such as FAQs, available on its website.⁵⁰⁵ The Prevailing Wage Act requires that employees engaged in construction activities related to the project be paid the prevailing wage of that location, as determined by the ~~DOL~~ IDOL annually and updated regularly on its website. The Approved Vendor, its contractors, and its subcontractors must provide written notice to all contractors and subcontractors that the PWA applies to the project, including notice and record keeping requirements; penalties and fines for violations may be imposed on upstream contractors if they did not provide proper notice to subcontractors. Employees engaged in construction activities must be given written notice of the applicable prevailing wage rates through posting those rates on the work site, at a central office, or through direct written communication. Each contractor and subcontractor under contract for construction activities for the project must submit a Certified Transcript of Payroll (“CTP”) using the ~~DOL Certified Transcript of Payroll Portal~~ IDOL Certified Transcript of Payroll⁵⁰⁶ on a monthly basis throughout construction activities. Templates for the CTP and additional details on what to include may be found on the ~~DOL~~ IDOL website. Approved Vendors must also submit all CTPs from the relevant project to the Program Administrator via the Part II application.

Part I of the project application for non-exempted projects will require that an Approved Vendor certify its understanding that prevailing wage requirements apply to that project, and the Part I verification will include the Program Administrator’s determination regarding applicability of

⁵⁰⁵ Illinois Department of Labor: ~~https://www2.illinois.gov/idol/Pages/default.aspx~~ https://labor.illinois.gov/

⁵⁰⁶ See: https://labor.illinois.gov/laws-rules/conmed/certifiedtranscriptofpayroll.html

prevailing wage requirements. In Part II of the project application, the Approved Vendor will be required to certify to and document compliance with prevailing wage requirements, if applicable.

If, during the Part II review, the Program Administrator finds that a participating project was not compliant with the provisions of the PWA, the Approved Vendor and its contractor or subcontractor may cure this defect through providing backpay to impacted workers, provide documentation of such backpay, file the required CTPs with IDOL, and provide a copy of those CTPs to the Agency.

All projects subject to prevailing wage requirements may be subject to auditing by the Program Administrator to verify compliance. This auditing includes a requirement to admit the Program Administrator or their representatives to work sites for ongoing projects, access to speak to employees who are working or have worked on projects, access to requested documentation demonstrating payment of wages including but not limited to Certified Transcripts of Payroll, and any other information the Program Administrator deems necessary to confirm compliance with this requirement. Failure to comply with prevailing wage requirements is considered a violation of ~~program~~Program requirements. While the Agency may refer potential violations of the PWA to the ~~IDOL~~IDOL for further investigation and enforcement, the Agency may also take disciplinary action against any Approved Vendor or Designee found to have violated the PWA on a facility for which there was a REC ~~contract~~Contract under ~~the ABP~~Illinois Shines.

7.7. Approved Vendors

Participation in ~~the Adjustable Block Program~~Illinois Shines takes place through, and is conditional upon, the Approved Vendor process developed by the Agency and implemented by the Program Administrator. The Approved Vendor model was originally based upon the experiences the Agency gained through the development and implementation of the Supplemental Photovoltaic Procurement, as well as observations of programs in other states. While arguably there could be more flexibility available to consumers through a program under which any entity may receive a contract, by having Approved Vendors—i.e., ensuring that any entity receiving a REC delivery contract is registered with and vetted by the Agency, and has met conditions predicate—the Agency is better able to monitor compliance with program terms and conditions, ensure the accuracy and quality of information submitted, and reduce the administrative burden on the contractual counterparties.

This model thus benefits consumers because they can verify that an entity that proposes to develop a photovoltaic system for them (or sell them a subscription to a community solar project) is a legitimate entity participating in the Program. It is important for the Agency to have the ability to monitor the ~~program~~Program and ensure high quality performance by the Approved Vendors; an Approved Vendor that fails to live up to the requirements of the ~~Adjustable Block~~ Program could have a significant negative impact on the entire renewable energy market in Illinois that would extend beyond just its own actions. Additionally, as discussed in more detail in Chapter 8, registration as an ~~Adjustable Block Program~~Illinois Shines Approved Vendor is a prerequisite to becoming an Illinois Solar for All Approved Vendor, and the loss or suspension of Approved Vendor status under ~~the Adjustable Block Program~~Illinois Shines would result in an Approved Vendor's status under the Illinois Solar for All ~~Program~~program to also being terminated or suspended.

The Agency does not restrict Approved Vendor participation by entity type; as such, Approved Vendors could include a company that specializes in the aggregation and management of RECs; a for-

profit developer or installer of photovoltaic systems; a municipality; or a non-profit serving a specific sector of the community, among others.

Approved Vendors serve as the contractual counterparty with the utility, and thus are the entity that receives payments from the utility for REC deliveries as contract obligations are met.⁵⁰⁷ Approved Vendors are therefore responsible for submitting necessary paperwork (project applications, status updates, quarterly and annual reports) to the Program Administrator (as the responsible party for the information contained in that paperwork), maintaining collateral requirements (and ~~paying~~ ~~meeting~~ any ~~contractual clawback~~ ~~contractually required payments~~ not covered by posted collateral), and providing ongoing information and reporting. As such, the Approved Vendors must coordinate downstream information from installers/developers as well as individual system owners (who may well provide required information through the installer/developer). Failure to provide this necessary information in a timely manner may result in disciplinary action as customers may be negatively impacted by an Approved Vendor's lack of responsiveness.

The Agency does not require a specific delegation of duties between the Approved Vendor, sales generating firms, installer/developer, and system owner; rather, it believes that the market is better suited to allow a variety of business arrangements to develop. The key consideration is that the Approved Vendor is ultimately responsible for the fulfillment of contractual obligations, including any obligations delegated to subcontractors, in a manner consistent with the requirements of this Plan, other published program requirements stemming from this Plan (such as those found in the Program Guidebook and Marketing Guidelines), and the Approved Vendor's contract with the counterparty utility.

As discussed in Section 7.8, the Agency ~~now~~ requires that Designees (entities working with or on behalf of Approved Vendors for participating projects) be registered with the ~~program~~ ~~Program~~. While this does not change the responsibilities of the Approved Vendor, or the potential for an Approved Vendor to be held accountable for the conduct of its Designee, the Agency believes that this step provides additional information and transparency to consumers and to the marketplace generally.

Approved Vendors must agree to the following terms:

- Participate in registration and complete any training developed by the Agency
- Abide by these ongoing Program terms and conditions
- Provide information to the Agency on the Approved Vendor's organizational history, capacity, financial information, regulatory status in Illinois and other states (including current complaints or other actions against the Vendor or prior complaints within the past five years), etc.
- Disclose whether the entity is minority, woman, disabled, or veteran-owned, and provide an estimate of the percentage of staff at time of registration and subsequent annual renewals who are women, disabled, veterans, or minorities. This process will include specifying with which certification programs the business has registered.
- Be registered to do business in Illinois
- Disclose to the Agency names and other information on installers and projects, while otherwise maintaining confidentiality of information

⁵⁰⁷ The Agency imposes no requirement as to how the Approved Vendor shall share the REC payments with the installer, host, and other project parties.

- Document that all installers and other subcontractors comply with applicable local, state, and federal laws and regulations, including for example, maintaining Distributed Generation Installer Certification
- Provide samples of any marketing materials or content used by the Approved Vendor, and/or their subcontractors/installers, designees, agents, and affiliates, to the Agency for review, as requested.⁵⁰⁸
- Agree to make changes to marketing materials as instructed by the Agency.⁵⁰⁹
- Register and maintain such registration in GATS or M-RETS and demonstrate the ability to manage project application and REC management functions in the applicable tracking system
- Pay applicable application fees
- Comply with all terms of contracts with utilities under the Program
- Submit Annual Reports on a timely basis

~~7.7.1. Supporting Stranded Distributed Generation Customers~~

- ~~• One issue that has arisen since the approval of the Revised Long-Term Plan in 2020 is the creation of “stranded” ABP distributed generation customers when an Approved Vendor goes out of business, is having financial difficulties and is unwilling or unable to pass through promised REC payments, or is suspended as a disciplinary action and prohibited from advancing projects through the application process. Agree to be listed on the Program website as an Approved Vendor in the Program~~

~~The stranded customer may be left without an Approved Vendor to advance their application through the review process, or to pass through promised REC payments from the contracting utility. As part of the 2022 Long-Term Plan, the Agency is seeking Commission approval of a proposed approach to address this issue.~~

~~The Agency’s primary concern is a positive resolution for the customer, including a path forward for their project to be completed, approved as part of the ABP, and for the customer to receive promised REC payments, if possible. Within the ABP, the Agency has recently encountered two situations where customers were effectively stranded by an Approved Vendor. In both cases, the Program Administrator was able to communicate with the affected customers and assist them in finding another Approved Vendor that was willing to take on the customer’s contract.~~

~~The Agency believes that the option of referring customers to a designated aggregator Approved Vendor that is willing to take on stranded customers is the best option for handling these types of situations. Many customers will not have the time, interest, or ability to find a new Approved Vendor on their own, especially because the customer may not understand the Program well enough to explain the situation to other Approved Vendors. Furthermore, the Agency’s understanding is that most Approved Vendors would not be interested in taking on stranded customers because the limited financial benefit to the Approved Vendor, especially if REC payments have been made. If the prefers~~

⁵⁰⁸ This requirement applies to, at minimum, printed materials, advertising through television and radio, websites (including affiliate websites), web ads, marketing via email or social media, telemarketing scripts, and leads purchased through lead-generation vendors.

⁵⁰⁹ This requirement is not meant to impede the ability to market to customers, but rather to ensure that any types of marketing are not deceptive, confusing, or misleading. Likewise, the Agency is concerned about misrepresentations that could be made about the relationship between an Approved Vendor (or the subcontractors/installers) and the Agency or ~~program~~Program.

~~to find a new Approved Vendor on their own, rather than use the aggregator Approved Vendor to whom the Program Administrator refers them, they may do so.~~

~~The Agency may also consider developing other processes to address the stranded customer issue. This may include, in these limited circumstances, allowing customers to directly receive incentive payments (through loosening requirements around batching with other projects) by becoming a single project Approved Vendor, or allowing the Program Administrator to function as an Approved Vendor of last resort. The Agency would only make such substantive programmatic if a need for it emerges, such as a dramatic increase in the number of stranded customers or the inability of any alternative Approved Vendor to take on stranded customers. In such circumstances, the Agency would develop new procedures through a stakeholder process.~~

7.7.2.7.7.1. Approved Vendor Applications

Approved Vendors must have their approval renewed once a year. Failure by an Approved Vendor to follow the requirements of ~~the Adjustable Block Program~~ Illinois Shines, as determined by the Agency and/or its Program Administrator, may result in the entity having the suspension of or losing its status as an Approved Vendor and thus losing the ability to bring new projects into the programs. Losing that status would not relieve an Approved Vendor of its obligations to ensure that RECs from its projects that have been energized continue to be delivered to the applicable utility; failure to meet those contractual obligations could result in having the Vendor's credit collateral drawn upon. (See Section 7.12.1 for more discussion of contractual obligations.) As part of the renewal process, Approved Vendors will submit their training materials and certifications showing that their agents have been trained in accordance with program requirements. The Program Administrator may request other materials and documents upon renewal as well, including, but not limited to, marketing materials and employee training materials.

The Agency recognizes that there may be certain projects where the Approved Vendor model may not be completely appropriate, and therefore allows an Approved Vendor who has only one project to apply under a more limited set of requirements as a Single Project Approved Vendor. Specifically, this designation may apply to a project that is owned by that Single Project Approved Vendor (as opposed to a situation where the Approved Vendor is an intermediary between the system developer and/or owner and the contracting utility). In this situation, the following provisions related to Approved Vendors do not apply:

- Provide samples of any marketing materials or content used by the Approved Vendor, and/or their subcontractors/installers and affiliates, to the Agency for review, as requested.
- Agree to make changes to marketing materials as instructed by the Agency.

In addition, the consumer protection requirements found in Chapter 9 would not apply to the Single Project Approved Vendor for a distributed generation project, but if the project is a community solar system, all applicable community solar consumer protection requirements related to subscribers do apply (including those concerning marketing materials referenced above).

Single Project Approved Vendors will need to request that status prior to submitting their system's Part I application, and the Program Administrator and Agency will review requests to ensure that this process is not used to avoid the more general requirements of this program through the establishment of nominally separate entities. ~~The minimum size for a project submitted by a Single Project Approved Vendor is 100 kW.~~

The Agency also encourages the hiring of graduates of job training programs (as described in Sections 8.8.1 and 8.9.1) to work on installations of projects supported by ~~the Adjustable Block Program. Illinois Shines.~~ The Program Administrator currently requests Approved Vendors to report on the planned usage of job training program graduates as part of the project application process and requires reporting on job trainee hiring as part of the annual reports submitted by each Approved Vendor.

As more trainees become available, the Program Administrator will provide additional information to Approved Vendors to support this goal.

The Agency is planning to update the details of the Approved Vendor application via a future stakeholder feedback process that is tentatively planned to take place across late Summer/early Fall 2023. As the Approved Vendor application has been largely unchanged since Program inception, the Agency finds this update to be important and timely.

~~7.7.3.7.7.2.~~ **Equity Eligible Contractor Application Process**

Approved Vendors that wish to submit projects into the Equity Eligible Contractor (“EEC”) category must first apply to be certified as an EEC. They may do so in conjunction with their Approved Vendor application or at any time after submitting their initial Approved Vendor registration. In order to streamline the process for a new program participant to become a certified EEC and Approved Vendor, the Agency and the Program Administrator will include the EEC certification document in ~~the~~its Approved Vendor application. This will help prevent an EEC-qualifying applicant from missing an essential step that could affect the Approved Vendor’s ability to participate in the Equity Eligible Contractor category.⁵¹⁰

If the Approved Vendor is organized as a corporation, general partnership, limited liability partnership, limited liability company, or limited partnership, the applicant will be asked to designate which owners, partners, or proprietors meet the EEC eligibility criteria. Similarly, if the Approved Vendor is organized as a non-profit, the applicant will be asked to provide the board membership of the non-profit and designate which board members meet the EEC eligibility criteria. However, if the Approved Vendor is a sole proprietor, no additional designations are required.

An Approved Vendor can qualify for an EEC certification by ~~having~~being an Equity Eligible Person or being majority-owned by Equity Eligible Person (“EEP”). EEP status ~~is achieved~~ under at least one of the following four categories:

- Persons who graduated from or are current or former participants in the Clean Jobs Workforce Network Program, the Clean Energy Contractor Incubator Program, the Illinois Climate Works Preapprenticeship Program, Returning Residents Clean Jobs Training Program, or the Clean Energy Primes Contractor Accelerator Program, and the solar training pipeline and multi-cultural jobs program created in paragraphs (a)(1) and (a)(3) of Section 16-108.12 of the Public Utilities Act
- Persons who are graduates of or currently enrolled in the foster care system
- Persons who were formerly incarcerated

⁵¹⁰ ~~See Final Order, ICC Docket No. 22-0231, Final Order dated July at 71 (Jul. 14, 2022 at 71-).~~

- Persons whose primary residence is in an equity investment eligible community.⁵¹¹

~~The IPA has further defined “persons who were formerly incarcerated” as any individual who (i) was sentenced to a term of imprisonment, not including juvenile detention, after the disposition of one or more misdemeanor or felony charges; and (ii) has completed their sentence. There is no time limit or expiration regarding when the incarceration occurred. The IPA defines “persons who are graduates of or currently enrolled in the foster care system” as any individual who is currently or was formerly a youth in care of the Illinois Department of Children and Family Services, or the equivalent agency in another state.~~

EEC applicants will be required to complete an EEC certification in addition to the general Approved Vendor attestation and application. This certification must be completed by each owner or board member in the organization used to establish EEC status.

~~The applicant will be asked if it would like to be identified as an Equity Eligible Contractor on the public list of Approved Vendors on the illinoisabp.com and illinoisshines.com web sites; willingness to be publicly identified as an Equity Eligible Contractor on those sites is not required for maintaining EEC status.~~

~~Section 1-75(c-25)(2) requires that the Energy Equity Workforce Portal, as discussed in Chapter 10, include “a list of equity eligible contractors with their contact information, types of work performed, and locations worked in[.]” For the sake of transparency, the Agency may post a list of current EECs on the Illinois Shines website as well.~~ All certified EEC Approved Vendors will be listed on public project application reports and potential other public reports.

As part of the EEC certification process, the Program Administrator may follow up with the applicant with additional questions to clarify EEC eligibility and reserves the right to seek additional information or other documents to confirm EEC eligibility.

7.8. Approved Vendor Designees

~~In The IPA requested stakeholder feedback on potential methods to account for the First Revised Plan, likelihood that an individual EEP may qualify based upon residence at one point in the year, but may not in the future.⁵¹² Feedback was split, with some supporting a more stringent approach similar to the Social Equity Applicant model in the cannabis sector, which requires demonstrating residency in certain areas for 5 of the last 10 years, while others favored maximum flexibility to reduce the reporting burden on EEPs. The Agency created a new requirement for Approved Vendor Designees, proposes to require that EEPs qualifying based on their primary residence renew their certification every two years. As described below, the Agency is also recommending potential ways to use the Energy Workforce Equity Portal (“Equity Portal”) to ease the process of EEP certification and tracking. While the Agency recognizes that requiring that renewal of EEP certifications creates additional processes, the intent is for the planned expanded use of the Equity Portal will balance out~~

⁵¹¹ 20 ILCS 3855/1-10. Equity investment eligible communities are defined as 1) R3 Areas as established pursuant to the Cannabis Regulation and Tax Act, and 2) Environmental Justice Communities as established through Illinois Solar for All ~~Program~~ program. For maps and address lookup tools for these two areas see: <https://r3.illinois.gov/eligibility> and <https://www.illinoisfa.com/environmental-justice-communities/> respectively; ~~the Agency has also developed an Equity Eligible Investment Community map here: https://energyequity.illinois.gov/resources/equity-investment-eligible-community-map.html. Changes to the Environmental Justice Communities and R3 Area maps are subject to the various update process of each respective group.~~

⁵¹² Stakeholder feedback request and comments found on this page: <https://illinoisshines.com/equity-eligible-contractors/>.

any increased burden on EEPs or AVs. The Agency also proposes to require EEPs that serve as the majority-owner of an EEC and qualify as an EEP based on residency to renew their certification annually as part of the AV annual renewal.

As noted above in Section 7.7.2, this 2024 Plan proposes that EEPs who serve as the majority-owner of an EEC and qualify as an EEP based on residency be required to re-certify their status as an EEP annually. The Agency also proposes that all EECs will need to re-certify as an EEC each year alongside the annual renewal of their AV status. This re-certification will only require confirmation of majority-ownership by the EEP(s), and where that or those EEP(s) qualify based on residency, they will need to re-certify their qualification, as stated above.

7.8. Designee Registration

Designees must register with the ~~program~~Program and be listed on the ~~program websites (both www.illinoisabp.com and www.illinoisshines.com)~~Program website along with the Approved Vendor(s) with whom they are working, where applicable. Registration also requires the assent of ~~the~~those Approved Vendor(s), and can be withdrawn by an Approved Vendor working with the Designee at its discretion, or by the IPA or Program Administrator if the Designee is found to have violated ~~program guidelines~~Program requirements and is suspended or has its registration terminated. As used herein, by “Designee,” the Agency is referring to third-party (i.e., non-Approved Vendor) entities that have direct interaction with end-use customers. This includes, but is not limited to, installers, entities that perform maintenance and repair, warranty holders, marketing firms, lead generators, community solar subscription management firms, and sales organizations. The Agency reserves the right to add additional categories as needed.

7.8.1. Designee Registration

Registration encompasses the Designee’s provision of contact information, acknowledgment of the business relationship with the Approved Vendor, and identification of the categories of the consumer-facing services provided. Designees must also indicate if they are minority-owned, woman-owned, veteran-owned, disability-owned or considered a small business and provide an estimate of the percentage of staff at time of registration who are women, minorities, veterans, or disabled.

Additionally, a Designee is responsible for acknowledging that it will comply with all Program requirements applicable to installers or marketing agents, as applicable. Since launching ~~the Adjustable Block Program~~Illinois Shines, the Agency has become aware of instances of violation of ~~program~~Program guidelines by ~~Approved Vendor~~ Designees that may have been committed without the knowledge or control of the underlying Approved Vendor. Failure by a Designee to comply with applicable requirements could subject the Designee to suspension or termination from registration. If the Designee ignores a suspension (or termination) decision made by the Program Administrator and continues program activities nonetheless, any Approved Vendor that works with the Designee during that period ~~will~~may be subject to discipline. Likewise, Approved Vendors found to be working with entities engaged in the proscribed activities that fail to register will be subject to discipline.

~~Pursuant to the Commission's Order in Docket No. 19-0995, Approved Vendors and their Designees were to register with the Program by December 10, 2020 to remain in compliance.~~⁵¹³

The purpose of this requirement is to increase transparency for the ~~program~~Program. Potential customers will be able to verify that a company that reaches out to them is actually a program participant registered with the Program (and likewise be able to review if they are listed on the ~~program's~~Program's Consumer ~~Protection Database Complaint Report~~ or the ~~program's Disciplinary Actions~~Program Violation Report~~)).~~⁵¹⁴ While the Agency had anticipated that smaller installers would work with ~~aggregator~~ Approved Vendors ~~that are aggregators~~, it has become clear that sales and marketing of solar includes a variety of different types of organizations and that this variance can create market confusion.

Approved Vendors are responsible for ensuring that their Designees register with the ~~program~~Program (which includes an attestation by that Designee that the Designee agrees to abide by program terms and conditions), and Approved Vendors who fail to do so may be subject to disciplinary actions. This includes Designees contracted by or working for other Designees, sometimes referred to as "nested" designees. For example, for an Approved Vendor who has an installer serving as a Designee, and that installer hires a lead generation firm to assist in marketing for customer acquisition purposes, the Approved Vendor is responsible for ensuring that the lead generation firm (in addition to the installer) registers with the ~~program~~Program. One possible benefit to Approved Vendors through this system will be that they will know what downstream firms are working with their direct Designees, and they may be able to better monitor those firms' behavior (as the Approved Vendor is ultimately responsible with conformance with ~~program guidelines~~Program requirements).

~~The Agency also proposes that Designees go through an annual process to renew their~~Program Administrator is developing a Designee registration and annual renewal process, similar to the current renewal process for Approved Vendors, ~~to be implemented tentatively in Winter 2023~~. As part of this process, Designees will submit their training materials and certifications showing that their agents have been trained in accordance with ~~program~~Program requirements.

~~The Agency understands that the requirement that a Designee must be approved by and/or connected to an Approved Vendor in order to register as a Designee may pose a barrier to Designees that are small, new entrant businesses that are seeking to participate in the Program, but do not have a pre-existing relationship with an Approved Vendor (particularly those Designees that are seeking EEC certification). The Agency seeks feedback on this potential barrier and appreciates any comments stakeholders may provide on the best way to accommodate new Designees that are seeking to become EEC certified.~~

7.8.2.7.8.1. Equity Eligible Contractor Designees

As discussed in Section 7.4.6, a Designee may also register as an Equity Eligible Contractor. This registration does not qualify projects from those Designees to be eligible for the Equity Eligible Contractor category. Instead, as described in Section 7.4.6, such Designees would need to work with an Approved Vendor that is EEC certified in order for their project to be eligible for the EEC category.

⁵¹³ See Docket No. 19-0995, Final Order dated February 18, 2020 at 56.

⁵¹⁴ The ~~ABP~~Program's Consumer ~~Protection Database Complaint Report~~ and the ~~Disciplinary Action~~Program Violation Report can both be found here: ~~<https://illinoisabp.com/consumer-complaint-database/>~~<https://illinoisshines.com/violations-report-cp-complaint-report/>

EEC certified Designees may also work with an Approved Vendor that is not EEC certified, but this would make projects submitted by that non-EEC certified Approved Vendors ineligible for the EEC category. The application process for EEC Designees will use the same criteria for qualifying as an EEC as described in Section 7.7.2 for EEC Approved Vendors.

7.9. Project Requirements

Projects that are eligible for ~~the Adjustable Block Program~~ Illinois Shines must meet, at minimum, two sets of requirements. The first relates to the technical aspects of the system itself, and the second to the customer (and additionally to subscribers, in the case of community solar). The purpose of the first set of requirements is to ensure that high-quality systems are installed that will be capable of generating the expected quantity of RECs over the duration of the delivery contracts. The purpose of the second set of requirements is to ensure consumer protections.

~~The Adjustable Block Program~~ Illinois Shines is intended to incentivize the development of new solar projects in Illinois. Public Act 102-0662 further reinforced that intent through edits to Section 1-75(c)(1)(B) expressly stating that it “shall not comply with the annual percentage targets . . . by procuring renewable energy credits that are unlikely to lead to the development of new renewable resources.” As such, projects that were energized after June 1, 2017 and previously participated in the Agency’s 2015-2017 utility distributed generation procurements or Supplemental Photovoltaic Procurement pursuant to Section 1-56(i) of the IPA Act – under which REC prices were established to facilitate the successful development of those projects – will not be considered eligible for REC ~~contracts~~ Contracts under ~~the Adjustable Block Program~~ Illinois Shines.

7.9.1. Technical System Requirements

In this Section, the Agency outlines what technical information must to be submitted for each project. These standards apply for both distributed generation and community solar projects ~~- across all Program categories~~. The application process is described in more detail in Section 1.1.

The technical system requirements are as follows:

- Information about the system location, and size, including but not limited to
 - A description of the technical specifications of the main system components including the make and model, manufacturer, number (quantity) of panels, number of panels ~~and~~ inverters and meters, array location (roof or ground mount), tilt, orientation
 - Site map or other project details
- Proof of site control and/or host acknowledgement
- Project-specific estimate of REC production during the delivery term using PV Watts or a similar tool
- For distributed generation systems over 25 kW, an interconnection agreement signed by both the interconnecting utility and the interconnecting customer⁵¹⁵
- For community solar systems, a Certificate of Completion or Permission to Operate from the interconnecting utility will continue to be required at the Part II application. An executed

⁵¹⁵ ~~The Adjustable Block Program~~ Illinois Shines now provides for separate categories for systems up to 25 kW, and greater than 25 kW and up to 5,000 kW, and for the purposes of the requirements related to each project, the Agency has determined that this 25 kW breakpoint is ~~the~~ appropriate for different levels for requirements.

interconnection agreement will no longer be required at the Part I application for community solar projects.⁵¹⁶

- For ground mounted systems over 250 kW, a land use permit, when applicable, from the Authority Having Jurisdiction (“AHJ”) over the project. In the event a land use permit is not applicable, written confirmation from the AHJ that no permit is required must be provided.
- For systems that include a battery/~~storage component~~, a detailed schematic showing that either only solar generated power can be used to charge the battery or that the battery’s output does not run through the meter used to measure solar output ~~used for REC creation~~.
- ~~Systems that do not include a battery/storage component will be limited to a DC capacity of 155% of the AC capacity. Systems that include a battery/storage component will be limited to a DC capacity of 200% of the AC capacity.~~

In the Initial ~~Long-Term~~ Plan, the Agency required that “[f]or systems over 25 kW, evidence of having obtained all non-ministerial permits that, according to the commercially reasonable investigation of the Approved Vendor, are necessary to the project at the time of application to the Adjustable Block program.” While the Agency no longer requires this provision (other than as specified above for land use permits), failure to obtain permits is a developer risk and one which the Agency believes likely would not allow for the invoking of force majeure provisions applicable to failing to meet contractual obligations ~~under the REC Contract~~.

For systems that have been energized prior to application, the following information ~~will~~ ~~may~~ also be required ~~in the Part I application~~⁵¹⁷:

- GATS or M-RETS unit ID⁵¹⁸
- Certificate of Completion of Interconnection
- Photographic documentation of the installation

The Agency recognizes that there may be special situations where some portion of these documents may not be available (for example, some rural electric cooperatives and municipal utilities may not have standardized interconnection documents). The Agency will consider alternative documentation to demonstrate completion of interconnection in those situations.

7.9.2. Metering Requirements

In developing the Supplemental Photovoltaic Procurements that took place in 2015 and 2016, the Agency developed a metering standard⁵¹⁹ that is now used for ~~the Adjustable Block Program. Illinois Shines~~. That standard has been updated to reflect changes in M-RETS metering requirements that

⁵¹⁶ However, in approving ~~this the 2022 Long-Term~~ Plan, the Commission directed the Agency to adjust scoring for the Traditional Community Solar category to encourage the participation of projects with a valid, executed interconnection agreement. See ~~Final Order, ICC Docket No. 22-0231, Final Order dated July at 58-60 (Jul. 14, 2022 at 58-60.)~~. This scoring element does not apply to community solar projects which apply through the Community-Driven Community Solar, Equity Eligible Contractor, or Public Schools categories.

⁵¹⁷ ~~All three items will still be required for all projects in the Part II application and confirmation of all three items remains required for Part II verification.~~

⁵¹⁸ GATS or M-RETS registration must be complete and unit ID verifiable through GATS or M-RETS public reports.

⁵¹⁹ See: ~~https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/ipa-metering-accuracy-standard-5-14-15.pdf~~. See: ~~https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/ipa-metering-accuracy-standard-5-14-15.pdf~~.

harmonize with GATS standards and to clarify the use of inverters with integrated meters. The current standard applicable to systems registered in either PJM-GATS or M-RETS is as follows:

- Systems 25 kW and over must utilize a new meter that meets ANSI C.12 standards. Inverters with integrated ANSI C.12 compliant production meters are allowed with a specification sheet showing this standard has been met. The inverter must be IEEE and/or UL-certified and must include either a digital or web-based output display.
- Systems over 10 kW and up to 25 kW in size utilize a meter that meets ANSI C.12 standards. Meters that are refurbished (and certified by the meter supplier) are allowed. Inverters with integrated ANSI C.12 compliant production meters are allowed with a specification sheet showing this standard has been met. The inverter must be IEEE and/or UL-certified and must include either a digital or web-based output display.
- Systems of 10 kW in size and below must utilize either a meter that is accurate to +/- 5% (including refurbished and certified meters), or an inverter that is specified by the manufacturer to be accurate to +/-5%. The inverter must be IEEE and/or UL-certified and must include either a digital or web-based output display.

In responses to Request for Comments after the Agency's workshops for the development of the Initial Long-Term Plan,⁵²⁰ several commenters suggested allowing production estimates for smaller systems. A production estimate consists of GATS automatically generating RECs for a system based on the system size and engineering modeling of expected kilowatt hour generation. Production estimates do not require the system owner (or aggregator) to provide ongoing data to GATS. While several states do allow production estimates for smaller systems, because production estimates do not require any actual data being transmitted to the tracking system to verify production, production estimates could be problematic as there would be no way to verify the system's ongoing operation. By contrast, a meter read (from either a meter, or an inverter output) only needs to be submitted once per year to GATS. The Agency thus does not allow production estimates for ~~the Adjustable Block Program~~ Illinois Shines or the Illinois Solar for All ~~Program~~ program.

Given the upfront payments for RECs paired with the 15- or 20-year requirement for RECs to be delivered, the Agency believes that receiving actual data on system performance is essential to ensuring the integrity of the RPS, and having meter reads as infrequent as annually (although they could be as frequently as monthly) appropriately balances the need for accurate data and the compliance burdens on the system operators. Therefore, in the Initial Plan required metered output for the generation of RECs, although the use of inverter readings for systems up to 10 kW were continued to be allowed.⁵²¹ In other words, the metering standard developed for the Supplemental Photovoltaic Procurement was the metering standard for the ~~Adjustable Block~~ Program, with the caveat that meter reads were only required on an annual basis. The Agency understands that as of January 1, 2020, M-RETS no longer required an ANSI C.12 certified revenue quality meter, so the standards previously applicable for projects registered in GATS are now also applicable to projects registered in M-RETS.

⁵²⁰ See: <https://ipa.illinois.gov/energy-procurement/2017-long-term-renewable-resources-responses.html>. See: <https://ipa.illinois.gov/energy-procurement/2017-long-term-renewable-resources-responses.html>.

⁵²¹ The Agency notes that while using an inverter rather than a meter may save on installation costs, if the inverter were to suffer a system failure and lose data, no RECs could be created. A meter may be a more reliable way to ensure REC creation.

Additionally, in Docket No. 17-0838, questions were raised regarding the applicability of these metering standards to DC-based technologies. In its Order approving the Initial Plan, the Commission sought for the IPA to “ensure that its Plan does not inadvertently prohibit participation from systems that do not convert the DC electricity produced to AC electricity,” with any resulting resolution to be presented to the Commission “before or in the 2019 Plan update.” The IPA thus endeavored to work with stakeholders on solutions for facilitating permissible participation in ~~the Adjustable Block Program~~ Illinois Shines from DC-based systems.⁵²²

After approval of the Initial Plan, the Agency communicated regularly and deliberately with industry stakeholders who were seeking to coordinate and obtain ANSI approval of a new DC metering standard. However, the Agency has not received any subsequent input from such stakeholders and understands that this standard was finalized in of March 2021.⁵²³ The Agency has not reviewed the applicability or relevance of this standard to its programs, nor has it received any expressions of interest in systems metered in this manner. Should the Agency become aware of interest in DC-based metering projects, it will initiate a stakeholder feedback process to establish appropriate DC metering standards.

The Agency again asked for stakeholder feedback on DC metering requirements for the drafting of this 2024 Long-Term Plan and received no substantial feedback from stakeholders, and therefore proposes no addition of a DC metering standard under this draft Plan.

7.9.3. System Optimization

The Agency ~~added~~ provides information ~~to on~~ the Illinois Shines Program website ~~in 2021~~ to educate customers and potential customers about optimal system design, and to provide information about typical ranges for specifications of solar photovoltaic systems participating in ~~the Adjustable Block Program~~.⁵²⁴ Illinois Shines.⁵²⁵ The Agency ~~plans to update~~ updated the Distributed Generation Brochure and ~~or~~ Disclosure Form in May 2023 following the approval of ~~this the~~ 2022 Long-Term Plan ~~and is contemplating inclusion with information to ensure customers are aware of a reference to this resource therein the specifications for an optimized photovoltaic system~~.⁵²⁶ The Agency is also contemplating the development of additional educational materials to ensure that customers are aware of optimal specifications for a photovoltaic system in Illinois.

For more information regarding consumer protections and strategies to ensure optimal system specifications are known to consumers, please see Chapter 9 of this Plan.

7.9.4. Co-location of Community Renewable Generation Projects

Co-location of projects occurs when multiple projects are located adjacent to each other, perhaps using the same point of interconnection. Co-located projects can be structured to maximize income from incentives, such as by dividing up a larger project into smaller pieces that qualify for higher incentives. Community solar projects are defined in the Act as Community Renewable Generation Projects ~~are defined in the Act as being that are~~ smaller than or equal to 5,000 kW, ~~and for~~

⁵²² Final Order, Docket No. 17-0838, April 3, 2018, at 78-79.

⁵²³ See: <https://energycentral.com/c/gr/ansi-dc-metering-standard-earned-emerge-alliance>.

⁵²⁴ See: <https://illinoisshines.com/best-practices-for-system-design-and-evaluating-proposals/>.

⁵²⁵ See: <https://illinoisshines.com/system-design-best-practices-and-considerations/>.

⁵²⁶ See: <https://illinoisshines.com/program-documents/>.

~~photovoltaic projects. As the Adjustable Block Program includes adders~~ REC prices for smaller ~~community solar projects. Co are usually higher, co-~~location strategies could therefore result in the gaming of Program incentives.

~~Minnesota offers two points of experience with the issue of co-location, for both community wind and community solar. Under both policies, larger projects were structured as a series of smaller projects to qualify for higher incentives, undermining the legislative intent of promoting distributed, community-owned projects. A 30 MW wind project, owned by 15 corporate entities with the same owners, was developed under the Minnesota Community-Based Energy Development (C-BED) tariff program, which was intended to encourage community-owned wind projects of 2 MW or less. That program was reformed in 2003 to be more prescriptive, limiting ownership to Minnesota residents, with a single owner limited to a 15% share of a project.~~⁵²⁷

~~The development of the Minnesota Community Solar Gardens policy led to a similar problem. While the legislature capped project size at 1 MW, it did not address co-location issues. As a result, 15 co-located, aggregated projects were proposed between 10 and 20 MW, three between 20 and 30 MW, and two in the 30 to 50 MW range. One developer, Sunrise Energy Ventures, filed applications for 100 projects within the first hour of the program. When the state Public Utilities Commission ("PUC") imposed co-location caps of 5 MW for projects with filed applications and 1 MW for newly proposed projects, Sunrise appealed to the Minnesota Court of Appeals. The Court, however, affirmed the PUC's decision to implement caps.~~⁵²⁸

~~While co-location can undermine the concept of smaller and more geographically diffuse projects, it can also capture economies of scale from larger projects: large, available parcels with good interconnection points can be low-cost and efficient ways to develop large amounts of renewables quickly. Low development costs could help compensate for the higher marketing and customer acquisition costs of community renewable generation and provide greater benefits to low-income customers. Also, different owners might apply to develop completely distinct projects at different times, that just happen to be on adjacent parcels; restrictive rules would limit the development of especially attractive parcels of land.~~

~~Public Act 102-0662 added a new provision related to the co-location of community solar projects, Section 1-75(c)(1)(K)(iii)(3) of the IPA places limitations on the co-location of community solar projects, stating in relevant part that~~ "projects shall not be colocated with one or more other community renewable generation projects, as defined in the Agency's first revised long-term renewable resources procurement plan approved by the Commission on February 18, 2020, such that the aggregate nameplate capacity exceeds 5,000 kilowatts."⁵²⁹

As the maximum size for community solar projects is now 5 MW, this ~~would appear to preclude prohibits~~ the co-location of 5 MW community solar projects and only allow allows for the co-

⁵²⁷ Jessica A. Shoemaker and Christy Anderson Brekken, Farmers' Legal Action Group, *Community Wind: A Review of Select State and Federal Policy Incentives*, August 2006, <http://www.flaginc.org/wp-content/uploads/2013/03/CommWindAug061.pdf>.

⁵²⁸ Mitchell Williams, Selig Gates & Woodyard PLLC, "Community Solar Gardens: Minnesota Appellate Court Allows Public Utility Commission to Implement Caps on Usage," Lexology, August 23, 2016, <http://www.lexology.com/library/detail.aspx?g=c4690835-61e4-40ef-8105-0cc8d3229c77>.

⁵²⁹ See 20 ILCS 3855/1-75(c)(1)(K)(iii)(3).

location of smaller projects. The following co-location standard reflects that definition of co-location updated to account for the maximum size:⁵³⁰

- No Approved Vendor may ~~apply to the Adjustable Block Program for~~ ~~submit~~ more than 5 MW of Community Solar projects on the same or contiguous parcels (with each “parcel” of land defined by the County the parcel is located in ~~to the Illinois Shines program.~~)
- A parcel of land may not have been divided into multiple parcels in the two years prior to the project application in order to circumvent this policy. If a parcel has been divided within that time period, the requirement will apply to the boundaries of the larger parcel prior to its division.
- If there are multiple community solar projects owned or developed by a single entity (or its affiliates) located on one parcel of land, or on contiguous parcels of land, ~~any size-based adder~~ the REC price will be based on the size category for the total size of the projects owned or developed on the contiguous parcels by that single entity or its affiliates. Furthermore, by law, the total combined size of projects owned or developed by a single entity (or its affiliates) on contiguous parcels of land may not be more than 5 MW.
 - “Affiliate” means, with respect to any entity, any other entity that, directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with each other or a third entity. “Control” means the possession, directly or indirectly, of the power to direct the management and policies of an entity, whether through the ownership of voting securities, by contract, or otherwise. Affiliates may not have shared sales or revenue-sharing arrangements, or common debt and equity financing arrangements.
 - “Contiguous” means touching along a boundary or a point. For example, parcels touching along a boundary are contiguous, as are parcels that meet only at a corner. Parcels, however near to each other, that are separated by a third parcel and do not touch along a boundary, or a point are not contiguous.
- Projects owned or developed by separate entities (meaning that that they are not affiliates) may be located on contiguous parcels. If there is a naturally good location from an interconnection standpoint, one owner should not be allowed to prevent another owner from developing a project in that location.
- Projects must have separate interconnection points.

7.9.5. Eligibility of Projects Located in Rural Electric Cooperatives and Municipal Utilities

The definition of community renewable generation projects specifically mentions rural electric cooperatives and municipal utilities,⁵³¹ but does not explicitly include or exclude them from any program or procurement to be run by the Agency. Moreover, the definition includes the concept of that project having “subscribers,” a term which in turn has a definition that defines such “subscribers” as “tak[ing] delivery service from an *electric utility*,” which as defined in the IPA Act does not include

⁵³⁰ A reference to “competitive procurements” has also been removed as it would have applied to the now repealed Illinois Solar for All Low-Income Community Solar Pilot Procurement.

⁵³¹ See 20 ILCS 3855/1-10 (“‘Community’ ‘Community renewable generation project’ means an electric generating facility that is . . . interconnected at the distribution system level of an electric utility as defined in this Section, a municipal utility as defined in this Section that owns or operates electric distribution facilities, a public utility as defined in Section 3-105 of the Public Utilities Act, or an electric cooperative, as defined in Section 3-119 of the Public Utilities Act”).

cooperative and municipal utilities.⁵³² This resulted in ambiguity around whether a community renewable generation project can be located within the service territory of a rural electric cooperative or a municipal utility.

The Agency recognized the General Assembly's choice expressly to include those entities in defining "community renewable generation projects"—a term only used in the IPA Act in connection with the Agency's community renewable generation program—and proposed in its Initial Long-Term Plan that community renewable generation projects (including community solar) located in these service territories should, if possible, be eligible for ~~the Adjustable Block Program~~ Illinois Shines and Illinois Solar for All Program ~~programs~~ (where applicable).

The status of community renewable generation projects and distributed ~~renewable~~ energy generation devices located in the service territories of rural electric cooperatives, municipal electric utilities, and Mt. Carmel Public Utility Company was a contested issue in Docket No. 17-0838. The Commission's Final Order in that proceeding determined that the Agency's Initial Plan correctly allowed the participation of these projects in the Adjustable Block Program, the Community Renewable Generation Program, and the Illinois Solar for All Program.⁵³³ In June 2018, Commonwealth Edison Company filed a petition seeking review of that determination (i.e., an appeal) with the state's Second District Appellate Court, case number 2-18-0504. On May 2, 2019, the Appellate Court affirmed the ICC's decision in this regard. On July 11, 2019, ComEd filed a Petition for Leave to Appeal, No. 124898, with the Supreme Court of Illinois. It was denied on September 25, 2019, resolving this issue and clarifying that projects in the service territories of rural electric cooperatives, municipal electric utilities, and Mt. Carmel Public Utility Company, are indeed eligible to receive REC delivery contracts under ~~the Adjustable Block Program~~ Illinois Shines and the Illinois Solar for All Program. However, distributed generation projects participating in Illinois Shines are not permitted to offset the load of an electric cooperative as distributed generation is, by definition, meant to offset of a singular customer's load.

~~As mentioned above, there are already at least three community solar offerings by or within rural electric cooperatives that are not part of the Adjustable Block Program. Illinois' first community solar project was a 126 kW installation in Elizabeth, Illinois, built by Jo Carroll Energy in December 2014.⁵³⁴ That project allows Jo Carroll customers to buy individual panels in the 460-panel ground-mounted system, with the energy produced credited against their bills. Prairie Power sells kWh blocks of solar power to customers of its 10 distribution cooperatives through the Bright Options Solar program. The program is supplied by two 500 kW solar installations near Shelbyville and Astoria, both built in 2015.⁵³⁵ Neither of these projects would be eligible to participate in the Adjustable Block Program because they were energized prior to June 1, 2017, but they indicate that rural electric cooperatives have thus far been the leaders in community solar in Illinois. Several proposed community solar~~

⁵³² Specifically, Section 1-10 of the IPA Act defines an electric utility as having "the same definition as found in Section 16-102 of the Public Utilities Act," which is "a public utility, as defined in Section 3-105 of this Act, that has a franchise, license, permit or right to furnish or sell electricity to retail customers within a service area." 220 ILCS 5/16-102. Section 3-105 of the PUA in turn defines "public utility" to expressly *exclude* "public utilities that are owned and operated by any political subdivision, public institution of higher education or municipal corporation of this State, or public utilities that are owned by such political subdivision, public institution of higher education, or municipal corporation and operated by any of its lessees or operating agents" as well as "electric cooperatives as defined in Section 3-119" of the PUA. 220 ILCS 5/3-105.

⁵³³ ~~See Final Order, ICC~~ Docket No. 17-0838, ~~Final Order dated April 3, 2018~~ at 177-179, ~~(Apr. 3, 2018)~~.

⁵³⁴ Jo Carroll Energy, <https://www.jocarroll.com/south-view-solar-farm>.

⁵³⁵ Prairie Power, <https://www.ppi.coop/brightoptions>.

~~projects that would be located within the Jo Carroll Energy service territory applied to the Adjustable Block Program, and one — the Apple Canyon Lake Solar Farm — was allocated a REC contract via the April 10, 2019 lottery and is currently in operation.~~

~~The 2022 Plan proposed no changes to the standard for allowing community renewable generation projects in the service territories of rural electric cooperatives and municipal utilities to participate in the Agency's programs or procurements from the standard approved by the ICG in the Initial Plan. This standard, outlined below, may require actions be taken by the rural electric cooperative or municipal utility. As entities not regulated by the state, they are free to choose whether to take these actions, but should they choose not to~~The requirements for participation for a community renewable generation project located in a rural electric cooperative or municipal utility follow from those required in the Act for electric utilities. Rural electric cooperatives and municipal utilities are not regulated by the State and thus are not compelled to meet these requirements as a matter of law or state regulation. But should they choose not to do so, then the residents and businesses within their service territories would not benefit from receiving revenue through these programs for its RECs, and thus the economics of such projects may not be as attractive to developers or subscribers. Those requirements are as follows:

~~The requirements for participation for a community renewable generation project located in a rural electric cooperative or municipal utility follow from those required in the Act for electric utilities:~~

- Be capable of “credit[ing] the value of electricity generated by the facility to the subscribers of the facility.”⁵³⁶ This can be accomplished through offering “virtual net metering” substantially similar to the provisions contained in Section 16-107.5(l) of the Public Utilities Act.⁵³⁷ The value of electricity credited must be at no lower than the subscriber’s supply rate.⁵³⁸
- Provide a monetary credit to a ~~subscriber's~~subscriber's subsequent bill for service for the proportional output of a community renewable generation project attributable to that subscriber.⁵³⁹
- Purchase any unsubscribed energy from community renewable generation projects that are Qualifying Facilities (~~“(“QF”)”~~) under the electric ~~utility's~~utility's tariff for purchasing the output from QFs under Public Utilities Regulatory Policies Act of 1978.⁵⁴⁰

Prior to a photovoltaic community renewable generation project applying for ~~the Adjustable Block Program~~Illinois Shines, or a community renewable generation project powered by other renewable technologies participating in the competitive procurement, the Approved Vendor shall obtain a certification addressed to the Agency that the rural electric cooperative or municipal utility has met these conditions from the subject cooperative or municipal utility. Absent this information, a project located in the service territory of that rural electric cooperative or municipal utility will not be allowed to participate. All other ~~programmatic~~Program requirements for community renewable

⁵³⁶ ~~See definition of 20 ILCS 3855/1-10 (defining “Community Renewable Generation Facility” in 20 ILCS 3855/1-10.”).~~

⁵³⁷ ~~See 220 ILCS 5/16-107.5(l).~~

⁵³⁸ If the municipal utility or rural electric cooperative does not have unbundled rates (e.g., separate line items for delivery services and electricity supply) then the applicable municipal utility or rural electric cooperative must indicate the portion of the bundled rate that reasonably correlates to the cost of electricity supply service.

⁵³⁹ ~~See 20 ILCS 3855/1-75(c)(1)(N).~~

⁵⁴⁰ ~~See id.~~

generation projects (e.g., size limits, co-location, consumer protections) would apply to projects located in rural electric cooperatives or municipal utility service territories. For the purposes of rural electric cooperatives, these requirements apply at the distribution cooperative level, rather than for generation and transmission cooperatives (which do not directly interact with retail customers).

7.9.6. Specific Requirements for Community Solar

~~Community Renewable Generation remains a developing concept in Illinois. It~~ Community solar is intended to allow consumers to participate in renewable energy generation even if they are unable to have an on-site system at their home or business, and to offer a more direct connection to the benefits of renewable energy than signing up for a renewable energy retail supply offer from an Alternative Retail Electric Supplier (where information about the specific sources, costs, and benefits of the renewable energy and the underlying generating system(s) may not be readily available).

Community, or “shared,” renewable energy is growing nationally, most often in conjunction with solar power. The Solar Energy Industries Association reports that nearly 3,1005,600 MW of community solar had been developed in the United States through ~~2020~~2022.⁵⁴¹

Many policy issues that have been debated in other states are resolved in Illinois the law itself, including elements of project size, ownership structures, and the minimum number and type of subscribers. In addition to explaining those aspects of Illinois law, within this Section ~~67~~.9.6 and the following subsections, the Agency outlines the terms and conditions for the Community Renewable Generation Program that are not prescribed by the IPA Act.

7.9.6.1. Subscriber Requirements

With community renewable generation ~~still an emerging concept, the level of consumer interest and the project structures may continue to evolve, most viable business models remain to be determined.~~ ~~Most~~ offers the Agency has observed in the market to date are simply cost savings offers under which the customer pays a lower per kilowatt hour fee for a community solar subscription than the customer receives as a per kilowatt hour credit through net metering. In general, Agency seeks to allow creativity and flexibility in developing projects and creating unique value propositions for subscribers, while at the same time ensuring basic consumer protections for subscribers to a community ~~renewable generation~~solar project. These considerations will apply for all types of community solar projects.

7.9.6.2. Residential and Small Subscriber Commercial Customer Participation

In the development of the Initial Long-Term Plan to address the requirement that the Agency propose terms and conditions that “ensure robust participation opportunities for residential and small commercial customers and those who cannot install renewable energy on their own properties,”⁵⁴² the Agency defined small subscribers as “residential and small commercial customers” so long as their subscription size is below 25 kW. ~~While the Agency did not require a minimum participation level for small subscribers, the initial lottery for community solar project selection included a first~~

⁵⁴¹ See: <https://www.seia.org/initiatives/community-solar>

⁵⁴² 20 ILCS 3855/1-75(c)(1)(N)~~L~~.

~~phase for projects that committed to serving at least 50% small subscribers, and REC pricing included adders for reaching certain levels of small subscriber participation.~~

~~Public Act 102-0662 codified Effective for the past two program years (2022-2023 and 2023-2024) and the program years governed by this level of small subscriber participation with Plan (2024-2025 and 2025-2026). Section 1-75(c)(1)(K)(iii)(2) now requiring requires that~~ “projects shall have subscriptions of 25 kW or less for at least 50% of the ~~facility's~~ facility's nameplate capacity and the Agency shall price the renewable energy credits with that as a factor.” As this is ~~not~~ a hard minimum ~~for small subscriber participation~~, the REC prices for community solar projects ~~now include consideration of reflect~~ the assumed costs of acquiring and ~~maintain~~ maintaining small subscribers ~~rather than having them as a separate adder~~, as explained above in Section 7.5.6 ~~and approved by the~~ 7.

In order to determine whether a community solar subscription qualifies to meet this threshold, subscriptions will be aggregated across all community solar projects. Program-wide, subscriptions for a single subscriber must not sum to over 25kW to be counted toward this minimum 50% threshold. A subscriber that has a single or multiple subscriptions that sum to over 25 kW across all community solar projects in the Program will not have its subscriptions considered to be 25 kW or less for compliance with statutory requirements or REC contracting purposes.

The Program Administrator recently discovered nearly 200 subscribers – erroneously counted as small subscribers – with multiple subscriptions that exceed 25 kW in sum. Upon a review of this issue, the Agency must implement the statute properly but appreciates the difficulty this clarification may cause Approved Vendors. As such, the Agency proposes to not apply this requirement retroactively, but rather ensure that beginning at the first Program Year (commencing June 1, 2024) following Commission in Docket No. 22-0231.⁵⁴³ approval of the 2024 Long-Term Plan Approved Vendors must ensure that small subscribers with multiple subscriptions are within the statutorily mandated 25 kW limit across their subscriptions. The Agency appreciates that this shift will require new processes and wants to ensure that proper time is given to outline and deploy such processes to comply with this clarification.

The Agency sees this clarification in the draft 2024 Long-Term Plan as necessary to provide certainty over the statutory requirements contained within the Act. While Section 1-75(c)(1)(K)(iii)(2) of the Act references subscription size, Section 1-75(c)(1)(N) instructs the Agency to establish “the terms, conditions, and program requirements for photovoltaic community renewable generation projects with a goal to expand access to a broader group of energy consumers, to ensure robust participation opportunities for residential and small commercial customers and those who cannot install renewable energy on their own properties.” (emphasis added.)

The Agency believes this subscription size requirement must be interpreted in a manner that facilitates residential and small commercial customer participation opportunities for subscriptions to community solar projects. Under an alternative interpretation through which individual subscription sizes are viewed purely in isolation, community solar developers may circumvent providing opportunities for residential and small commercial customers through instead marketing multiple 25 kW or smaller subscriptions to larger commercial and industrial customers. As this interpretation would clearly frustrate Section 1-75(c)(1)(N)'s instruction that opportunities be

⁵⁴³ See Docket No. 22-0231, Final Order dated July 14, 2022 at 97.

afforded to residential and small commercial customers, the Agency does not believe it is a viable reading of Section 1-75(c)(1)(K)(iii)(2).⁵⁴⁴

When this clarification was originally published in the draft 2023-24 Program Guidebook,⁵⁴⁵ the Agency received feedback claiming that this requirement would cause implementation issues for community solar project developers seeking to remain in compliance with Program requirements. Stakeholders noted that it would be difficult to determine how many subscriptions a customer may hold or the size of those subscriptions. The Agency finds arguments regarding limited visibility into a prospective customer's subscriptions and the size of those subscriptions to be unpersuasive in light of the statutory instruction to prioritize residential and small commercial customers. If community solar providers truly focus small subscriber acquisition efforts on residential customers and small commercial customers, whose load will almost certainly be too small to sustain subscriptions over 25 kW, this issue will be easily avoidable. The Agency believes that it is only where providers are marketing to larger customers that the limited insight into a potential subscriber's other subscriptions becomes problematic.

Nevertheless, the Agency is interested in receiving feedback on how to resolve the issue surrounding the lack of insight as to a customer's status as a community solar subscriber and the size of a customer's other subscriptions. The Agency understands that some Approved Vendors may desire visibility into that customer's potential other subscriptions in order to comply with the 50% small subscriber requirement, and appreciates all public comments related to supporting community solar project developers in this effort while remaining in compliance with statutory requirements.

7.9.7. Utility Responsibilities

While the Agency, ~~through the Adjustable Block Program and competitive procurements, will be is~~ responsible for the procurement of RECs from community ~~renewable generationsolar~~ projects, it is not responsible for all aspects of a successful program. There are additional key aspects of making community ~~renewable generationsolar~~ projects successful that fall outside of the control of the Agency:

- The crediting of the value of energy through net metering
- Ensuring the portability and transferability of subscriptions within a utility service territory.

The Agency will work with system owners and developers as well as the utilities (and with rural electric cooperatives and municipal utilities should they choose to participate) to reflect these aspects in the terms, conditions, and operational aspects of the programs and procurements conducted by the Agency. The Agency will also coordinate with the utilities for the sharing of any

⁵⁴⁴ This interpretation arguably also conflicts with Section 1-75(c)(1)(G)(iv)(3)(E)(i)-(ii), which governs community solar REC delivery contracts issued in early 2022 upon reopening after P.A. 102-0662's passage: the governing language for contracts issued through that process expressly references REC pricing reflecting adders for "residential or small commercial customers with subscriptions of below 25 kilowatts in size" and a minimum requirement that 50% of subscribers to the project's nameplate capacity be "residential or small commercial customers with subscriptions of below 25 kilowatts in size." For community solar REC delivery contracts issued prior to P.A. 102-0662's passage, the IPA offers "adders" to REC prices for "small subscriber subscriptions," which likewise must be measured in aggregate across all subscriptions to a single account. In its Final Order in Docket No. 17-0838, the Commission noted its concern that absent robust efforts to ensure small subscriber participation, community solar projects might be "immediately filled by larger customers, which does not truly give small customers the opportunity to participate." Docket No. 17-0838, Final Order dated April 3, 2018 at 144. Allowing larger customers to qualify as "small" through multiple downsized subscriptions would be plainly inconsistent with the Commission's expressed intent.

⁵⁴⁵ This clarification was not included in the final Program Guidebook in favor of inclusion in this draft 2024 Long-Term Plan.

pertinent data and information that each party collects and maintains regarding projects and subscriptions.

Under the provisions of P.A. 99-0906, the Commission approved tariffs for ComEd, Ameren Illinois and MidAmerican on September 27, 2017, which the Agency understands complied with the requirements of Section 16-107.5 of PUA in terms of crediting to subscribers and with the requirements of and Section 1-75(c)(1)(N) of the IPA Act in terms of subscription portability.

Public Act 102-0662, significantly updated the net metering requirements for the utilities and set a deadline for new tariffs to be filed within 90 days and approved by the Commission within 120 days of the effective date of Public Act 102-0662.⁵⁴⁶

First and foremost under the changes to Section 16-107.5 of the PUA is the addition of the provision that “only electric utilities serving more than 200,000 customers as of January 1, 2021 shall provide net metering for projects that are eligible for subparagraph (C) of this paragraph (1) and have energized after the effective date of this amendatory Act of the 102nd General Assembly[.]”⁵⁴⁷ Subparagraph (C)(1) of Section 16-107.5(l) of the PUA identifies those net metering projects as “subscriptions to community solar renewable generation projects, including community renewable generation projects on the customer’s side of the billing meter of a host facility and partially used for the customer’s own load.” As a result of these changes and in conjunction with the requirement that updated tariffs be filed with the Commission 90 days after the effective date of 102-0662, on December 14, 2021, MidAmerican filed a Petition for Special Permission to put updated tariffs into effect on less than 45 days’ notice with changes to its Rate NMS – Net Metering for Subscribers to Community Renewable Generation Projects (Rate NMS). These proposed revisions reflect the fact that MidAmerican, as an electric utility serving less than 200,000 customers on January 1, 2021, is no longer required to offer community solar subscription net metering for community renewable generation projects built after September 15, 2021. Based upon the recommendation of ICC Staff, the Commission granted special permission to allow these tariff changes at its Regular Open Meeting on January 5, 2022.⁵⁴⁸

Other changes to Section 16-107.5 of the PUA pursuant to P.A. 102-0662 resolve questions regarding the calculation of net metering credits and issues which require that electricity providers provide credits “that include at least energy supply, capacity, transmission, and, if applicable, the purchased energy adjustment.”⁵⁴⁹ Additionally, electric utilities serving more than 200,000 customers as of January 1, 2021 (i.e., ComEd and Ameren) shall provide the subscription credits on the customer’s monthly utility bill at the utility’s total price to compare equal to the subscriber’s share of the production of electricity from the project, including for customers on payment plans or participating in budget billing programs.⁵⁵⁰ ARES providing electric supply to a subscriber not subject to Sections 16-108.18 and 16-1118 of the PUA shall likewise provide the monetary credits to the subscriber’s

⁵⁴⁶ 220 ILCS 5/16-107.5(l-5).

⁵⁴⁷ 220 ILCS 5/16-107.5(l)(1).

⁵⁴⁸ [Illinois Commerce Commission Regular Open Meeting, January 5, 2022; Special Permission Letter, January 5, 2022.](#)

⁵⁴⁹ 220 ILCS 5/16-107.5(l)(2).

⁵⁵⁰ 220 ILCS 5/16-107.5(l)(3).

subsequent bill. ~~Commonwealth Edison and Ameren Illinois have filed multiple updated tariffs with the Commission, many of which remain under review or consideration for rehearing.~~⁵⁵¹

~~7.10. Application Process~~

7.10. Application Process

The following section outlines the process and procedure that Approved Vendors will use to submit projects to the Program Administrator for review and approval, as well as how projects, once approved, will be placed into contracts with the utilities. Further information on the application process can be found in the current Program Guidebook.⁵⁵²

7.10.1. Batches

~~Under the Initial Plan, Approved Vendors were~~are required to submit projects bundled into batches. ~~For the First Revised Plan, the Agency proposed (and the Commission approved) a simplification of the batch process. For a new Approved Vendor, there remains the requirement for a submittal of a~~ the first batch submitted must consist of at least 100 kW ~~of projects, and that 75% of the capacity of that batch must be verified to be approved.~~ Approved Vendors are allowed to select which batches approved systems are placed into, so that they can better manage their financing portfolios.⁵⁵³ Once systems' Part I applications are verified, and before they are sent to the Commission for approval, an Approved Vendor will be consulted and given the opportunity to specify how its verified systems are batched, so long as those batches of verified systems are at least 100 kW in size.

For established Approved Vendors that have had a contract approved by the Commission and do not desire to assemble batches into portfolios in this way, projects may be submitted on a rolling basis, and as projects are verified, the Program Administrator will place them into new batches that will result in a contract and/or new confirmations with one utility.

Utilities may use one master agreement (or REC Contract) with multiple confirmations (one confirmation per batch) from an Approved Vendor, rather than having multiple ~~contracts~~agreements (or REC Contracts) with the same vendor.⁵⁵⁴ The systems within the batch/confirmation will be listed on a schedule (or product order) attached to the master contract and may not be substituted once approved.

A batch ~~may contain, or a group or~~ projects ~~in different groups/blocks (and thus with different prices) and with different adders, may include a combination of project types, including project types across Program categories, as long as this group of projects fall under the same REC Contract type.~~ The price for the RECs for each system will be based on the price available within the applicable block on the date of the application submittal. The failure of any system to be developed (and thus the forfeiture of any collateral associated with that specific system) will not impact any of the other systems on the same schedule, although the Agency will monitor system failure rates across Approved Vendors.

⁵⁵¹ See, e.g., Docket No. 22-0037 (pending), Docket No. 21-0851 (rehearing granted Mar. 3, 2021, Docket No. 21-0859 (approved Jan. 13, 2022).

⁵⁵² See: <https://illinoisshines.com/program-documents/>

⁵⁵³ See Final Order, ICC Docket No. 19-0995, Final Order dated February at 75 (Feb. 18, 2020 ~~at 75.~~).

⁵⁵⁴ See Final Order, ICC Docket No. 17-0838, Final Order dated April at 109 (Apr. 3, 2018 ~~at 109.~~).

Approved Vendors with high failure rates may be required to provide additional information to the Agency for subsequent applications.

The Program Administrator will determine which utility will serve as the counterparty for each contract. While a batch may contain projects in multiple utility service territories, the Program Administrator will strive to assign contracts to the utility where the bulk of the projects are located but may not always be able to do so because the Program Administrator will also consider how assigning contracts to each utility will allow each utility to meet its pro-rata share of the RPS REC targets and available RPS funding. The REC price for each system will be based on the applicable Group for that system's physical location, and not based on the identity of the counterparty utility to that contract.

After a batch of projects is created by the Procurement Program Administrator, the number of RECs to be delivered annually and payment amount(s) for the batch will be provided to the utility by the Program Administrator for purposes of contract/confirmation preparation (i.e., the utilities will track the RECs by batch rather than by individual unit). Utilities will send a report of RECs delivered by batch semi-annually to the Program Administrator.⁵⁵⁵

~~7.10.2.~~ Systems below 25 kW

~~In responses to the Request for Comments that the Agency issued in June 2017, several commenters recommended that systems under 25 kW only be submitted once they are completed and energized, to minimize administrative burdens and avoid project attrition. While the Agency is sympathetic to those ideas, it did not adopt that recommendation for several reasons. It may be difficult, or impossible, to have appropriate consumer protections if the Agency sees information about a system only after it is completed. Preventing problematic behavior (such as deceptive information about system costs and payback times) should be done prior to the homeowner or business paying for the system; that would not be the case if systems apply only after being energized.~~

~~To be clear, the Program does not prohibit an Approved Vendor from submitting a "new" system that has already been energized, but the Approved Vendor will have to assume the risk that the system may not meet the required terms and conditions and could be rejected and thus not be included in a contract for the purchase of the system's RECs. A system that is rejected could be resubmitted at a later date if the deficiencies are cured, but the Agency cautions that some deficiencies may be difficult or impossible to cure (particularly when related to ensuring consumer protections from the beginning of the project's life).⁵⁵⁶~~

~~7.10.3.~~ 7.10.2. Application Fee

~~For~~For this draft 2024 Long-Term Plan the Agency is proposing that for each project, a non-refundable application fee must be paid to the Program Administrator or the Agency of \$20 per kW, not to exceed \$25,000 per project. This is an increase from the current fee of \$10 per kW, not to exceed \$5,000 per project. The increase in fees is designed to reduce the program administration costs that are otherwise paid for out of the RPS budget, and to recognize the increase in maximum project size from 2 MW to 5 MW. The Agency proposes this change in fees as application review has

⁵⁵⁵ See id.

⁵⁵⁶ See Section 6.13 of the Revised Long-Term Plan for further discussion of consumer protections applicable to systems energized after June 1, 2017 but before consumer protection requirements are finalized.

~~taken more administrative work than previously required prior to the passage of P.A. 102-0662, due to increased complexity of Program requirements and scoring mechanisms, which has in turn required additional review in the review of applications submitted to the Program.~~ This fee will be used to offset the administrative costs of running the ~~program and will decrease~~ Program, including the review of project applications, thereby decreasing the administrative fees that would otherwise be taken from the utility RPS budgets.

7.10.4.7.10.3. Project Review

The Program Administrator reviews project applications received by the Program and as needed, requests additional information from the Approved Vendor in order to verify the submitted information and approve the project. An Approved Vendor will be given up to two weeks to cure deficiencies in an application. If deficiencies cannot be cured, the project application will be withdrawn. If the Approved Vendor can subsequently address the deficiencies, the Approved Vendor can resubmit the project (with a new application fee). For Approved Vendors participating in the proposed training/mentorship program described in Section 7.2, as well as all Equity Eligible Contractor qualified Approved Vendors (regardless of their participation in the training and mentorship program), new application fees will be waived if the resubmittal happens within three months of the initial application being withdrawn pending Agency approval.⁵⁵⁷

For an initial 100 kW batch, if, after any attempts to cure deficiencies have been made, projects representing at least 75% of the capacity of the batch are reviewed and approved by the Program Administrator, that batch will be included in a ~~contract~~ REC Contract presented to the Commission for approval. For established Approved Vendors, on a rolling basis in anticipation of the next scheduled Commission meeting, the Program Administrator will place verified projects for each Approved Vendor into batches for assignment to a counterparty utility, and prepare the confirmation information (and, in that case, master agreement information, if it is the Approved Vendor's first batch) or the ~~contract~~ REC Contract information related to that batch.⁵⁵⁸

The Program Administrator will then submit the contract information for the batch to the Commission for approval. The Program Administrator will simultaneously forward the contract information to the applicable utility.⁵⁵⁹

An Approved Vendor that repeatedly submits deficient or noncompliant project applications may be subject to having its Approved Vendor status reviewed, and possibly suspended or terminated.

7.10.5.7.10.4. Converting System Size into REC Quantities

For each approved system, the Program Administrator will calculate a 15 or 20-year REC payment amount and obligation level, and that payment amount and delivery obligation will be included in the associated REC Contract. Approved Vendors will have the option of using a PVWatts calculated capacity factor (stated relative to a system's nameplate capacity in AC rating) automatically computed by the application platform or proposing an alternative capacity factor based upon an analysis conducted using an equivalent tool. Alternative capacity factors may be proposed as part of each system's application and will be subject to review and approval by the Program Administrator.

⁵⁵⁷ ~~See Final Order, ICC Docket No. 22-0231, Final Order dated July at 69 (Jul. 14, 2022 at 69).~~

⁵⁵⁸ ~~See Final Order, ICC Docket No. 17-0838, Final Order dated April 3, 2018 at 115-116 (Apr. 3, 2018).~~

⁵⁵⁹ ~~See id.~~

Systems using bifacial panels must submit an alternative capacity factor subject to review and approval by the Program Administrator. All capacity factors submitted must be for a system's first year; as stated in Section 7.12.2 below, annual REC delivery commitments will incorporate a 0.5% per year degradation factor.

~~7.10.6.~~ **7.10.5. Batch Contract Approval**

The Illinois Commerce Commission meets approximately every two weeks. The Program Administrator will strive to efficiently process approved projects and assign them to batches for submittal to the Commission. The Agency understands that Commission practice is that items for consideration by the Commission must be submitted to be placed on its open meeting agenda at least 8 business days prior to each meeting.

When the Program Administrator submits contract information to the Commission for approval, that submittal will include the Program Administrator's recommendation for approval of the batch, with a summary of factors relevant to Plan compliance. (Projects that are not approved by the Program Administrator are not submitted to the Commission.) This process is similar to that required for approval of contracts under annual electricity procurement plans pursuant to Section 16-111.5(f) of the PUA, or contracts under the Supplemental Photovoltaic Procurement Plan pursuant to Section 1-56(i)(5) of the Act.⁵⁶⁰

Pursuant to the Initial Plan, the Agency worked with Commission Staff to develop a memorandum for ICC Staff Report that includes the standards that the Commissions should use in considering the approval of contracts and product orders within ~~the ABP~~ Illinois Shines and ILSFA.⁵⁶¹ The Commission approved the recommendations contained in the Staff Report memorandum on December 19, 2018. Upon approval of this Plan by the Commission, the Agency and Commission Staff will review and update that Staff Report memorandum if necessary.

Once a batch is approved by the Commission, the applicable utility will execute the REC ~~contract~~ Contract and/or product order, as applicable. The Approved Vendor will then be required to sign the contract or product order within seven business days of receiving it from the utility.⁵⁶² Failure to sign the contract or product order may subject the Approved Vendor to discipline under the Program. Additionally, when a contract or product order is not executed by the Approved Vendor within the seven business days after receipt, the ~~constituent~~ projects will be considered removed from the Program, with the option to re-apply later, subject to payment of a new application fee and available open block capacity (and subject to the applicant's Approved Vendor status not having been revoked due to the product order's non-execution). A collateral requirement to be held by the utility equal to 5% of the total contract value will be required in the form of either cash or a letter of credit with the utility within 30 business days of Commission approval of the contract.

~~In the First Revised Plan, the Agency recommended, and the Commission approved a clarification to the collateral withholding process to be reflected in the updated REC contract (as discussed in Section 7.14). In cases where collateral was posted through a letter of credit, the Approved Vendor may choose for the utility to withhold the collateral amount for each system from the last (or only, if a~~

⁵⁶⁰ See id.

⁵⁶¹ See: <https://www.icc.illinois.gov/downloads/public/edocket/490368.pdf>

⁵⁶² See id.

~~distributed generation system of 25 kW or smaller in size) REC payment in exchange for a release/reduction of the letter of credit.~~⁵⁶³

~~In the Initial Plan, the Agency provided an option to allow an Approved Vendor to be able to forgo posting collateral for a system that was already energized and instead have that collateral withheld from the REC payment. The intent of that provision was to allow systems that had been developed prior to the program launch to have a simplified process, recognizing of those systems' absence of development risk. However, the Agency has~~Previous iterations of the Long-Term Plan have allowed for collateral to be withheld from the REC payment for systems that were already energized upon application to the Program or in exchange for a release or reduction in a letter of credit. However, the Agency observed that this process has had an unintended consequence of encouraging some Approved Vendors to submit projects only after their energization as a way of avoiding any collateral obligation. If the project does not apply until after it is built, enforcing and ensuring consumer protections (and other program requirements) becomes more challenging. Ultimately, consumers are better served if their project can be reviewed and approved by the ~~program~~Program (and then submitted to the ICC for approval) prior to being built. For this reason, the Agency ~~will require~~requires upfront collateral in all cases, including for energized systems under the ~~new 2021 and 2022~~ REC Delivery Contracts ~~utilized for program reopening and any updated REC Delivery Contracts developed in December 2021~~accordance with the requirements of this 2024 Long-Term Plan.

Approved Vendors do not have the option to decline to post collateral within 30 business days once they have signed the contract. Failure to post collateral by the 30 business day deadline will violate the REC ~~contract~~Contract and may result in an Approved Vendor being suspended from further participation in the ~~program~~Program.

7.10.7.10.6. Assignment of Projects

Section 1-75(c)(1)(L)(x) of the IPA Act ~~now~~ expressly provides that “[c]ontracts may be assignable, but only to entities first deemed by the Agency to have met program terms and requirements applicable to direct program participation.” In addition, “[i]n developing contracts for the delivery of renewable energy credits, the Agency shall be permitted to establish fees applicable to each contract assignment.”

Contracts or individual batches (but not individual projects that form a subset of a batch) are assignable. The assignee must agree to, and abide by, the applicable terms and conditions required of an Approved Vendor (or a Single Project Approved Vendor in the case of the assignment of a single project from a contract). Consistent with the Commission’s Order in Docket No. 17-0838, the assignor and the assignee will be required to notify the contracting utility of any assignment, and provide the utility with all pertinent financial, settlement and contact information.⁵⁶⁴ The assignor may be required to pay a fee to the contracting utility. The Agency and its Program Administrator have

⁵⁶³ ~~This provision would not apply to cash collateral for the following reason. If a project had a total REC value of \$100, \$5 of collateral would be due. To swap the 5% collateral for a withheld payment, \$100 in total payments (\$95 of REC payments plus a return of \$5 collateral) would need to be made, leaving a balance held by the utility of \$5, the same as before. On the other hand, if the collateral were a letter of credit, then a payment of \$95 would eliminate the need for the Approved Vendor to maintain the letter of credit (or portion thereof) for the remaining life of the contract.~~

⁵⁶⁴ ~~See Final Order, ICC Docket No. 17-0838, Final Order dated April at 74 (Apr. 3, 2018 at 74).~~

generated form documents⁵⁶⁵ for use in accommodating the assignment process and will endeavor to cooperate with the assignor, assignee, and utility in updating Program records to accommodate the assignment. More specific project assignment terms and conditions (such as the of assignment fees) have generally been handled through the development of the REC delivery contracts themselves, and the Agency proposes a continuation of that approach.

The Agency is proposing a limited allowance for the assignment of single projects in the case where this assignment serves a consumer protection end. Please refer to Chapter 9 of this draft 2024 Long-Term Plan for more details on this proposal.

For waitlisted projects, projects may be selected off a waitlist in any given Group/category combination either when previously selected and approved projects drop out of the ~~program~~Program, thus freeing up ~~program~~Program capacity (with the project selected from the waitlist receiving the most recently available REC price), or when a new block of capacity is opened in the following Program Year (and receive that block's REC price). While projects on a waitlist are not yet under contract,⁵⁶⁶ an Approved Vendor may assign that project to another Approved Vendor, or the project itself may be sold, without penalty or impacting the project's position on the waitlist. An Approved Vendor must promptly notify the Program Administrator⁵⁶⁷ of that transfer and provide appropriate documentation.

Projects that are developed by Approved Vendors certified as Equity Eligible Contractors and receive a REC ~~contract~~Contract through the EEC block of capacity (or through the DG category and request an advance of capital as described in Section 7.4.6.3) may not assign those projects to an Approved Vendor that is not also a certified Equity Eligible Contractor for six years after the Part II verification date of the project. After six years from the Part II verification date has passed, this moratorium on assigning EEC projects to Approved Vendors that are not certified as an EEC is lifted.

7.11. Project Development Timeline and Extensions

7.11.1. Development Time Allowed

Once a contract for a batch has been executed by the Approved Vendor and the utility, the next step is for projects not yet developed to be developed and energized. The following timelines are based upon the REC delivery contract execution date, such that any delays in processing and approving an application will not reduce the time available for development.

- Distributed generation projects will be given 18 months to be developed and energized.
- Community solar projects will be given 24 months to be developed, energized, and demonstrate that they have sufficient subscribers.

⁵⁶⁵ See: <https://illinoisabp.com/wp-content/uploads/2019/07/ABP-Acknowledgement-of-Assignment.pdf>, <https://illinoisabp.com/wp-content/uploads/2019/10/ABP-Acknowledgement-of-Assignment-and-Consent-2019-10-23.pdf> – See: <https://illinoisshines.com/wp-content/uploads/2022/11/ABP-Acknowledgement-of-Assignment-Combined-2019-2021-and-2022-Final.pdf>, <https://illinoisshines.com/wp-content/uploads/2022/11/ABP-Acknowledgement-of-Assignment-and-Consent-Combined-2019-2021-and-2022-Final.pdf>

⁵⁶⁶ The allowances in this sentence also apply to a non-waitlisted Part I applicant project that has not yet been selected by the Program Administrator for a REC ~~contract~~Contract.

⁵⁶⁷ For this Chapter, all references to the Program Administrator refer to the Program Administrator for ~~the Adjustable-Block Program-Illinois Shines~~. Discussion of the Program Administrator for the Illinois Solar for All ~~Program~~program can be found in Chapter 8.

A project that is not completed in the time allowed (plus any extensions granted) will be removed from the contract, and the REC volume associated with the project will be eliminated from the contract. The Approved Vendor will also forfeit the posted collateral associated with the project. Any forfeiture of collateral by the Approved Vendor under the REC ~~contract~~Contract will be considered to be returned to the utility's available Renewable Resources Budget and will become available for REC delivery contracts for other projects.

A project that is not completed in time and is removed from the contract may be subsequently re-submitted by an Approved Vendor but will be treated like any other new system being submitted and will require a new application fee.

In some instances, the developer of an ~~Adjustable Block Program~~Illinois Shines project may learn that development of the project is no longer feasible—whether due to financing falling through, the system host no longer wanting to move forward with the project, or myriad other circumstances. Under the language of the 2019 REC delivery contract, such a system could not be removed from the contract until contract requirements related to a Seller meeting the system's energization deadline were not timely met, a contract violation which may not occur until over one year from the point at time in which the Seller learns that development is no longer feasible.

Thus, in the First Revised Plan, the Agency sought Commission permission to allow the Seller to provide notification to the Buyer, the Agency, and the Commission that it is exercising its option allowing for a system's removal from the contract because the Approved Vendor no longer wished to develop that system. Under these circumstances, the Seller would forfeit the posted Performance Assurance applicable to the system. Doing so allows the contract parties (the utility Buyer and Approved Vendor Seller) to no longer maintain a contractual obligation when performance is no longer intended, while also providing clarity to the Agency and its Program Administrator about the availability of new Program capacity through removal of a project from a REC ~~contract~~Contract. This proposal was approved by the Commission in Docket No. 19-0995, and the Agency has since developed specific forms and procedures to effectuate this option for Sellers.⁵⁶⁸

7.11.2. Extensions

Extensions to the energization deadline will be granted for the following circumstances.

- An indefinite extension will be granted if a system is electrically complete (ready to start generation), but the utility has not approved the interconnection. The Approved Vendor must document that the interconnection approval request was made to the utility within 30 days of the system being electrically complete, yet not processed and approved.
- A 6-month extension will be granted for documented legal delays, including permitting delays.
- A 6-month extension will be granted upon payment of a refundable \$25/kW extension fee, for distributed generation systems, and up to two 6-month extensions for community solar projects (the second extension is only for achieving the required subscriber rate, not for project completion and energization, and will require an additional refundable \$25/kW fee).

⁵⁶⁸ See Final Order, ICC Docket No. 19-0995, ~~Final Order dated February at 80 (Feb. 18, 2020 at 80-1).~~

The extension fee(s) is payable to the contracting utility and would be refunded as part of the first (or only for systems up to 10 kW) REC payment.

- The Agency may also, but is not required to, approve extensions for demonstration of good cause.⁵⁶⁹

7.11.3. Project Completion and Energization

The Approved Vendor will provide the Program Administrator with a status update on each project under development but not yet energized at least every six months and will inform the Agency of any significant changes to the system.⁵⁷⁰ For community solar projects, the update will include an update on the status of acquiring subscribers. The Agency and Program Administrator have developed a standardized form (including standard status categories to simplify reporting) for this purpose.

Once a project is energized, the following information is required from the Approved Vendor for the Program Administrator to approve the final project as Energized for purposes of the REC delivery contract and authorize commencement of payment for RECs:

- Final system size
- Final system specific capacity factor and REC production estimate
- GATS or M-RETS unit ID⁵⁷¹
- Certificate of Completion of Interconnection or comparable documentation^{572, 573}
- Photographic documentation of the installation
- Disclosure of any changes to the system technical specifications that occurred between the initial application and the completion of the project
- Identity of the installer (must be a Qualified Person under Part 468 of the ICC's Rules)
- Documentation of compliance with prevailing wage requirements, if applicable
- Demographic information related to the workforce constructing and installing the system
- Cost information on the system installation, broken down into cost categories including: Generation Equipment, Balance of Plant, Interconnection, Development Costs & Fees, and Reserves & Financing Costs.⁵⁷⁴

Additional requirements may be published (such as through the Program Guidebook) by the Program Administrator if the Agency determines that such requirements are warranted, and the Program Administrator may reference other sources (such as public databases) to determine the accuracy of any submissions.

If the final system size is larger than the proposed system size such that it would cause the system to change from the up to and including 25 kW category to the over-25 kW category, the payment terms will be adjusted from the full payment on energization to 15% on energization and the balance over

⁵⁶⁹ Good cause extensions have been the primary means of allowing for extensions in energization deadlines due to COVID-19 related delays, as described extensively in Chapter 3.

⁵⁷⁰ For systems under 25 kW, that status update is only be required for a system where there is a change in status (e.g., a project being completed, or canceled).

⁵⁷¹ GATS or M-RETS registration must be complete and unit ID verifiable through GATS or M-RETS public reports.

⁵⁷² Comparable documentation would only apply for a rural electric cooperative or municipal utility that does not provide a Certificate of Completion of Interconnection.

⁵⁷³ Per Section 1-75(c)(1)(K) of the IPA Act, the date of final interconnection approval must be no earlier than June 1, 2017.

⁵⁷⁴ Final cost categories and reporting template will be determined through the workshop process proposed in Section 7.5.2.

the next six years. The price per REC will also be changed to the applicable REC price for the over 25 kW category in effect at the time when the system is energized.

For systems over 25 kW, the final REC price will be based on the final system size if that final system size would cause the REC price to remain the same or to decrease. A system that is developed at a size smaller than the original application will not be eligible for a higher REC price.

The quantity of RECs used for payment calculations is based on the lesser of the RECs calculated based on the proposed (Part I) system size and capacity factor, and the RECs calculated based on the final (Part II) system size and capacity factor. The final capacity factor can be adjusted down from the initial capacity factor, but can only be increased from the original capacity factor upon satisfactory information submitted by the Approved Vendor that demonstrates modifications to the system design that justify an increase. This could include changes in capacity factor due to switches between tracking technology, non-tracking and tracking systems, and bifacial vs. standard module use. In no case will the change in capacity factor allow for an increase in REC quantity from that approved at the Part I stage. In this way, a system that is built smaller than planned will not benefit from excess REC payments that could result from purposefully submitting the project at a larger size than really intended. On the opposite side, if a project's final system size is significantly larger than the planned system size, an increase in the payment due could present unexpected budget management challenges. An Approved Vendor has the option of canceling and resubmitting a system if the final size is larger than the proposed system to align the REC quantities or if it desires to have the system change from a distributed generation project to a community solar project, or vice versa. However, the applicable REC price upon resubmittal is the price of the block open at that time (and subject to any applicable waitlists), and not at the time of the original submittal. Because the Program Administrator will need to review the system design (due to the change in system size), a new application fee will be required. If a project is resubmitted, the collateral associated with the original system may be applied to the resubmitted system, if approved.

While the Approved Vendor is the entity that receives REC payments, the terms of sharing that REC payment value with customers (completely, partially, or not at all; immediately or over time; directly or indirectly) or obligations associated with a system's performance assurance payment are left to a customer and Approved Vendor (or customer and Designee) to work out between themselves prior to executing an agreement. However, the clear failure to satisfy a contractual obligation to a customer may result in the violation of program requirements and disciplinary action under the ~~program~~Program.

The Agency reserves the right to request more information on an installation, and/or conduct on-site inspections/audits of projects to verify the quality of the installation and conformance with the project information submitted to the Agency. Projects found not to conform with applicable installation standards and requirements, or projects found not to be consistent with information provided to the Agency will be subject to removal from the program if the deficiencies cannot be remedied. Likewise, Approved Vendors who repeatedly submit projects featuring application errors or inconsistencies with program requirements may be subject to suspension or termination of their Approved Vendor status.

If an Energized system is offline for more than six months, it is the Approved Vendor's responsibility to notify the Program Administrator. The Approved Vendor is responsible for keeping the Program

Administrator up-to-date on system performance and the timeline for when the system will come back online per requirements outlined in the associated REC Contract.

7.11.4. Additional Requirements for Community Solar Projects

A community solar project must demonstrate that it has met a minimum subscription level to be considered ~~energized~~Energized and eligible to receive payment for RECs. Under Section 1-75(c)(1)(K) of the IPA Act, 50% of the subscriptions must be from small subscribers, and at least 50% of the capacity of the project must be subscribed at the time of ~~energization~~Energization in order to receive payment for RECs, and that payment will be based upon calculating the number of RECs that correspond with the amount of the project's capacity that has been initially subscribed. The Approved Vendor shall report subscription levels on a quarterly basis during the first year. The calculation of the number of RECs for payment will be updated after one year of operation (based on the final quarterly report of that first year) to allow for the acquisition of additional subscribers. A community solar project may request one additional extension (with a refundable extension payment as provided for in Section 7.11.2) to its energized date if it needs additional time to acquire subscribers.

To the extent that an Approved Vendor demonstrates additional subscriptions or updated subscription mixes that would entitle the Approved Vendor to a greater payment, the contract will require that subsequent payments reflect the increased value for quarters where the additional subscriptions or updated subscription mix entitle the Approved Vendor to additional revenue. If subscriber levels (or mixes) change in such a manner that contract value is reduced, the additional payments would also be adjusted downwards accordingly.⁵⁷⁵

The calculation of the maximum number of RECs due payment is determined by the project's subscription level after one year of operation (and will be subject to the maintenance of subscription levels as described in Section 7.15). For determining the contract payment amount based on a project's subscription level, Section 1-75(c)(1)(L) of the IPA Act provides that,

Notwithstanding the preceding, for those projects participating under item (iii) of subparagraph (K), the contract price for a delivery year shall be based on subscription levels as measured on the higher of the first business day of the delivery year or the first business day 6 months after the first business day of the delivery year. Subscription of 90% of nameplate capacity or greater shall be deemed to be fully subscribed for the purposes of this item (iv).

Subscription of 90% of a project's nameplate capacity⁵⁷⁶ or greater being deemed fully subscribed applies to each quarterly report in which an Approved Vendor must verify a project's subscription levels. Thus, a project at 85% subscribed under this approach would have a contract price associated with an 85% subscribed project, while a project 92% subscribed would be considered "fully subscribed." Ongoing requirements for overall subscription levels and small subscriber participation are discussed further in Section 7.9.6.1.

⁵⁷⁵ ~~See Final Order, ICC Docket No. 17-0838, Final Order dated April (Apr. 3, 2018 at 118).~~

⁵⁷⁶ The aggregate inverter nameplate capacity in kilowatts AC.

7.12. REC Delivery

Once a system is ~~energized~~Energized, it is required to begin REC delivery. For systems larger than 5 kW, the first REC must be delivered within 90 days of when the system is ~~energized~~Energized and registered in GATS or M-RETS. For systems smaller than 5 kW, 180 days will be allowed. The 15 or 20-year delivery term will begin in the month following the first REC delivery and will last 180 months or 240 months respectively, depending on project category.

Approved Vendors will be required to set up an irrevocable Standing Order for the transfer of RECs from the system to the utility.⁵⁷⁷ As the Agency understands that automatic transfers can only be terminated with the consent of both parties, this will reduce the risk to the utility that the RECs could be sold to another party after the utility has paid for them.

As part of the Annual Report discussed in Section 7.15, the Approved Vendor will report on any systems that have not delivered a first REC, and report on any systems that have not delivered RECs for more than a year from their previous delivery. The report will also detail what corrective actions will be taken to ensure future deliveries. In the event of failure to remedy non-delivery of RECs, the utility may draw on the collateral it holds from the Approved Vendor. More information on the mechanics surrounding collateral drawdowns for non-delivery of RECs is outlined in the REC Contract.

7.12.1. Ongoing Performance Requirements

A significant challenge for ~~the Adjustable Block Program~~Illinois Shines is that the payment for RECs is front loaded for categories other than Traditional Community Solar and Public Schools (which pay for RECs on delivery over 20 years); systems up to 25 kW feature full contract prepayment upon energization, and all payments for systems over 25 kW will be made within the first six years of energization. Yet those contracts have a 15-year REC delivery obligation. This creates a situation in which, absent any additional measures, the ~~buyer~~Buyer (the contracting utility) will be unable to use the typical contractual tool of withholding payments for the item not yet received to ensure REC delivery. Fortunately, the Act anticipated this issue and requires that “[e]ach contract shall include provisions to ensure the delivery of the estimated quantity of renewable energy credits and ongoing collateral requirements and other provisions deemed appropriate by the Agency.”⁵⁷⁸

~~The Agency will utilize the approach described below to~~To ensure REC delivery over the full term of the contracts. ~~This approach will also ensure proper matching of adders for photovoltaic community renewable generation projects at different levels of residential subscription levels.~~

,the Program utilizes the following approach. REC delivery obligations will be managed at a portfolio level. As projects are completed and become energized, each Approved Vendor will therefore have a portfolio of systems with REC delivery obligations from the various contracts that it has with each utility. The obligation to ensure REC delivery is at the contract level rather than the individual project level. In this way, the natural variation that some systems will produce more RECs than forecast and others fewer RECs reduces the risk of contract default, as compared to project-level contracts, and allows for ease in contract administration.

⁵⁷⁷ See Section 10.2 of the GATS Operating Rules available at <https://www.pjm-eis.com/~media/pjm-eis/documents/gats-operating-rules.ashx>.

⁵⁷⁸ 20 ILCS 3855/1-75(c)(1)(L)(v).

7.12.2. Collateral Requirements

An Approved Vendor is required to post collateral equivalent to 5% of the total contract value within 30 business days of when each Batch's contract (or product order) is approved. As described in Section 7.10.5, if the collateral was provided in the form of a Letter of Credit, then the Approved Vendor may choose for the utility to withhold the collateral amount for each system from the last REC payment for the system (or only REC payment for small systems) in exchange for not needing to maintain the collateral in the form of the Letter of Credit. In this situation, the collateral would be reduced as described below, and fully returned at the end of the contract (net any amounts that were drawn to meet contractual obligations). As systems are energized, this collateral amount (or deferred payment) will be maintained through the life of the contract. This requirement will be maintained at the portfolio level, not the individual contract or system level. The collateral amount is based upon the contract value at the time of ICC approval of the product order and is not adjusted if the final system size and/or capacity factor (and thus resulting quantity of RECs for payment) is lower than the initial approved amount.

By maintaining collateral requirements at the portfolio level, Approved Vendors can better manage the risk that some systems may underperform (or have other problems) while others may overperform. This allows the collateral level to be lower than it would be if maintained at the system level.

The Agency wishes to emphasize that this Plan does not prescribe the source of funds for collateral, whether it be an Approved Vendor's cash on hand, bank borrowings, the project owner's funds, customer-provided funds, a letter of credit, or some other source.

Nonetheless, an Approved Vendor will be responsible for delivering RECs each year under its contracts (subject to the reduction options described in the following Section). On an annual basis, failure to deliver RECs for the previous year will result in the utility drawing on the collateral to be compensated for the undelivered RECs from that year for which payment was already received. After any such drawing, the Approved Vendor will need to restore its collateral level to bring it back up to the 5% of remaining value of the portfolio within 90 days. If the amount of collateral held for an Approved Vendor is insufficient to compensate the utility, the Approved Vendor will be required to pay the utility for the balance of the value of the undelivered RECs from that previous year. Failure to make payment and/or maintain the collateral requirement may result in the Approved Vendor's suspension from participating in the Program.

Additionally, the Agency understands and appreciates that the natural degradation of photovoltaic system's productive capacity will likely result in reduced delivery quantities in the later years of a system's performance under a REC delivery contract. Annual contractual REC delivery volumes will thus be decline by 0.5% each year, which the Agency believes should help ensure that collateral is not unfairly drawn upon due to reduced system performance.⁵⁷⁹

Reconciliation of REC deliveries and collateral requirements will be conducted on an annual basis based on the Annual Reports filed by the Approved Vendors as described in Section 7.15.

⁵⁷⁹ See [Final Order, ICC](#) Docket No. 17-0838, ~~Final Order dated April at 129 (Apr. 3, 2018 at 129.)~~.

7.12.3. Options to Reduce REC Delivery Obligations

Section 1-75(c)(1)(L) of the IPA Act provides that, for categories other than Traditional Community Solar and Public Schools projects, “[t]he electric utility shall receive and retire all renewable energy credits generated by the project for the first 15 years of operation.”⁵⁸⁰ The capacity factor as described in Section 7.10.4 will be used to calculate the number of expected RECs each system generates, and thus the overall payment for that system. If a system produces more RECs than expected from that calculation, then no adjustment would be made to payments or to the statutorily mandated REC delivery term. However, if the system produces fewer than the contracted quantity of RECs, then the following conditions apply.

The Agency expects each Approved Vendor to take the steps necessary to ensure that projects contained within its portfolio meet all expected REC deliveries. This may include working with system owners to ensure that ongoing maintenance and repairs of systems occurs as well as to ensure that meter/inverter data is properly transferred to GATS or M-RETS for the creation of RECs. Furthermore, Approved Vendors will be responsible for ensuring the ongoing transfer of RECs to the applicable utility. However, because weather and other factors may impact annual production values, REC delivery performance will be evaluated on a three-year rolling-average basis, although any overproduction may be carried forward (or “banked”) for performance evaluation and collateral purposes into future contract years without expiration.⁵⁸¹ However, a project or portfolio is not entitled to additional compensation if a carryforward remains as project-specific contracts expire.⁵⁸²

There are circumstances where a system may not be able to deliver the RECs it was expected to produce; the Agency believes that reasonable accommodations should be made for these situations that appropriately balance the requirements for the utilities to comply with RPS targets and their expectation to receive RECs for which payment has already been made while acknowledging that unexpected situations may arise at no fault of the Approved Vendor.

In force majeure circumstances (including, but not limited to, physical damage to the system from fires, tornados, etc.) the Approved Vendor may request to have a delivery obligation suspended, reduced, or eliminated without penalty.⁵⁸³ Approval of the recognition of a force majeure event requires consensus between the Agency and the contracting utility. Curtailments by either the utility (including those through a smart inverter) or the RTO that result in reduced REC production would allow for reduced REC delivery obligations.

In the case of reductions or eliminations of delivery obligations, the Approved Vendor must demonstrate what measures have been taken that do not adequately cure the situation (such as filing and receiving an insurance claim that is inadequate to restore the system to operation). For the suspension of delivery obligations, the Approved Vendor must demonstrate that reasonable measures are being taken to have a timely restoration of production. Approved suspension of delivery obligations will serve to change the end date for the REC delivery timeline to reflect the time the delivery obligations were suspended.

⁵⁸⁰ 20 ILCS 3855/1-75(c)(1)(L)(ii).

⁵⁸¹ All RECs must be delivered to the counterparty in the delivery year when produced, regardless of any overproduction under the contract. See [Final Order, ICC](#), Docket No. 17-0838, ~~Final Order dated April at 129 (Apr. 3, 2018 at 129.)~~.

⁵⁸² See [Final Order, ICC](#), Docket No. 17-0838, ~~Final Order dated April at 129 (Apr. 3, 2018 at 129.)~~.

⁵⁸³ Specific circumstances that constitute force majeure have been outlined and memorialized in the REC Contract.

An Approved Vendor may also determine that a system is not performing at the level expected in the absence of force majeure circumstances. In this circumstance, the Approved Vendor may request to have the delivery obligation related to that system within its portfolio reduced in exchange for the return to the utility of a payment adjustment to account for all undelivered RECs at the original delivery level as of the time of the request.

These provisions will not apply to Traditional Community Solar projects and Public Schools projects as the delivery and payment obligations for those projects under 20-year contracts is based on actual delivery of RECs. Section 1-75(c)(1)(L)(iv) provides for adjustments to payments based on those deliveries including the ability to carry forward higher than expected REC deliveries,

If generation of renewable energy credits during a delivery year exceeds the estimated annual generation amount, the excess renewable energy credits shall be carried forward to future delivery years and shall not expire during the delivery term. If generation of renewable energy credits during a delivery year, including carried forward excess renewable energy credits, if any, is less than the estimated annual generation amount, payments during such delivery year will not exceed the quantity generated plus the quantity carried forward multiplied by the contract price. The electric utility shall receive all renewable energy credits generated by the project during the first 20 years of operation and retire all renewable energy credits paid for under this item (iv) and return at the end of the delivery term all renewable energy credits that were not paid for.

7.13. Payment Terms

The Act provides a schedule of payments for RECs for projects. Section 1-75(c)(1)(L) of the IPA Act ~~as updated by Public Act 102-0662~~ specifies the following schedule for projects in categories other than Traditional Community Solar and Public Schools ~~projects~~: For systems up to 25 kW, “the renewable energy credit delivery contract value shall be paid in full, based on the estimated generation during the first 15 years of operation by the contracting utilities at the time that the facility producing the renewable energy credits is interconnected at the distribution system level of the utility and verified as energized and compliant by the Program Administrator.”

For distributed generation systems greater than 25 kW and up to 5,000 kW and community solar projects, “15% of the renewable energy credit delivery contract value, based on the estimated generation during the first 15 years of operation, shall be paid by the contracting utilities at the time that the facility producing the renewable energy credits is interconnected at the distribution system level of the utility and verified as energized and compliant by the Program Administrator. The remaining portion shall be paid ratably over the subsequent 6-year period.”

For Traditional Community Solar projects and Public Schools projects, the payment terms are not on a set schedule, rather ~~they~~ are for,

20 years and shall be paid over the delivery term, not to exceed during each delivery year the contract price multiplied by the estimated annual renewable energy credit generation amount. If generation of renewable energy credits during a delivery year exceeds the estimated annual generation amount, the excess renewable energy credits shall be carried forward to future delivery years and shall not expire during the delivery

term. If generation of renewable energy credits during a delivery year, including carried forward excess renewable energy credits, if any, is less than the estimated annual generation amount, payments during such delivery year will not exceed the quantity generated plus the quantity carried forward multiplied by the contract price.

The Agency has established that the standard for being “energized” as used above must include the completion of the interconnection approval by the local utility and the registration of the system in GATS or M-RETS so that generation data can be tracked, and RECs created.⁵⁸⁴ In addition, to avoid a system being completed but RECs not created and delivered, before a system can be considered “energized” so as to initiate the processing of an invoice for REC delivery contract payments, automatic assignment of RECs to the applicable utility must be initiated. The Agency believes that by ensuring proper registration in the tracking system up front, future administrative challenges can be minimized.

For systems over 25 kW and community solar projects other than Traditional Community Solar, it is not clear from the law how exactly the “subsequent 6-year period” would be calculated, and whether the frequency of payments should be annually, quarterly, or monthly. The Agency proposed in the Initial Plan (which featured a 20% upfront payment and subsequent payments over a 4-year period based upon now changed provisions from Public Act 99-0906) that after the first payment of 20%, the balance of payments be made on a quarterly basis over the following 16 quarters. For example, if the first payment is made on September 30, 2019 (upon interconnection and energization), assuming continued compliance with contractual requirements, the next payments would occur approximately on December 31, 2019, March 31, 2020, etc., with the final payment on approximately September 30, 2023—resulting in 17 total payments that bookend a ~~four~~4-year period of time. Payment amounts occur on a set schedule and may be adjusted to reflect changes in REC quantities (per Section 7.12.3), or community solar subscription levels (per Section 7.11.4). Based on feedback received to date, the Agency does not believe that a change to the basic quarterly payment schedule is warranted (although the quarters of subsequent payments will increase to 24). However, the refreshed contract structure described in Section 7.14 that has been implemented now allows for three separate quarterly delivery schedules to reduce the lag time between a project being approved for payment and the first (or only) payment being received.⁵⁸⁵

Section 1-75(c)(1)(L)(vii) also requires that:

If, at any time, approved applications for the Adjustable Block program exceed funds collected by the electric utility or would cause the Agency to exceed the limitation described in subparagraph (E) of this paragraph (1) on the amount of renewable energy resources that may be procured, then the Agency may consider future uncommitted funds to be reserved for these contracts on a first-come, first-served basis.

⁵⁸⁴ This proposed standard is only intended to relate to the contractual payment terms for the Program. Section 1-75(c)(1)(K) specifies that, “[o]nly projects energized on or after June 1, 2017 shall be eligible for the Adjustable Block program.” The Agency views this to mean that a project must be interconnected to the applicable utility after June 1, 2017 and that the registration date of the system in GATS or M-RETS does not impact that determination. The added contractual standard is meant to ensure that energized systems will produce the RECs that they are receiving upfront payments for.

⁵⁸⁵ For example, a project approved for payment in January would be on a quarterly schedule of payments occurring in February, May, August, and November; a project approved for payment in February would be on a quarterly schedule of payments occurring in March, June, September, and December; and a project approved for payment in March would be on a quarterly schedule of payments occurring in April, July, October, and January.

The Agency will continue to carefully monitor project application approvals and available budgets. Nevertheless, aside from waitlisted projects replacing defunct projects as already accounted for in budget modeling, the Agency will not recommend Commission approval of contracts for additional projects if it determines that contract obligations cannot be met through expected funds. The Agency will endeavor to publish updates to available budgets and related information on regular intervals, as discussed in Chapter 3 of this Plan.

7.14. Contracts

The Agency notes that while payments are made according to the terms described in Section 7.13, ~~the Adjustable Block Program~~ Illinois Shines and its REC delivery contracts feature ongoing performance requirements to ensure that RECs are delivered across the 15 or 20-year term of the contracts, especially after payments have been made under 15-year contracts. Section 7.12.1 describes in more detail how those performance requirements have been implemented.

The Agency, in consultation with its Program Administrator and its Procurement Administrator, developed a standard REC delivery contract between the utilities and Approved Vendors, much as its Procurement Administrator had done for the competitive procurement processes. This included the opportunity for interested parties to comment on the contract. The original REC delivery contract, reflecting the consensus of the Agency, the utilities, and Commission Staff, was finalized in January 2019, just prior to the opening of the ~~Adjustable Block~~ Program for project applications. Once finalized, that standard 2019 REC delivery contract was not subject to further negotiation for each project or batch accepted into the Program.

For the First Revised Plan, the Agency proposed a substantial refresh of the standard delivery contract based upon lessons learned from the execution and early administration of the initial contracts. ~~The Agency conducted stakeholder workshops in 2020 to review the contract structure for the Adjustable Block Program, the Illinois Solar for All Program, and competitive procurements.⁵⁸⁶ Implementation of the refreshed REC Contract was deferred until new blocks were able to open—which occurred in December 2021 after the enactment of Public Act 102-0662. For program reopening in December 2021, two versions of the contract were released, one for projects under a 15-year REC delivery commitment, and one for projects under a 20-year REC delivery commitment. These two contract structures also incorporated changes necessary to comply with provisions of Public Act 102-0662.⁵⁸⁷~~

~~Key issues that were considered included:~~

- ~~• Shortening and simplifying After the REC Contract (and, if possible, synthesizing the contract into a single set of terms and conditions)~~
- ~~• Clarifying contract default versus system default versus penalties~~
- ~~• Clarifying Product Orders, Master Contracts, and Portfolio-level responsibilities~~

⁵⁸⁶ This process began on April 9, 2020 with the release of a request for stakeholder feedback. See: <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/updated-request-for-comments-due-dates-4-21-2020/il-abp-rec-contract-request-for-comments-9-apr-2020-updated-due-date.pdf>

⁵⁸⁷ See: <https://illinoisshines.com/program-documents/> for the current revised contracts and stakeholder comments related to their development. This refreshed Illinois Shines REC Contract also served as the basis for the contract that has been implemented for the fourth program year of Illinois Solar for All.

- ~~• Termination for convenience (subject to applicable penalties)~~
- ~~• Measurement of community solar subscription levels~~
- ~~• Mechanism of collateral holdbacks⁵⁸⁸~~
- ~~• Incorporation of Acknowledgement of Assignment forms~~
- ~~• Removal of a project from the contract~~
- ~~• Adoption of a measure providing for mediation by the IPA between utilities and Approved Vendors in certain REC Contract disputes⁵⁸⁹~~

~~Based on the workshops, the Agency worked with the Program Administrator, Procurement Administrator, ICC Staff, and the utilities to develop a draft of a refreshed standard contract and provided stakeholders the opportunity to comment on the refreshed contract. Based on comments received from participants in the process, implementation of the refreshed REC contract was deferred until new blocks were able to open—which occurred in December 2021 after the enactment of Public Act 102-0662. For program reopening in December 2021, two versions of the contract were released, one for projects under a 15-year REC delivery commitment, and one for projects under a 20-year REC delivery commitment. These two contract structures also incorporated changes necessary to comply with provisions of Public Act 102-0662.⁵⁹⁰~~

~~The Agency expects that, as a result of the approval of this the 2022 Long-Term Plan, the REC delivery contracts may require additional updates. As of the filing of this Final Plan, and a stakeholder feedback process is underway to develop the revised contracts with input from the utilities, programProgram participants, ICC Staff, and other stakeholders.⁵⁹¹ Revised contracts will be, the Agency published by the 2022 revised versions of the 15-year and 20-year REC delivery contracts on August 31, 2022—, prior to the opening of additional capacity under the Illinois Shines on September 1, 2022. The revised REC Contracts incorporated updates to conform with the approved 2022 Long-Term Plan and the ICC’s Final Order in Docket No. 22-0231.~~

Upon the approval and finalization of this 2024 Long-Term Plan, new REC Contracts may be required. Once any updated contracts are finalized and thus required to be used, Approved Vendors may withdraw projects that had been submitted to the Program before the updated contract’s finalization (that are not yet ICC-approved) ~~with now~~without penalty.

As the contract structure will be altered as a result of ~~the above-mentioned process~~any changes herein that require a contract update, the Agency recommends that projects approved by the Commission after the contract finalization date would use the new contract, regardless of application date. The Program will also provide an “off-ramp” option for any already-applied projects expecting to be subject to the ~~original 2019 REC Delivery Contract rendered unable to be developed under the updated 2021 REC Delivery Contracts (although this appears to be unlikely given the nature of modifications found in the updated contract)~~2022 REC Delivery Contracts.

⁵⁸⁸ This topic is discussed further in Section 7.10.6.

⁵⁸⁹ See Docket No. 19-0995, Final Order dated February 18, 2020 at 49.

⁵⁹⁰ See: <https://illinoisabp.com/rec-contract/> for the current revised contracts and stakeholder comments related to their development. This refreshed ABP REC contract also served as the basis for the contract that has been implemented for the fourth program year of Illinois Solar for All.

⁵⁹¹ See <https://illinoisabp.com/rec-contract/> for more details about that process.

7.15. Annual Report

On an annual basis, each Approved Vendor is required submit an Annual Report of the contracts and systems in its portfolio.⁵⁹² The Annual Report serves as the basis for verifying that RECs from projects are being delivered to the applicable utility, and, absent corrective actions taken by the Approved Vendor, will be used to determine what actions should be taken by the utilities to enforce the contractual requirements that RECs are delivered, including, but not limited to, drawing on collateral. Additionally, the Annual Report will be used by the Agency to consider the ongoing eligibility of an Approved Vendor to continue participation in the ~~program~~Program.

~~For distributed generation systems, the report~~The Annual Report will include information on:

- RECs delivered by each of the systems in the portfolio
- Status of all systems that have been approved, but not yet ~~energized~~Energized, including any extensions requested and granted
- Energized systems that have not delivered RECs in the year
- Balance of collateral held by each utility
- A summary of requests for REC ~~obligations~~obligation reductions due to force majeure events
- A summary of requests for REC obligations, suspensions, reductions, or eliminations due to force majeure events
- Information on consumer complaints received
- ~~Other information related to ongoing program participation, including use of~~Information regarding hiring graduates of FEIA job training programs⁵⁹³, including a narrative outlining efforts undertaken to recruit trainees, whether trainees were hired on a temporary or permanent basis or a part-time or full-time basis, job training program graduate retention rates, any layoffs of job training program graduates, and ~~other~~if available any information on the hiring of job training program graduates who are returning citizens or foster care alumni.
 - ~~The same information related to increasing is requested regarding hiring and employment conducted by an Approved Vendor's Designees, installers, marketing and sales sub-contractors, etc.~~
- ~~Description of any other training program(s) from which graduates were hired.~~
 - ~~The same information is requested regarding hiring and employment conducted by an Approved Vendor's Designees, installers, marketing and sales sub-contractors, etc.~~
- ~~Diversity information of Illinois-based workforce, including a narrative describing the diversity of the solar workforce~~⁵⁹⁴~~management and/or supervisor positions compared to overall workforce working in connection with Illinois Shines.~~
 - ~~The same information is requested regarding the Illinois-based workforce of an Approved Vendor's Designees, installers, marketing and sales sub-contractors, etc.~~
- ~~If applicable, a description of activities undertaken by the Approved Vendor or Designees that did not occur in Illinois but demonstrate that the Approved Vendor or Designee's efforts or commitments to creating a diverse workforce.~~
- ~~Number of employees who are graduates or currently enrolled in the foster care system.~~

⁵⁹² Approved Vendors may request confidential treatment of the Annual Report. However, aggregated information from Annual Reports may be publicly disclosed by the Agency to the extent that it does not disclose Approved Vendor-specific confidential information.

⁵⁹³ Programs include: Craft Apprenticeship Program, Solar Pipeline Training Program and Multi-Cultural Job Training Program (Details here: <https://dceo.illinois.gov/climateandequitablejobs/feja-solar-training-programs.html>.)

⁵⁹⁴ ~~As discussed in the Commission's Order approving the First Revised Plan, this requirement was added in order to learn from and celebrate how the increase in solar development in Illinois is improving diversity in the state's renewable energy workforce. The IPA commits to gathering this information for informational purposes only. See Docket No. 19-0995, Final Order dated February 18, 2020 at 87.~~

- Number of employees who have been formerly incarcerated.

For community solar projects, the report will include those requirements listed above for distributed generation projects and additionally:

- Percentage of each system subscribed on a capacity basis
- The number and type of subscribers (e.g., residential, small commercial, large commercial/industrial), including capacity allocated to each type
- Subscriber turn-over rates⁵⁹⁵
- Attestation that any and all Community Solar Disclosure Forms were signed by the subscribers

The Agency will review the ~~annual reports~~ Annual Reports to assess compliance with the requirements of ~~the Adjustable Block Program~~ Illinois Shines and, if there are shortfalls of REC deliveries or subscription levels for ~~photovoltaic~~ community renewable-generation solar projects, will coordinate with the applicable utility on what remedies should be taken, including drawing on collateral.⁵⁹⁶ For this process and those described in the next two paragraphs, the performance evaluation and collateral draw methodologies have been specified in the ~~standard master~~ REC delivery contract ~~contracts~~.

For community solar projects, subscription levels must be maintained to remain eligible for REC payments. If the annual report shows that subscriber levels on a rolling average basis have fallen below the subscribership level that the project contractually committed to, then if REC payments are still due, those payments will be reduced as described earlier in this ~~chapter~~ Chapter; if all payments have been made, then the Agency will work with the applicable utility on what remedies should be taken including drawing on collateral. If a project's subscribership falls below 50% for a given delivery year, no payment would be owed to the project for that delivery year, and a payment reduction or collateral draw would result (although the project could regain 50% subscribership the following year and qualify for payment in relation to that year).

A similar review will be conducted for projects that have received a small subscriber participation adder but do not maintain sufficient levels of small subscriber participation. If small subscriber participation levels are not maintained and there are remaining REC payments due, those payments will be reduced (to either the actual small subscriber adder category that has been maintained, or to remove the adder altogether if the level falls below 25%). If all payments have been made, then the Agency will work with the applicable utility on what remedies should be taken including drawing on collateral.

Under the REC Contract, Annual Reports are due to the Program Administrator no later than July 15 annually (or the next business day). An Approved Vendor's failure to meet this deadline is considered an Event of Default under the REC Contract, thus all projects covered by their REC Contracts are in effect no longer able to participate in the Program. The Agency finds this to be unnecessarily strict and not aligned with the spirit of the Program. The reporting period for the Annual Report takes place

⁵⁹⁵ The Commission specifically approved the inclusion of subscriber turnover rates in annual reports, noting that it will allow the IPA the ability to make more informed decisions regarding community solar program requirements. See Final Order, ICC, Docket No. 22-0231, Final Order dated July 14, 2022 at 105-106. (Jul. 14, 2022).

⁵⁹⁶ The Agency will request on a semi-annual basis a report from each utility on RECs delivered by contract.

~~annually across the first two weeks of July, which contains the Fourth of July holiday. It is often times difficult to get ahold of Approved Vendors or their staff during the entire first week of the reporting period due to this holiday, leaving in essence one week for Approved Vendors to turn around a report that if late, ensures that their projects are unable to continue to participate in the Program. Despite great efforts put into ensuring that every Approved Vendor submits its Annual Report in a timely fashion, each year the Program sees several Approved Vendors fail to meet this deadline, putting their customers in jeopardy of losing incentive funding or having to repay any prepaid incentives for RECs that have not yet been delivered.~~

~~As such, this strict deadline proves to be both a consumer protection issue and a Program administration issue. It could be the case that a project that has been participating in the Program and on a REC Contract for 10 years may be removed from its contract, and thus the Program, due to an Approved Vendor submitting an Annual Report just one day beyond the contractually set deadline on the eleventh year of the REC Contract. The Agency does not believe this result to be prudent or fair. The Agency finds that this deadline is overly punitive and its implementation does not benefit Approved Vendors, their customers, development of the solar market in Illinois, nor the utilities that would need to unwind any prepayments already made on behalf of projects on a REC Contract.~~

~~As such, the Agency proposes through this draft Plan that a contract amendment be drafted in order to provide more flexibility on the Annual Report submittal deadline and the consequences that result from late submittal. The Agency proposes that this contract amendment be developed through its normal process for the development of contract documents arising from Program requirements outlined in the Agency's Long-Term Plan.~~

~~The Agency requests that in the approval of this 2024 Long-Term Plan that the ICC consider this to-be-drafted amendment to be retroactively applied to all previously executed REC Contracts to ensure that all previously contracted projects participating in the Program have a fair shot at remaining in the Program despite a possible late Annual Report submission. If this proposal is supported and ultimately approved via this 2024 Long-Term Plan, the Agency will endeavor to engage contracting utilities as soon as practicable to develop this contract amendment.~~

~~The Agency proposes that this amendment contains requirements that Approved Vendors must file their Annual Report by August 1 following each delivery year. Approved Vendors will be given 90 days to cure any deficiencies found by the Agency and/or utilities, and the failure to within a submitted report or submit annual reports an Annual Report if none was provided by the August 1 deadline. Failure to submit Annual Reports or cure deficiencies within the 90 day period will be considered an Event of Default and may carry consequences under REC delivery contracts and/or result in disciplinary action under the Program.~~

~~In addition to the Adjustable Block Program Illinois Shines Annual Report, Approved Vendors and Designees will also be required to file an annual end of year report related to their Minimum Equity Accountability Standard Compliance Plan as described in Section 10.1.1.3. As the Equity Accountability System does not launch until June 1, 2023, the first report on the Equity Accountability Compliance Plan will not be due until July 15, 2024.~~

8. Illinois Solar for All

8.1. Overview

The Illinois Solar for All Program (“ILSFA”) was created in 2017 through revisions to Section 1-56(b) of the Illinois Power Agency Act (“IPA Act”) contained in Public Act P.A. 99-0906 to “include incentives for low-income distributed generation and community solar projects” with the following objectives:

*bring photovoltaics to low-income communities in this State in a manner that maximizes the development of new photovoltaic generating facilities, to create a long-term, low-income solar marketplace throughout this State, to integrate, through interaction with stakeholders, with existing energy efficiency initiatives, and to minimize administrative costs.*⁵⁹⁷

Public. The IPA Act 99-0906 created four sub-programs within Illinois Solar for All, with incentives for each type of development:

- (A) Low-income Distributed Generation, for on-site solar projects
- (B) Low-Income Community Solar, for off-site solar projects
- (C) Incentives for non-profits and public facilities to do on-site projects
- (D) Low-Income Community Solar Pilot Projects, with distinct rules and incentives

The Act instructed instructs the Agency to “include a description of its proposed approach to the design, administration, implementation and evaluation of the Illinois Solar for All Program” in this Plan. The Agency’s Initial Long-Term Plan fulfilled this requirement for the Illinois Solar for All Program, and the Agency selected a Program Administrator and launched to program in early 2019.⁵⁹⁸ The Program is designed to “include incentives for low-income distributed generation and community solar projects” with the following objectives:

While the price of photovoltaics has declined dramatically over recent years, there can be significant upfront costs for the development of projects. The financial incentives offered through the Adjustable Block Program may not be sufficient for low-income households and communities to overcome the substantial barriers to participating in the growing solar energy market. The Illinois Solar for All Program is an alternative approach and program to help address this challenge.

Public Act “bring photovoltaics to low-income communities in this State in a manner that maximizes the development of new photovoltaic generating facilities, to create a long-term, low-income solar marketplace throughout this State, to integrate, through interaction with stakeholders, with existing energy efficiency initiatives, and to minimize administrative costs.”⁵⁹⁹

The enactment of P.A. 102-0662, which took effect on in September 15, 2021, updated the sub-programs that comprise Illinois Solar for All, increased several provisions related to ILSFA, by increasing available funding, and prioritized expanding participation in Illinois Solar for All to to prioritize areas of Illinois previously underserved by the program. Program, adjusting funding

⁵⁹⁷ 20 ILCS 3855/1-56(b)(2).

⁵⁹⁸ 20 ILCS 3855/1-56(b)(2).

⁵⁹⁹ Id.

allocations across sub-programs, increasing efforts at development by small and emerging businesses, and encouraging development of projects promoting energy sovereignty.

~~The updates to the sub-program structure of Illinois Solar for All by Public Act~~ Additionally, P.A. 102-0662 eliminated the Low-Income Community Solar Pilot Projects sub-program and split the Low-Income Distributed Generation sub-program into separate sub-programs for distributed generation projects serving small residential (single- to four-unit residences) and large residential (five units or more) buildings. ~~The~~ Currently, the Illinois Solar for All sub-programs authorized under Public Section 1-56(b)(2) of the IPA Act 102-0662 now consist of are:

- (A) Low-income Single-Family and Small Multifamily Solar
- (B) Low-~~Income~~income Community Solar
- (C) Incentives for non-profits and public facilities
- (D) Low-income large multifamily solar

~~The funding allocation percentages for these sub-programs were also adjusted, distributing the funding no longer allocated for the Low Income Community Solar Pilot Projects to the new subprograms, with the Low income Single Family and Small Multifamily Solar and the Low income multifamily solar sub-programs sharing a funding allocation.~~

~~Existing and New~~ These updated sub-programs were rebranded with participant-friendly names and were announced when Program Year 2022-2023 opened in August 2022:

- (A) Illinois Solar for All: Residential Solar (Small)
- (B) Illinois Solar for All: Community Solar
- (C) Illinois Solar for All: Non-Profit and Public Facilities
- (D) Illinois Solar for All: Residential Solar (Large)

8.2. Key Design Elements

~~In~~ When initially developing the ~~program~~ Program, the Agency identified two key design elements ~~for implementing the Illinois Solar for All Program~~ that needed ~~more~~ focused discussion: the Program's relationship to Illinois Shines (called the Adjustable Block Program, at the time), and ~~the creation of~~ “ensuring that the Program created tangible economic benefits” for participants. With

8.2.1 Relationship with Illinois Shines (Formerly Called the new provisions contained in Public Act 102-0662 Adjustable Block Program)

The financial incentives offered through the Agency has expanded its consideration of key design elements Illinois Shines Program may not be sufficient for income-eligible households and communities to also include small overcome the substantial barriers to participating in the growing solar energy market. The Illinois Solar for All Program provides more generous incentives and emerging business development and energy sovereignty minimum savings requirements to address this challenge.

8.2.1. Relationship with the Adjustable Block Program

The goals of the Illinois Solar for All Program overlap with the goals of ~~the Adjustable Block Program~~ Illinois Shines in that both Programs promote distributed photovoltaic generation and community solar. ~~The differences primarily involve the sectors that the programs serve, the structure of the incentives and program design, and the applicable funding sources.~~

~~As~~ However, as described in this ~~Chapter~~ chapter, the Agency administers the Illinois Solar for All Program separately from ~~the Adjustable Block Program, but it is built off of the~~ Illinois Shines. ~~The two Programs have different~~ program design of the Adjustable Block Program, with additional considerations specific, funding sources, and incentive structure, and serve different communities.

While both programs are predicated on incentives paid to support new solar project development through REC delivery contract payments, Illinois Solar for All. ~~These include a different level of incentives, contains~~ additional requirements to be an Illinois Solar for All Approved Vendor, additional project application requirements, Illinois Solar for All-specific contracts, and additional considerations to ensure requires community involvement, additional consumer protections, and income-eligibility. ~~To the extent not specifically mentioned in this Chapter, the program design, terms, and conditions of the Adjustable Block Program also apply to the administration of, and REC delivery contracts executed under, the Illinois Solar for All participate in the~~ Program.

~~Many~~ Still, many of the fundamental aspects of the Illinois Solar for All Program are ~~identical, or at least~~ similarly structured to ~~the Adjustable Block Program~~ Illinois Shines, as detailed in Chapter 7 of this Plan. For example, ~~as in ABP,~~ projects located on a single parcel are considered co-located, which influences determination of system size and eligible renewable energy credit ("REC") prices ~~(Section 7.5.5).~~ ⁶⁰⁰ To ensure program funds go to entities that have been properly vetted and commit to compliance with program terms, Illinois Solar for All only accepts applications from ~~program~~ Illinois Shines ⁶⁰¹ ~~Approved Vendors, just as in ABP (Section 7.7).~~ In order to qualify to ~~apply to~~ be an Illinois Solar for All Approved Vendor, the developer must register and maintain their status as an Approved Vendor with ~~the Adjustable Block Program (Section 7.7.2).~~ Illinois Shines. ⁶⁰² Entities that are not interested in entering ~~into~~ REC contracts ~~Contracts~~ as Approved Vendors but are subcontracted to work on ~~ILSFA~~ Illinois Solar for All projects must register as Approved Vendor Designees ~~(Sections 7.8 and 7.8.1).~~ ⁶⁰³ Additional requirements to qualify as an Illinois Solar for All Approved Vendor are found below in Section 8.9.

As with ~~the Adjustable Block Program~~ Illinois Shines, Illinois Solar for All projects must meet technical and metering system requirements ~~(Section 7.9.1 ad 7.9.2)~~ ⁶⁰⁴ as well as the same basic consumer protection requirements found in Chapter 9, with additional consumer protection requirements for Illinois Solar for All Program participation detailed below in Section 8.11.

⁶⁰⁰ See Section 7.5.

⁶⁰¹ See Section 7.7

⁶⁰² See Section 7.7.1

⁶⁰³ See Sections 7.8 and 7.8.1.

⁶⁰⁴ See Sections 7.9.1 and 7.9.2.

The requirements for a project to participate as a community solar project follow the framework outlined in Sections 7.9.6, 7.9.6.1, ~~7.9.6.2~~, and 7.9.6.~~32~~, while providing the additional participant savings and consumer protections detailed in this chapter.

As in Section 7.10, there is an application process for ~~the submission of~~submitting projects to the Illinois Solar for All program:

- Projects are submitted in batches (7.10.1~~);~~);
- Are reviewed by the Program Administrator (7.10.4~~);~~3);
- Have the anticipated quantity of RECs generated by the system over the contract term calculated (7.10.5~~);~~4); and,
- If in compliance with program requirements and selected, are submitted to the ICC for final approval (7.10.6~~5~~).

Following ICC approval, the following steps must occur:

REC ~~contracts~~Contracts are:

- ~~Executed~~ executed by the Approved Vendor and the contract Buyer for the RECs produced by the project (7.~~12~~10.5).
- Project construction is completed (if it wasn't already) and the Approved Vendor must submit confirmation of utility energization and document final project details within a given deadline (7.11.1).
- If an Approved Vendor is unable to meet a project's given deadline, the REC ~~contract~~Contract provides options for requesting extensions to the deadline for meeting contract energization requirements (7.11.2)
- Once an Approved Vendor has provided the Program Administrator the required documentation to confirm project completion and energization by the utility, the project can be approved for payment (7.11.3).
- RECs generated by the project are delivered to the contract Buyer through irrevocable Standing Order and reported to the Program Administrator regularly through an Annual Reporting process (7.15).
- A collateral payment is required from the Approved Vendor Performance to ensure REC deliveries requirements are met for the duration of the REC ~~contract~~Contract (Section 7.12, 7.12.1, and 7.12.2).
- Following approval for payment, the Approved Vendor invoices the Buyer for payment on a schedule determined by the project type as outlined below.

Importantly, projects that receive a contract through Illinois Solar for All are not eligible also to receive a contract through Illinois Shines (or vice versa).⁶⁰⁵ Additionally, Approved Vendors participating in Illinois Solar for All must maintain a status of good standing in the Adjustable Block Program as well as the Illinois Solar for All program, which both ILSFA and Illinois Shines. Maintaining a good standing status includes ~~submission of~~submitting Annual Reports of REC deliveries and other

⁶⁰⁵ Section 1-56(b)(3) of the IPA Act requires that for Illinois Solar for All contracts, "[p]ayments for renewable energy credits shall be in exchange for all renewable energy credits generated by the system during the first 15 years of operation." Sections 1-75(c)(1)(L)(ii) and (iii) both contain provisions related to the various components of the Adjustable Block Program that, "[t]he electric utility shall receive and retire all renewable energy credits generated by the project for the first 15 years of operation." These two provisions from Section 1-56(b)(3) and Section 1-75(c)(1)(L) are mutually exclusive as only one REC can be produced, transferred, and retired for each MWh of generation.

program metrics for each program (7.15~~).~~) to the Program Administrators. The details and any differences in how these concepts are implemented within the Illinois Solar for All program are detailed further in the Illinois Solar for All Approved Vendor Manual.

8.2.2 Tangible Economic Benefits

~~The second consideration is the concept of “tangible economic benefits” and how low income participants can capture them.~~ Section 1-56(b)(2) of the IPA Act stipulates that the Illinois Solar for All Program ~~should~~shall “ensure tangible economic benefits flow directly to program participants.”

~~The requirement that low income program participants receive tangible benefits carries into the parameters of the contracts executed within the~~ This is accomplished through the requirements of the Illinois Solar for All ~~Program as well.~~ REC Contracts. Section 1-56(b)(2) ~~also~~ requires that “[e]ach contract that provides for the installation of solar facilities shall provide that the solar facilities will produce energy and economic benefits, at a level determined by the Agency to be reasonable, for the participating low-income customers.”⁶⁰⁶ In addition, contracts should “ensure [that] the wholesale market value of the energy is credited to participating low-income customers or organizations and to ensure tangible economic benefits flow directly to program participants, except in the case of low-income multi-family housing when the low-income customer does not directly pay for energy.”⁶⁰⁷ For the purposes of this chapter, the term “multi-family” applies to residential buildings with five two or more units.

A key barrier to ~~low income-eligible~~ participation in renewable energy programs is lack of access to funds and financing ~~to pay~~ for the up-front costs of photovoltaic systems.

~~To~~Therefore, to create “tangible economic benefits” at a “reasonable” level, the Agency has determined that eligible residential participants in the Illinois Solar for All Program should not have to pay up-front costs for on-site distributed generation or pay an up-front fee to subscribe to a community solar ~~project.~~⁶⁰⁸ Further, participation in the ~~program~~Program should result in immediate, reliable reductions in energy costs for those residents or subscribers. Consistent with the Commission’s Order in Docket No. 17-0838, ~~this means that~~ for projects that are financed or leased, any ongoing annual payments must be smaller no more than 50% of the ~~annual first year estimated production and/or utility default service net metering energy~~ value ~~to be~~ received by the customer.⁶⁰⁹

~~The Agency will implement two~~Two exceptions are made to this no up-front costs standard. The first exception is for ~~Low income large multi-family solar initiative~~Residential Solar (Large) projects (multi-family projects of five or more units) where the ~~participant~~building owner purchases the system. In this case, the ~~residential participant’s first-year savings~~building owner may be less than 50% so long as pay an upfront fee to purchase the calculation of that customer’s system (as opposed to a lease or PPA). The building owner’s expected ongoing savings ~~demonstrates that this must meet the minimum 50% savings~~ requirement ~~would be met~~ through overall savings applied across the full 15 years of the REC delivery contract. Further, the building owner is prohibited from passing upfront

⁶⁰⁶ 20 ILCS 3855/1-56(b)(2).

⁶⁰⁷ Id.

⁶⁰⁸ This requirement does not apply to multi-family buildings with more than five units, or projects in the non-profit/-public facilities sub-program.

⁶⁰⁹ See Docket No. 17-0838, Final Order dated April 3, 2018 at 151. As required by the Commission’s Order, this calculation must be “disclosed to the customer and reviewed and approved by the Agency.”

costs to the building residents. The second ~~would be~~ exception is to allow ~~low-income-eligible~~ community solar projects that are organized as cooperatives to promote energy sovereignty to charge a nominal fee for subscribers to join the cooperative. The Agency will establish a methodology for setting a cap on up-front fees for ~~low-income-eligible~~ members of ~~such these~~ cooperatives after conducting a stakeholder feedback process to solicit public input on potential methodologies in the Fall of 2023.⁶¹⁰

~~The~~ Additionally, the Agency requires that Illinois Solar for All Approved Vendors verify that developers, installers, landlords, and other intermediaries ~~ensure that pass through~~ the resulting value of the REC incentives ~~offered by the program flow through~~ to the ~~people the program is meant to serve.~~ income-eligible residents. However, ~~the Agency notes that in order to~~ avoid an overly complex administrative system, incentive levels are not customized to each income-eligible participant's specific economic circumstances.

As of August 1, 2023, 212 non-profit and public facility projects, comprising of 67.9 MW of capacity, have been approved by the Illinois Shines Program, indicating that many such projects are viable at the REC prices offered by that Program. For public and non-profit facilities that participate in the Illinois Solar for All Program, the Agency will continue to utilize an incentive level that recognizes that these entities may not be able to capture all of the tax benefits that would be available to a ~~comparable~~ comparably sized project participating in ~~the Adjustable Block Program.~~⁶¹¹ ~~The higher REC price offered by the Illinois Solar for All Program can help overcome the financing barriers that certain non-profits and public facilities may face compared to private entities. The Agency observes that over 180 non-profit and public facility projects (exceeding 60 MW of capacity) applied to the Adjustable Block Program in its initial blocks, indicating that many such projects are viable at the REC prices offered by that program.~~ Shines.⁶¹²

In order to account for these additional tax benefits, ~~in the Agency's~~ First Revised Plan ~~the Agency~~ proposed that Illinois Solar for All Approved Vendors submitting projects for non-profit or public facilities that *can* utilize the federal Investment Tax Credit under 26 U.S.C. § 48 will be required to demonstrate additional value to the project host. ~~The Agency maintains that approach for this 2022 Plan, as discussed further in Section 8.5.6 below. With the passage of the Inflation Reduction Act, non-profits will now have an option to take advantage of federal tax incentives that they would otherwise not be able to realize as tax-exempt entities.~~

Due to the direct pay option available through the Inflation Reduction Act ("IRA"), REC prices offered in the Illinois Solar for All Program now reflect the 30% Investment Tax Credit, but do not reflect other tax benefits such as bonus depreciation. However, the higher REC price offered by the Illinois Solar for All Program can help overcome the financing barriers that certain non-profits and public facilities may face compared to private entities.

⁶¹⁰ This ~~change~~ reflects a request for clarification in the previous Long-Term Plan litigation regarding whether the Agency will set a single fee cap or whether the cap will change based on the project. The Commission's Order approved the Agency's proposed solution of clarifying that the IPA will set a methodology, not a single number, for the fee cap and that it will seek stakeholder feedback on that methodology. See Docket No. 22-0231, Final Order dated July 14, 2022 at 110.

⁶¹¹ See "Appendix E at "CREST Inputs" tab, cell G73.

⁶¹² See Appendix E, tab Program Specific Assumptions."

Existing net metering provisions ensure that “the wholesale market value of energy is credited to participating low-income customers.”⁶¹³ Therefore, projects are required to participate in the applicable utility’s or ARES’s net metering program. This may prevent projects in the service territory of a municipal utility or rural electric cooperative that does not offer net metering from participating in the Illinois Solar for All Program. The Agency hopes that such municipal utilities and rural electric cooperatives ~~strongly~~ consider adopting net metering policies to bring the full value of solar to their residents and members.

~~Further,~~ Approved Vendors may demonstrate that they are ensuring that tangible economic benefits flow directly to ~~program~~income-eligible Program participants by providing ~~documentary evidence to the Agency~~documentation that: a project on a ~~one-to-four-unit~~large multi-family residential building has no upfront cost to the residential ~~participant~~participants, except in cases of system purchases; that incentives are used by the project developer/installer to offset costs to the participant; and that there will not be ongoing costs or fees to the participant that exceed 50% of the value of energy produced. The resulting economic benefits to ~~program~~Program participants will be accrued through the value they receive through net metering or avoided consumption from the energy the system produces. ~~As described in Section 8.2.2, Illinois Solar for All Approved Vendors are required to document how they ensure that this goal is met. The case of low income~~The case of projects located at income-eligible multi-family housing can be more complex and is discussed in more detail in Section 8.5.4.3.

~~It should be noted that program incentives are tied directly to creating economic benefits through lowered net energy costs and are calculated in that manner. As a result, there may be additional costs required to make a specific project viable (e.g., costs associated with roof repairs or wiring upgrades) that these incentives may not be able to address. Additional incentives to pay for those types of costs are generally not available through the Illinois Solar for All Program, but the Agency encourages participants to explore alternative sources of funding as needed. For example, Public Act 102-0662 creates a number of new initiatives administered by other state agencies such as the Department of Commerce and Economic Opportunity and the Illinois Finance Authority as described further in Section 8.8. The Agency and the Illinois Solar for All Program Administrator will also work with Illinois Solar for All Approved Vendors to facilitate informing and educating program participants about opportunities that may be available to them through utility administered energy efficiency programs, weatherization assistance programs, lead abatement programs, building repair and upgrade programs, and other forms of support. This includes the provision of a Program Resource Guide on those programs.⁶¹⁴ As described in Section 8.5.3.3, the Agency will implement a pilot to test how incentives within Illinois Solar for All could be adjusted in certain circumstances to account for the cost of repairs. This pilot will compare the effectiveness of this approach to harnessing separate funding opportunities.~~

Additionally, in order to facilitate the direct flow of tangible economic benefits to ~~low-income-eligible~~ residential participants, the Agency and its Illinois Solar for All Program Administrator ~~engaged~~asked the United States Department of Housing and Urban Development (“HUD”) ~~for guidance that would to~~ clarify the treatment of Illinois Solar for All benefits ~~with regard to~~for cost allowance-based ~~low-income-eligible~~ housing programs. ~~Subsequent to the filing of this Plan with the Commission for~~

⁶¹³ 20 ILCS 3855/1-56(b)(2).

⁶¹⁴ See: <https://www.illinoisssa.com/app/uploads/2019/03/ILSFA-Program-Resources-Guide-v1-20190318.pdf>

~~approval, HUD provided guidance confirmed that for consideration of~~ community solar credits ~~that ensures~~, HUD program participants residing in individually metered properties in Illinois will not see a rent increase or utility allowance adjustment. This guidance was announced on the Illinois Solar for All website.⁶¹⁵ The Agency expects that HUD will issue additional guidance on solar credits from on-site distributed generation.

~~Program incentives are calculated to create economic benefits through lowered net energy costs for participants. Except for projects the Home Repairs Pilot,⁶¹⁶ Program incentives are not calculated to provide assistance for additional costs that may be required to make a specific project viable (e.g., costs associated with roof repairs or wiring upgrades). Additional incentives to pay for these types of costs are generally not available through the Illinois Solar for All Program, but the Agency encourages participants to explore alternative sources of funding as needed. For example, Public Act 102-0662 created a number of new initiatives administered by other State agencies, such as the Department of Commerce and Economic Opportunity ("DCEO") and the Illinois Finance Authority, as described further in Section 8.8.4. The Agency and the Illinois Solar for All Program Administrator also work with Illinois Solar for All Approved Vendors to inform and educate Program participants about utility-administered energy efficiency programs, weatherization assistance programs, lead abatement programs, building repair and upgrade programs, and other forms of support. These programs are included in the Program Resource Guide.⁶¹⁷~~

8.2.3 Small and Emerging Business Development

~~Public Act 102-0662 included a number of provisions aimed at encouraging business development:~~

Section 1-56 (b)(2) ~~now of the IPA Act~~ requires the Agency to "make every effort to ensure that small and emerging businesses, particularly those located in low-income and environmental justice communities, are able to participate in the Illinois Solar for All Program" and to report on progress annually.

While the IPA Act does not define "small and emerging" business, other ~~state~~State and federal programs have provided definitions for "small business." The Illinois Business Enterprise for Minorities, Women, and Persons with Disabilities Act promotes "open access in the awarding of State contracts to disadvantaged small business enterprises victimized by discriminatory practices."⁶¹⁸ Eligible small businesses ~~are those that~~ have annual gross sales of less than ~~\$75150,000,000~~.⁶¹⁹ The Small Business Set-Aside Program of the Illinois Department of Central Management Services reserves certain types of state procurement contracts for small businesses. According to ~~the Department CMS~~.⁶²⁰

⁶¹⁵ See: <https://www.illinoisfsa.com/announcements/2022/08/u-s-department-of-housing-and-urban-developments-determination-on-illinois-solar-for-alls-community-solar-net-metering-credits/>. See: <https://www.illinoisfsa.com/announcements/2022/08/u-s-department-of-housing-and-urban-developments-determination-on-illinois-solar-for-alls-community-solar-net-metering-credits/>.

⁶¹⁶ As described in Section 8.5.3.3, the Agency is implementing a pilot to test how incentives within Illinois Solar for All could be adjusted in certain circumstances to account for the cost of repairs. This pilot will compare the effectiveness of this approach to harnessing separate funding opportunities.

⁶¹⁷ See: <https://www.illinoisfsa.com/app/uploads/2021/08/ILSFA-Program-Resources-Guide.pdf>.

⁶¹⁸ 30 ILCS 575/1.

⁶¹⁹ ~~Id. at (30 ILCS 575/2)(a)(10).~~

⁶²⁰ State of Illinois, Chief Procurement Office, website, accessed January 10, 2022.

~~“[A small business] may be qualified as a small business under SBSP if [it] meet[s] the following criteria:~~

- ~~• An Illinois business~~
- ~~• Annual gross sales:~~
 - ~~○ Construction less than \$10 million~~
 - ~~○ Manufacturing less than \$10 million and less than 250 employees.”~~

~~The Illinois Procurement Code defines a “small business” as:~~

~~“Small business” means one a business that is independently owned and operated, and that is not dominant in its field or of operation, ... annual sales and meets receipts of the required size status potential contractor and all of its affiliates shall be included. The maximum number of employees and the maximum dollar volume that a small business may have [is] subject to the following sales limitations: ...~~

- ~~... (2) No CONSTRUCTION retail business can exceed \$14 Million in or business selling services is a small business if its annual sales and receipts exceed \$8,000,000.~~
- ~~(3) No MANUFACTURING manufacturing business can employ is a small business if it employs more than 250 persons.”.~~
- ~~(4) No construction business is a small business if its annual sales and receipts exceed \$14,000,000.”⁶²¹~~

The federal definition of a small business varies by industry. For example, the ~~USU.S.~~ Small Business Administration ~~(“SBA”)~~ considers Electrical Contractors and Other Wiring Installation Contractors (NAICS code 238210) that have annual revenues of less than ~~\$16.519~~ million⁶²² as small for federal contracting purposes. To help small and emerging businesses participate in the Illinois Solar for All Program, the Agency will use the federal SBA definition of “small,” based on annual revenues within the appropriate NAICS category.

Definitions of an “emerging” business vary widely by jurisdiction and may include factors such as the novelty of the business or the industry, the duration of operations, revenues or number of employees, or whether the majority owner is in a category of people that has suffered discrimination in the past. The Agency defines “emerging business” as a business that has been authorized to do business in any ~~USU.S.~~ state for less than three years.

~~As discussed below in Section 8.5.3.4, the Residential Solar Pilot increases involvement of small and emerging businesses in the Illinois Solar for All Program. In April 2023, the Pilot issued an Approved Vendor Request for Proposals⁶²³ and May of 2023, the Pilot included selection prioritization for small and emerging businesses and/or subcontractors to serve in three designated areas of the State. Two~~

~~<https://www2.illinois.gov/cpo/general/Pages/Sell2Illinois.aspx> — Illinois Department of Central Management Services, <https://cms.illinois.gov/business/sell2/sbsp/set-aside.html>, accessed August 14, 2023.~~

⁶²¹ 30 ILCS 500/45-45(b).

⁶²² See Small Business Association “size standards” at <https://www.sba.gov/federal-contracting/contracting-guide/size-standards>. See Small Business Association, “Table of Small Business Size Standards,” [https://www.sba.gov/sites/sbagov/files/2023-06/Table%20of%20Size%20Standards Effective%20March%2017%2C%202023%20%282%29.pdf](https://www.sba.gov/sites/sbagov/files/2023-06/Table%20of%20Size%20Standards%20Effective%20March%2017%2C%202023%20%282%29.pdf).

⁶²³ https://www.illinoissfa.com/app/uploads/2023/04/Residential-Pilot-AV-RFP_2023.04.07-FINAL.pdf

of the three areas in the Pilot will be served by small and emerging businesses, and the third area will be served by a business defined as small but not emerging.

Public Act 102-0662 also ~~creates~~created a number of job training and business development programs, as discussed in more detail in Section ~~8.8.1~~8.8.1. While many of these programs focus on technical skills, the Agency sees a need for business training, especially around efforts to encourage ~~Small~~small and ~~Emerging Businesses~~emerging businesses, energy sovereignty, and community-driven solar projects. Ownership and management of projects requires skills in finance, permitting, regulations, community engagement, marketing, customer acquisition and management, and other topics. Two of the DCEO programs, the Clean Energy Contractor Incubator Program and Clean Energy Primes Contractor Accelerator Program, do include business development activities. ~~The Agency encourages DCEO and stakeholders to consider the need for business training around ownership and management of solar projects. Such a program could be supported by or integrated with the Community Solar Energy Sovereignty Grant Program. At the time of publishing this Draft Plan, the Notice of Funding Opportunities⁶²⁴ has been released for some of these training programs, and the Agency looks forward to continuing to work alongside DCEO to ensure these training programs align with IPA programs.~~

8.2.4 Energy Sovereignty

~~Public Act 102-0662 introduces a new concept for the Illinois Solar for All program, that of energy sovereignty.~~

Section 1-56(b)(2)(A)(i) ~~of the IPA Act~~ requires the Agency to reserve “a portion” of Illinois Solar for All funding “for projects that promote energy sovereignty through ownership of projects by low-income households, not-for-profit organizations providing services to low-income households, affordable housing owners, community cooperatives, or community-based limited liability companies providing services to low-income households.”

~~The Act identifies several potential factors that create energy sovereignty, such as “that local people have control of the project and reap benefits from the project over and above energy bill savings.” Eligible energy sovereignty projects can “promote ownership over time” or “involve partial project ownership by communities.” The~~The IPA Act also permits the Agency to set higher incentive levels for projects within ILSFA that promote energy sovereignty than for those that do not.

While the law does not define “energy sovereignty,” Section 1-56(b)(2)(A)(i) refers to two ~~concepts in relation to aspects of~~ energy sovereignty. First, it envisions “ownership of projects by low-income households, not-for-profit organizations providing services to low-income households, affordable housing owners, community cooperatives, or community-based limited liability companies providing services to low-income households;” second, it seeks to ensure that “local people have control of the project and reap benefits from the project over and above energy bill savings.”

Section 1-56(b)(2) does not define “ownership,” but Section 1-75(c)(1)(K)(v) ~~of the IPA Act~~ defines “community ownership” as “an arrangement in which an electric generating facility is, or over time will be, in significant part, owned collectively by members of the community to which an electric generating facility provides benefits; members of that community participate in decisions regarding the governance, operation, maintenance, and upgrades of and to that facility; and members of that

⁶²⁴ See: <https://dceo.illinois.gov/climateandequitablejobs/ceja-program-announcements.html>

community benefit from regular use of that facility.” While not directly applicable to programs in Section 1-56(b), this definition can provide guidance for the Agency in setting a standard for “ownership” within the Illinois Solar for All Program. This definition points to the ability of “owners” to participate in~~make~~ decisions regarding the operations and management of the facility and to benefit from using the facility. ~~For Low-income Single and Small Multifamily Distributed Generation, being the sole or majority owner of the solar installation would create such abilities. For Low-Income Large Multifamily Distributed Generation and Low-Income Community Solar, see below for factors that the Agency will consider as supporting energy sovereignty.~~

The second ~~concept included in Section 1-56(b)(2)(A)(i) as an element~~aspect of energy sovereignty ~~in fact~~ contains two factors. First, “that local people have control of the project,”⁶²⁵ and second, that they “reap benefits from the project over and above energy bill savings. The simplest interpretation of “control” is the ability to determine the use and management of the solar-generating facility, including operations and maintenance, finance and revenues, and other managerial matters. ~~Broader interpretations of “control” include a greater sense of “energy democracy” such as “interdependence, conservation, wealth-building, political autonomy, and economic opportunity.”~~⁶²⁵ Likewise, benefits “over and above energy bill savings” flow largely from ownership, such as self-reliance, income, and wealth building. Local communities may also experience other benefits, such as ~~pollution reduction~~job opportunities and property tax base increases, with or without local ownership. (See Appendix G for a full discussion of energy sovereignty.)

The Agency believes that majority or full ownership by individuals or community institutions listed by Section 1-56(b)(2)(A)(i) of the IPA Act is the most direct way to ensure that local people will have control over and reap the benefits from photovoltaic energy projects. ~~The Agency originally proposed to define “energy sovereignty” as the eligible low-income household or community organization having or being on a defined path to majority or full ownership of the photovoltaic facility. After consideration of stakeholder comments and per the Commission’s Order approving this Plan, the Agency adopts~~The Agency adopted the following definition of “energy sovereignty” for the Illinois Solar for All ~~program~~Program.⁶²⁶

~~“Energy sovereignty” means the eligible~~Eligible low-income household or community organization having or being on a defined path to majority or full ownership of the photovoltaic generating facility or, in the case of a cooperative or community ownership model, a share or membership in the entity that owns the photovoltaic generating facility. For the purpose of this definition, “ownership” means not only legal title to the property but also the right to participate in decisions regarding the governance, maintenance, and use of the facility and to benefit from the use of that facility. For the purpose of this definition, “photovoltaic generating facility” means any equipment that generates electricity from solar energy. If the project includes associated energy storage equipment, the eligible low-income household or community organization is not required to, but may, own such storage equipment to qualify as an “energy sovereignty” project.

⁶²⁵ ~~Chelsea Schelly, et al, “Energy policy for energy sovereignty: Can policy tools enhance energy sovereignty?” (https://digitalcommons.mtu.edu/michigantech_p/2066/) Solar Energy 205 (2020) 109–112.~~

⁶²⁶ See Docket No. 22-0231, Final Order dated July 14, 2022 at 110.

~~Discussion of the various business and ownership models that might qualify follows below, and~~
Section 8.5.1 of this chapter offers further detail regarding eligibility to be considered an energy sovereignty project and the associated program benefits.

~~The Agency recognizes that low-income~~Income-eligible households may encounter a number of barriers to ownership of both distributed generation and community solar projects. ~~Low-income households may that offer ownership subscriptions, such as a~~ lack of savings to buy systems outright, ~~they may not have a~~ a credit score that is not high enough to enable financing, ~~they may not own~~owning their dwelling in order to host distributed generation onsite, and ~~their living in a~~ home may needthat needs electrical or structural upgrades to enable solar installation ~~of solar~~.

~~A further~~Another impediment ~~for to ownership faced by~~ individuals, ~~non-profits~~nonprofits, public agencies, schools, and others ~~is the structure of access to~~ federal tax incentives. ~~Investments in community solar are eligible for the Section 48 investment tax credit and accelerated depreciation,~~⁶²⁷ ~~which can~~The Internal Revenue Code ("IRC") offers several tax credits that can only be applied against taxes on passive (investment) income.⁶²⁸ ~~The Section 25D residential solar tax credit,~~⁶²⁹ ~~for rooftop solar panels, is~~⁶³⁰ claimed against income tax, ~~but cannot be refunded to and thus unavailable for~~ taxpayers with insufficient taxable income. ~~As~~Having a result, solar projects often require a "tax equity" partner who can monetize federal tax credits ~~and depreciation. This combination of incentives can,~~ which can be worth over 40% of the ~~upfront investment in a commercial cost of a~~ solar project.⁶³¹ ~~To attain ownership, the,~~ is one way to address this barrier.⁶³² The tax equity partner or third-party owner ("TPO") can sell or "flip" ownership to the other party after 5-7 years, when the main financial incentives have been captured. ~~The details and mechanisms vary for the two types of deployment: on-site solar or remote community solar.~~⁶³³ The Inflation Reduction Act has significantly changed the nature of federal tax credits, as discussed later in this chapter.

~~On-site systems are either owned by the customer and financed using a cash purchase or a loan, or they are owned by a TPO with the system leased to the customer or the power sold to the customer through a power purchase agreement ("PPA").~~⁶³⁴ ~~In the Illinois Solar for All Program to date, most Low-income Distributed Generation installations have been leased to eligible customers. A common method of transferring ownership in such circumstances is an early buyout ("EBO") of a lease or PPA.~~

~~Community solar projects are typically owned by a for-profit developer, often in conjunction with a tax equity partner who is able to take advantage of federal incentives. This partnership sells~~

⁶²⁷ 26 U.S.C. §48.

⁶²⁸ Congressional Research Service, "Tax Equity Financing: An Introduction and Policy Considerations," report number R45693, April 17, 2019. <https://www.everycrsreport.com/reports/R45693.html>.

⁶²⁹ 26 U.S.C. §25D.

⁶³⁰ 26 U.S.C. §48; Congressional Research Service, "Tax Equity Financing: An Introduction and Policy Considerations," report number R45693, April 17, 2019. <https://www.everycrsreport.com/reports/R45693.html>.

⁶³¹ Keith Martin, Norton Rose Fulbright, "Partnership flips: Structures and issues," February 18, 2021. <https://www.projectfinance.law/publications/2021/february/partnership-flips/>.

⁶³² Keith Martin, Norton Rose Fulbright, "Partnership flips: Structures and issues," February 18, 2021. <https://www.projectfinance.law/publications/2021/february/partnership-flips/>.

⁶³³ ~~After the Commission's approval of this 2022 Plan, Congress passed the Inflation Reduction Act legislation, which includes several changes to federal tax credits for solar installations. The Agency is still reviewing these changes to see how they might impact financing for energy sovereignty projects.~~

⁶³⁴ Nate Hausman, Clean Energy States Alliance, "A Homeowner's Guide to Solar Financing: Leases, Loans and PPAs," November 28, 2018. <https://www.cesa.org/resource-library/resource/a-homeowners-guide-to-solar-financing-leases-loans-and-ppas/>.

~~subscriptions to customers, but usually retains ownership. Alternative models that would lead to greater community ownership and control could include: ownership by local businesses or investors with sufficient tax appetite to monetize incentives; by local non-taxable entities such as governments, community choice energy aggregators, non-profit businesses or organizations, and cooperatives, in conjunction with a tax equity partner; or, by a for-profit (and taxable) subsidiary of a non-profit entity, created specifically to own the solar project; or by some combination of partners. As with distributed generation, a transfer of ownership after 5-7 years would enable ownership of community solar by a community organization.~~

~~For ownership of community solar by individuals, two strategies are currently being applied in the United States: owning shares in a community solar cooperative⁶³⁵ or owning parts of a community solar installation.⁶³⁶ Individuals could also own shares in a corporation that owns a community solar project. But creating a corporate structure that complies with Securities and Exchange Commission regulations on public ownership can be an onerous financial burden for what would be a small company. The Agency will conduct a stakeholder engagement process to identify various ownership models for community solar projects and incorporate that feedback into eligibility guidelines for community solar projects to qualify as promoting energy sovereignty.⁶³⁷~~

~~Related to the Agency's consideration of models for energy sovereignty, Public Act 102-0662 enacted Finally, the Energy Transition Act, ~~which~~ established the Community Solar Energy Sovereignty Grant Program (Section 5-60 of the Energy Transition Act), to be administered by DCEO.⁶³⁸ The Sovereignty Grant Program shall support "applicants that best demonstrate the ability and intent to create community ownership and other local community benefits, including local community wealth building via community renewable generation projects." The ~~Agency recognizes the potential for positive interactions between this Grant Program and the~~ Illinois Solar for All Program ~~and~~ will work with DCEO to maximize such benefits.~~

8.3. Program Launch and Experience to Date

~~In implementing the various new~~ The Agency had a large and varied set of tasks to undertake to implement the programs and procurements mandated by Public Act 99-0906 ~~(and now updated by Public Act 102-0662), the Agency had a large and varied set of new tasks to undertake.~~ The Agency appreciates the strong interest in the Illinois Solar for All Program and the desire to make the benefits of the Program available accessible to low-income-eligible households and communities so that they can benefit from lower energy costs. The As with Illinois Solar for All Program ~~as originally proposed in Public Act 99-0906 mostly builds on the Adjustable Block Program described in Chapter 7;~~

⁶³⁵ Customers would own shares in a community solar cooperative or corporation. Cooperative Energy Futures ("CEF") in Minnesota has 950 member owners and owns 6.9 MW of solar in eight projects. Members pay \$25 to join the co-op, and can subscribe to take solar electricity via virtual net metering. They can also participate in energy efficiency programs or buy preferred stock in the co-op when it is offered. Like a standard solar company, the co-op teams up with a tax equity partner to capture tax benefits, with majority ownership then flipped to the co-op, in effect managing tax issues for its customer/owners.

⁶³⁶ Customers can own solar panels in a community solar project. This approach is being used by a community solar cooperative in the Northeast US, Co-Op Power, and by publicly owned utilities in Colorado and Kansas. In this case, the customer buys and owns the panels and is responsible for monetizing tax credits, selling or retaining renewable energy credits (in some states), and paying the project manager for system operations and maintenance. The customer gets the value of the electricity as a bill credit and can sell ownership in their panels to other utility customers or co-op members. Owning the panels directly requires individual owners to be able to use the tax credits, which may be an impediment for low-income customers. However, that model could also include a taxable partner and a transfer of ownership, such as through a lease with an early buyout option.

⁶³⁷ See Docket No. 22-0231, Final Order dated July 14, 2022 at 110.

⁶³⁸ 20 ILCS 730/5.

~~therefore, it was necessary to first have the Adjustable Block Program's design finalized and put into operation before the Illinois Solar for All Program launched. Like with the Adjustable Block Program~~Shines, while the Agency's Initial Plan and its First Revised Plan detailed many programmatic considerations for ILSFA, final ~~program~~ILSFA Program design ~~including~~includes contracts, program manuals, ~~etc. needed and other key documents and requirements. Those items all~~ had to be developed and finalized by the Agency and the Illinois Solar for All Program Administrator(s) prior to ~~program~~Program launch.

In November 2018, the Agency and Program Administrator initiated a series of stakeholder engagement sessions to share draft ~~program~~Program details with the public and invite written feedback, ~~which was considered in planning the implementation of the Illinois Solar for All Program.~~ Stakeholder feedback sessions were held on a number of topics, including Environmental Justice Communities, Job Training, Approved Vendor Registration, Grassroots Education, Third Party Program Evaluation, Consumer Protection, and Project and Participant Eligibility. ~~—These opportunities to engage the public helped ensure that the process of finalizing~~ programProgram protocols and requirements was transparent and responsive to input from stakeholders from the solar industry, environmental advocates, and ~~low-income~~-eligible advocates.

~~The program began accepting applications for registering Illinois Solar for All Approved Vendors on February 19, 2019, and opened for project applications on May 15, 2019. Due to anticipated high interest in the program's incentives for new low-income solar installations, the program launch included an initial project application window for the 2018-2019 program year of 30 days for Low-Income Community Solar projects and 45 days for Low Income Distributed Generation and Non-Profit/Public Facilities projects. Forty-five Low Income Community Solar applications (totaling nearly 60 MW of capacity), 28 Non-Profit/Public Facilities applications (totaling over 3 MW of capacity), and one Low Income Distributed Generation application (2 MW of capacity) applied during that initial window. The applications for Low Income Community Solar and Non-Profit/Public Facility projects exceeded allocated sub-program budgets for the program year, while the Low Income Distributed Generation sub-program featured application levels below the allocated sub-program budget. Five Low Income Community Solar projects (totaling 4 MW of capacity), and seven Non-Profit/Public Facility projects (1.3 MW of capacity) were selected. The community solar projects were selected using the project selection protocol (as discussed further in Section 8.10.2) while all the eligible Non-Profit/Public Facility projects were selected (the volume of project applications in that sub-program dropped below the annual sub-program budget after some were deemed ineligible during review). The one distributed generation applicant project withdrew. In the latter two sub-programs, unused 2018-2019 sub-program budget was rolled over to the respective 2019-2020 sub-program budget.~~

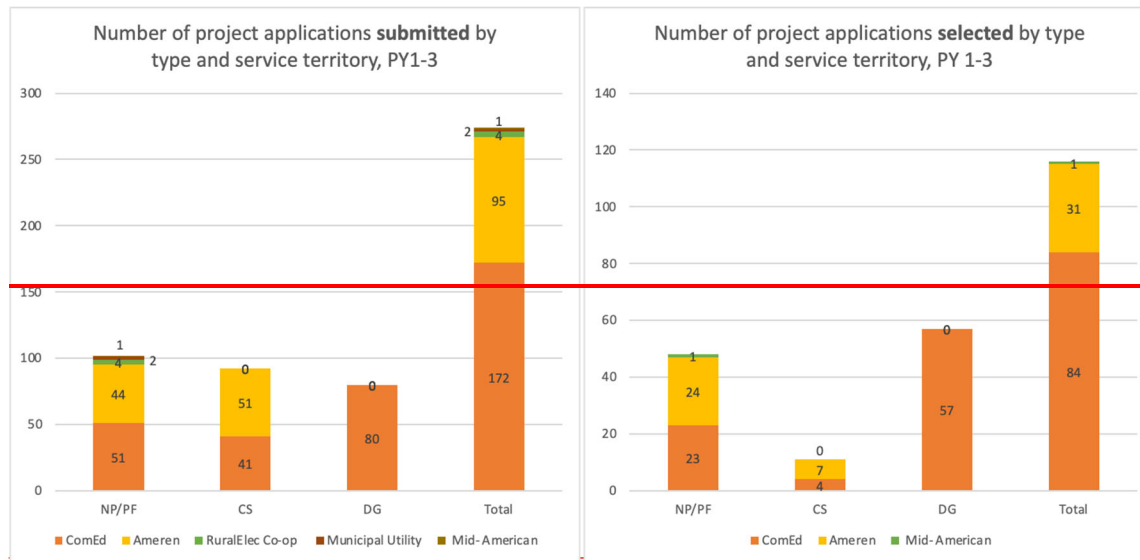
~~For the 2019-2020 Program Year, 30 Low Income Community Solar projects (54.5 MW), 20 Non-Profit/Public Facilities projects (2.7 MW), and 11 Low Income Distributed Generation projects (2 MW) applied during the initial project application window. Eligible applications for Low Income Community Solar projects exceeded the allocated sub-program budget for that program year, so the project selection protocol was executed for the Low Income Community Solar sub-program. Four community solar projects were selected (totaling 4 MW of capacity). The Non-Profit/Public Facilities sub-program reopened on October 25, 2019 for rolling project applications and closed on February 26, 2020 after 24 projects (totaling 2.8 MW of capacity) were approved for the program year. Applications for the Low Income Distributed Generation sub-program did not fill the available~~

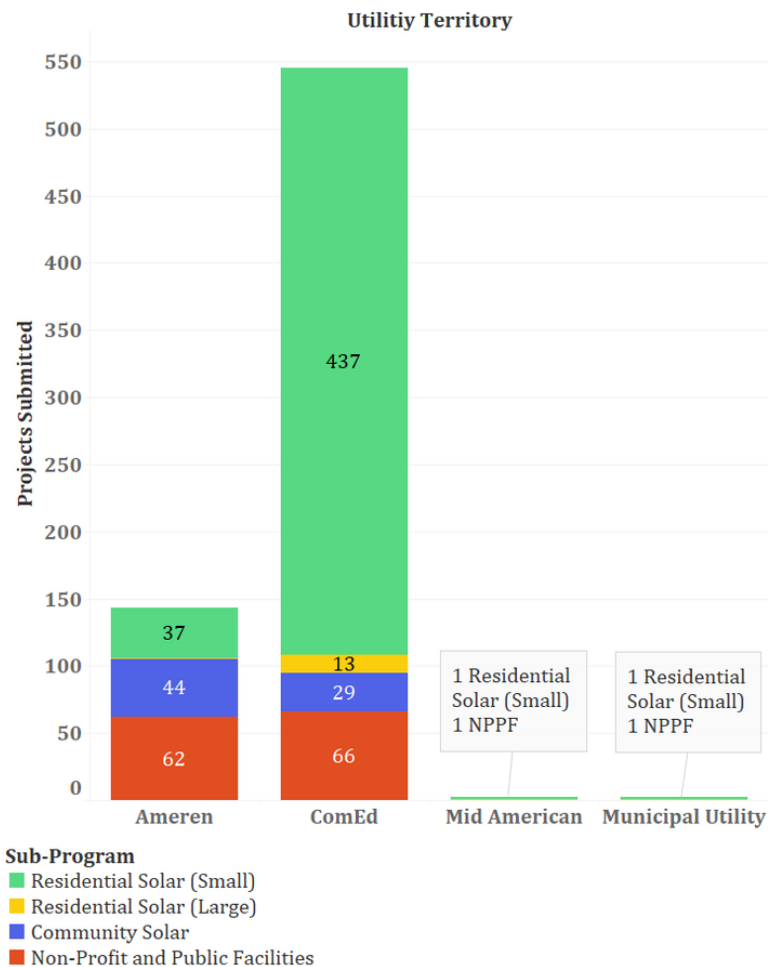
~~budget and that sub-program reopened for rolling project applications on October 1, 2019. One multi-family (2 MW) and nine single-family distributed generation projects (totaling 58 kW) were approved by the ICC before the program closed on May 31, 2020.~~

~~For the 2020-2021 Program Year, 17 Low Income Community Solar projects (over 35 MW), 33 Non-Profit/Public Facilities projects (4.9 MW), and 7 multi-family unit (0.354 MW) were submitted during the initial project application windows. Eligible applications for Low Income Community solar projects exceeded the allocated sub-program budget for the program year, so the project selection protocol was executed for the Low Income Community Solar program. Three community solar projects were selected (totaling 4.5 MW of capacity). Eligible applications for the Non-Profit/Public Facilities sub-program also exceeded the allocated sub-program budget for the program year, so the project selection protocol was executed and 18 projects (2.4 MW) were selected, and an additional project (0.3 MW) from the waitlist was able to be approved when funding was made available following a project withdrawal from the program. Again, applications for the Low Income Distributed Generation sub-program did not fill the available budget and reopened for rolling project applications on July 20, 2020. A total of nine multi-family units (0.424 MW) and 53 single-family distributed generation projects (0.295 MW), totaling 0.719 MW, were approved by the ICC before the program year closed on May 31, 2021.~~

Detailed narratives of previous program years are available in previous versions of the Long-Term Plan. Aggregated project submission information in Figures 8-1 and 8-2 below.

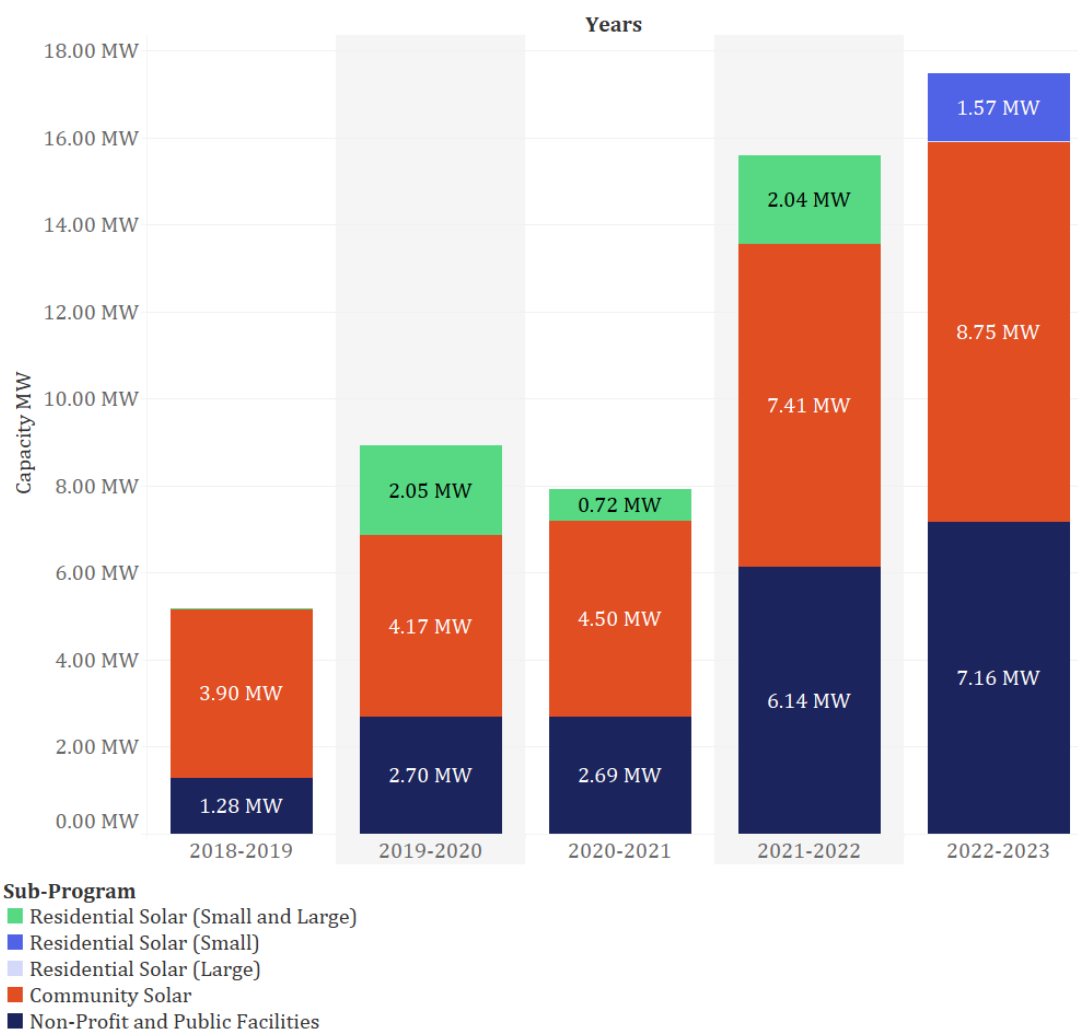
Figure 8-1: ILSFA Projects Submitted by Utility Territory across Program Years 1-3 Project Applications and Selections 2018-19 - 2022-23





Illinois Solar For All applications submitted for program years 2018-2019 through 2022-2023 by utility territories. These project totals include projects from all project stages, including withdrawn and dropped projects.

Figure 8-2: ILSFA Program Years 2018-2019 through 2022-2023 Project Selections



Illinois Solar For All applications ~~submitted and~~ selected for program years ~~1-3 (2018-192019)~~ through ~~2020-21)~~

~~For the 2021-2022 Program Year, 162 Distributed Generation Projects totaling 1,321.71 kW (160 single family and small multifamily, and 2 5+ unit multifamily) applied before the program year ended on May 31, 2022. Forty-eight Non-Profit/Public Facilities Projects (5.8 MW) applied during the initial application window and eligible applications exceeded the allocated sub-program budget for the program year. Project selection occurred on August 11, 2021 and 20 Projects (2.4 MW) were selected (two projects had 2023. The reflected incentive values larger than the remaining funds and needed to resize their projects do not include withdrawn or accept a lesser incentive value, and one eventually withdrew). All twenty of those projects were approved by the ICC, although three withdrew after ICC approval, leaving a total capacity of 2.1 MW in the 17 remaining approved projects. Ten projects on the waitlist that were eligible for the additional funding, and all were approved by the ICC, but one of those later withdrew. A rolling submission window opened on March 21, 2022 to provide an opportunity for additional Non-Profit/Public Facilities projects to be submitted to utilize the additional Utility funding made available by Public Act 102-0662, described in Section 8.4.3. Seventy-two total Non-profit/Public Facilities projects were submitted and 41 were~~

~~found eligible and approved by the ICC for a total of 5.619 MW. The program year application window for low-income community solar project applications opened on August 23, 2021. Thirteen projects (16.8 MW) were submitted, and eligible projects exceeded the allocated sub-program budget. Project selection was conducted on October 27, 2021 resulting in the selection of three projects (4.4 MW), which were approved by the ICC on November 18, 2021. Two projects withdrew, each at 1,950 kW, and the remaining project is 500 kW. Six projects were on the waitlist and were eligible for the additional funding described in Section 8.4.3. Five of those projects (6.905 MW) were approved by the ICC. In total, 6 community solar projects totaling 7.405 MW were approved and funded within the Program Year projects that dropped from ILSFA.~~

~~Project selection processes are required when more capacity in eligible applications is received than a sub-program's annual capacity. For the 2022-2023 Program Year, no project selection was conducted. The Residential Solar (Small) sub-program had 225 projects (1.56 MW of capacity) approved by the ICC. One project (0.01 MW of capacity) withdrew. The Community Solar sub-program had four projects (7.25 MW of capacity) approved by the ICC on May 4, 2023. An additional Community Solar project with a capacity of 1.5 MW was submitted and approved by the ICC on August 3, 2023. The Non-Profits and Public Facilities sub-program had 29 projects (6.83 MW of capacity) submitted and approved by the ICC on February 23, 2023. The rolling submission window for that sub-program closed on February 10, 2023 with the submission of four projects (.33 MW of capacity), exhausting the sub-program budget. These projects were approved by the ICC on March 8, 2023.~~

8.4. Funding and Budget

The Illinois Solar for All Program is funded through ~~threetwo~~ sources. ~~First,~~ the Renewable Energy Resources Fund ("RERF") pursuant to Section 1-56(b)(2) of the IPA Act; ~~second, and~~ funds from the renewable energy resources budgets of the utilities pursuant to Section 1-75(c)(1)(O) of the IPA Act; and ~~third, potential additional funds from the renewable resources budgets of the utilities pursuant to Section 16-108(k) of the Public Utilities Act.~~ RERF funding details are available in previous versions of the Agency's Long-Term Plan.

8.4.1. Funding

Section 1-56(b)(2) ~~envisions of~~ the IPA Act outlines the funding for the Illinois Solar for All Program ~~being funded~~ through the ~~state~~State-held Renewable Energy Resources Fund and from the utility RPS budgets. As of August ~~23, 2022~~1, 2023, the balance of the Renewable Energy Resources Fund ~~is \$128,888,591,~~⁶³⁹ ("RERF") was \$122,158,819.22. ~~(This balance reflects the repayment of funds that had been lent to the State's General Revenue Fund and Health Insurance Reserve Fund as discussed below),~~ while existing commitments from the Fund for contracts from the Supplemental Photovoltaic Procurements ~~total \$2.5 million~~ totaled \$330,000⁶⁴⁰ and ~~funds for the Illinois Solar for All Program from the first three program years, \$47.7~~ totaled \$61.4 million. This implies \$78.750.45 million of RERF funds remain available for Illinois Solar for All. Prior to the 2018-2019 ~~program year~~Program

⁶³⁹ ~~This balance reflects the repayment of funds that had been lent to the state's General Revenue Fund and Health Insurance Reserve Fund, as discussed below.~~

⁶⁴⁰ The commitments consist of REC delivery contracts previously entered into and are being paid, or will be paid, over a five-year REC delivery schedule (invoiced quarterly) depending on when individual systems under contract were completed and began REC deliveries.

Year (i.e., at the outset of the Program), before the Agency had paid any administrative costs to its Program Administrator, \$150.0 million of RERF funds were available for Illinois Solar for All; this is the figure the Agency will use in this Section in explaining sub-program allocations from the RERF. A narrative history of the RERF's is available funding and funds borrowed and returned to the fund can be found in previous versions of the Long-Term Plan.

~~Prior to the enactment of Public Act 99-0906, the Renewable Energy Resources Fund~~RERF received Alternative Compliance Payments each fall from Alternative Retail Electric Suppliers as part of their RPS compliance obligations. Under the revisions to Section 16-115D of the PUA contained in Public Act 99-0906, those payments were no longer made to the Fund as of June 1, 2017; rather, they were now made to the utilities, and were be paid to the utilities through Fall 2019.⁶⁴¹ With those payments no longer being made into the RERF, there is no new revenue that will be deposited into the Fund.

The RERF's previously lower balance was due to the fact that on August 10, 2017, \$150 million was transferred from the Renewable Energy Resources Fund to the General Revenue Fund pursuant to the borrowing provisions contained in Section 5h.5 of the State Finance Act.⁶⁴² Thirty-seven and a half million dollars was paid back into the RERF in April of 2019,⁶⁴³ and the remainder of borrowed funds are required by law to be paid back to the Renewable Energy Resources Fund within five years (i.e., by August 10, 2022).⁶⁴⁴ As described above, two additional transfers of \$10 million were also made in 2020 under this same authority. Repayments into the Fund have been made including \$4 million in September 2021, \$10 million in December 2021, \$10 million in January 2022, and the remaining balance of \$108.5 million in March 2022.

Section 5h.5(b) contains a provision that when the RERF (or for that matter other state funds that had similar transfers),

ha[s] insufficient cash from which the State Comptroller may make expenditures properly supported by appropriations from the fund, then the State Treasurer and State Comptroller shall transfer from general funds to the fund only such amount as is immediately necessary to satisfy outstanding expenditure obligations on a timely basis.

Likewise, that Section also provides for,

continuing authority for and direction to the State Treasurer and State Comptroller to reimburse the funds of origin from general funds by transferring to the funds of origin, at such times and in such amounts as directed by the Comptroller when necessary to support appropriated expenditures from the funds, an amount equal to that transferred from them plus any interest that would have accrued thereon had the transfer not occurred...

⁶⁴¹ See 220 ILCS 5/16-115D(i); after May 31, 2019, the ARES will no longer have any future Alternative Compliance Payment obligations, although "alternative retail electric suppliers and electric utilities operating outside their service territories shall be obligated to make all alternative compliance payments that they were obligated to pay for periods through and including May 31, 2019, but were not paid as of that date." Those payments are due to by September 1, 2019.

⁶⁴² 30 ILCS 105/5h.5(b).

⁶⁴³ <https://illinoiscomptroller.gov/financial-data/state-revenues/by-fund/?FundSel=0836&FundGrpSel=&FundCatSel=&FundTypeSel=&GroupBy=Agcy&FY=18&ShowMo=Yes&submitted=>

⁶⁴⁴ Section 5h.5 was initially created by Public Act 100-0023 and set the repayment time at two years from initial transfer. This transfer-back deadline was subsequently amended to four years by Public Act 101-0010 and then to five years by Public Act 102-0016.

While those borrowed funds have been repaid, should there be future borrowing under these provisions and the RERF balance became insufficient for payments under any new contractual obligations, these provisions would allow the Agency to make expenditures from the RERF prior to the repayment of the transferred amount—i.e., to operate as though the RERF's balance were at its original amount, even if transferred funds have not yet been moved back into the RERF. In addition, the Agency understands that the State Comptroller will coordinate with the Agency to make sure that any appropriated expenditures that the Agency makes through new contractual commitments are honored by ensuring that the balance of the RERF is at all times sufficient to make timely payments on contracts. While the Agency understands that these transfers from the RERF have caused consternation, based on the assurances contained in the law, it does not believe that the transfers necessitate any adjustments to its proposed Illinois Solar for All program design, structure, and budget.

In 2020, the Environmental Law & Policy Center brought a formal complaint against the alternative retail electric supplier CleanChoice Energy alleging violations of marketing requirements (Illinois Commerce Commission Docket 20-0499. In early 2023, the parties settled the case. The Final Order approves the settlement agreement, included in Attachment A, which provides for the payment of \$525,000 to the Illinois Power Agency “for the Illinois Solar for All Program.” The money will be provided to the Agency in three equal installments. The first installment of \$175,000 has already been received, and the final two installments will be paid in 2024 and 2025. Because the settlement language only indicates that the money is for ILSFA, the Agency has significant flexibility in how to utilize the additional funds.

A comment submitted with stakeholder feedback for this Draft 2024 Plan noted in its recommendation that Illinois Solar for All still lacks brand recognition and trust among income-eligible communities and households across Illinois, which presents ongoing challenges to Approved Vendors seeking to engage potential ILSFA participants. As detailed in Section 8.8.3.1, ILSFA is one of three state solar programs participating in the US Department of Energy’s Low-Income Clean Energy Connector to connect eligible households participating in LIHEAP with community solar projects that offer significant savings. Fair compensation of the LIHEAP Local Administering Agencies (“LAAs”) for their time and resources connecting customers to ILSFA is a priority for the Department of Energy and the Agency, but there is no additional funding provided by the Department of Energy to support the LIHEAP agencies’ work. The IPA proposes utilizing the funding made available from this settlement to support work done by LIHEAP service providers connecting eligible LIHEAP recipients to the ILSFA program and available ILSFA Community Solar projects through the Low-Income Clean Energy Connector or other ILSFA referrals made by LIHEAP agencies to the ILSFA Program Administrator. These funds would not compensate outreach done by a LAA specifically coordinating directly with individual Approved Vendors. The Agency is hopeful that engaging the LAAs can contribute to a stronger statewide brand recognition and build trust among income-eligible households and communities and believes that building robust partnerships with the LAAs is not possible without providing resources that support their relevant staffing and expense costs.

8.4.2. Illinois Solar for All program design, structure, and budget

~~For~~In total, for supporting the ~~Low Income Distributed Generation Initiative, the Low Income Residential Solar (Small and Large), Community Solar Project Initiative, and Incentives for Non-Profits~~Profit and Public Facilities sub-programs, the Agency plans to allocate up to \$16.5 million per ~~program year~~Program Year from the RERF for use for the Illinois Solar for All Program (the Low-

Income Community Solar Pilot Projects sub-program ~~is was~~ conducted through a different process that ~~allocates allocated~~ funds to ~~each a~~ procurement event ~~conducted in 2019~~ rather than ~~program year~~).⁶⁴⁵ ~~In the First Revised Plan, the Agency clarified that this Program Year~~.⁶⁴⁶ This allocation ~~will be is made~~ on an accrual basis, meaning that the amount allocated sets aside that much funding for selected applications during that ~~program year~~ ~~Program Year~~, but are likely to ~~actually~~ be expended in future years in many cases due to the development timeline of photovoltaic projects (RECs are paid for upon energization). Unallocated RERF funds from any ~~program year~~ ~~Program Year~~ for a given sub-program ~~would will~~ roll over and increase the balance available for the subsequent ~~program year~~ ~~Program Year~~ for that sub-program, subject to the caveats discussed below.

Table 8-1: RERF Funding for Illinois Solar for All⁶⁴⁷

Funding Source	Low-Income Distributed Generation Incentives⁶⁴⁸	Low-Income Community Solar Project Initiative	Incentives for Non-Profits and Public Facilities	Total
RERF Allocation Percent	35%	40%	25%	100%
Previously allocated* for 2018-2019 through 2021-2022 Program Years	\$18,000,000	\$30,000,000	\$12,000,000	\$80,000,000 ⁶⁴⁹
Allocated* for 2022-2023 Program Year	\$5,775,000	\$6,600,000	\$4,125,000	\$16,500,000
Allocated* for 2023-2024 Program Year	\$5,775,000	\$6,600,000	\$4,125,000	\$16,500,000

* RERF funds not allocated within a sub-program for a program year will roll over to the next program year for that same sub-program.

⁶⁴⁵ As stated in Section 2.6.1, a program year for ILSFA corresponds to an energy delivery year and thus starts June 1 of each year. Therefore, a program year starts one month earlier than the state fiscal year, which begins July 1.

⁶⁴⁶ As stated in Section 2.6.1, a program year for ILSFA corresponds to an energy delivery year and thus starts June 1 of each year. Therefore, a program year starts one month earlier than the state fiscal year, which begins July 1.

⁶⁴⁷ The annual RERF sub-program budgets stated above are gross budgets *before* deducting administrative, evaluation, & grassroots education costs; the budgets actually available for REC incentives will be net of those costs.

⁶⁴⁸ This includes both the Low income Single Family and Small Multifamily Incentive and the Low income Large Multifamily Solar Incentive.

⁶⁴⁹ This includes \$20,000,000 allocated to Low income Community Solar Pilot Procurement projects from the procurement conducted in 2019. That sub-program of Illinois Solar for All was repealed by Public Act 102-0662.

Table 8-1: RERF Funding for Illinois Solar for All

Funding Source	Residential Solar (Small and Large) ^[A]	Community Solar	Non-Profit and Public Facilities	Total
RERF Allocation Percent	35%	40%	25%	100%
Previously allocated for 2018-2019 through 2022-2023 Program Years	\$23,775,000	\$36,600,000	\$16,125,000	\$76,500,000
Allocated for 2024-2025 Program Year	\$5,775,000	\$6,600,000	\$4,125,000	\$16,500,000
Allocated for 2025-2026 Program Year	\$5,775,000	\$6,600,000	\$4,125,000	\$16,500,000
Note. RERF funds not allocated within a sub-program for a program year will roll over to the next program year for that same sub-program. [A] This includes both the Low-income Single-Family and Small Multifamily Incentive and the Low-income Large Multifamily Solar Incentive.				

In previous versions of the Long-Term Plan, anticipated administrative, evaluation, and grassroots education costs for the Program Year were deducted from the RERF sub-program allocations, when establishing the available sub-program incentive budgets for the Program Year. This creates additional administrative complications for annual budget calculations and rollover amounts to adjust for differences between the initial estimated and final actual costs for a Program Year, and ultimately results in additional unused program funds for the Program Year. With this Draft 2024 Plan, the Agency proposes that the administrative, evaluation, and grassroots education costs be deducted from the RERF directly rather being deducted from the sub-program allocations to reduce administrative burden by simplifying the budget setting process and making additional funds available to support projects. This adjustment would be made prior to any rolling over of unallocated RERF funds from prior delivery years.

Allocations ~~are were initially~~ based on \$150 million of the RERF available for Illinois Solar for All at the time of the Initial Plan development, and ~~assume assumed~~ continuing level support from the RERF for the three non-pilot sub-programs ~~in through the 2022-2023, 2023-2024, and~~ 2024-2025 program years (which, if fully allocated, would ~~eventually~~ deplete the RERF, leaving only utility-supplied funding available for program years after 2024-2025). With nearly \$17 million in unallocated RERF funds rolled over from prior years (in addition to over \$37 million in unallocated utility RPS funds), the Agency believes that RERF funding will be available through the 2025-2026 program year. Once RERF funds are depleted, the Agency will seek reimbursement from the utilities for program administration related expenses as is currently done for the Illinois Shines Program.

The funds allocated from the RERF are allocated according to the percentages specified in Section 1-56(b)(2) of the ~~IPA Act as modified by Public Act 102-0662~~, namely 35% combined for the ~~Low-income Single-Family and Residential Solar (Small Multifamily Incentive and the Low-income and Large Multifamily Solar Incentive)~~ sub-programs, 40% to the Low-Income Community Solar Project Initiative sub-program, and 25% for the ~~Incentives for non-profits and public facilities~~ Non-Profit and Public Facilities sub-program.

Section 1-56(b)(2) of the IPA Act also allows the Agency to reallocate funds between programs:

The allocation of funds among subparagraphs (A), (B), (C) and (E) of this paragraph (2) may be changed if the Agency, after receiving input through a stakeholder process, determines incentives in subparagraphs (A), (B), (C), or (E) of this paragraph (2) have

~~not been adequately subscribed to fully utilize available Illinois Solar for All Program funds.~~⁶⁵⁰

~~With only a single Program Year completed since implementation of the spending allocation percentages in Public Act 102-0662, as well as a number of shifting market factors, including unknown market impacts of the IRA, this Plan proposes maintaining the allocation of funds between the sub-programs as updated by Public Act 102-0662.~~

Prior to the enactment of Public Act 102-0662, Section 1-56(b)(2)(D) set aside 25% of the RERF for Low-Income Community Solar Pilot Projects, which was \$37.5 million. As discussed further in Section ~~8.5.7, 8.5.7,~~ the Agency set a budget of \$20 million for the first Low-Income Community Solar Pilot Project procurement held in December 2019 and two projects were selected. As Public Act 102-0662 repealed this subsection ~~and there will be,~~ no subsequent procurements Community Solar Pilot Project procurements will be held.

After ~~accounting for~~ all payments under the Supplemental Photovoltaic Procurement process pursuant to Section 1-56(i) of the IPA Act have been made, as well as all payments under Illinois Solar for All contracts, ~~whenever if~~ the balance of the RERF falls under \$5,000, then the RERF ~~shall be will become~~ inoperative and ~~any will no longer be available to support Illinois Solar for All. If there is a remaining funds shall balance, those remaining funds (which will be less than \$5,000) will~~ be transferred to the Supplemental Low-Income Energy Assistance Fund for use in the Low-Income Home Energy Assistance Program, as authorized by the Energy Assistance Act.⁶⁵¹

Utilities Annual

8.4.3. Utilities' RPS Budget Funding Available

~~Section 1-75(c)(1)(O) under Public Act 99-0906 contained a provision that allocated the greater of \$10 million or 5% of "fund available under the plan" to Illinois Solar for All. Under Public Act 102-0662, this language was updated:~~

Section 1-75(c)(1)(O) of the IPA Act states:

The long-term renewable resources procurement plan shall allocate up to \$50,000,000 per delivery year to fund the programs, and the plan shall determine the amount of funding to be apportioned to the programs identified in subsection (b) of Section 1-56 of this Act; provided that for the delivery years beginning June 1, 2021, June 1, 2022, and June 1, 2023, the long-term renewable resources procurement plan may average the annual budgets over a 3-year period to account for program ramp-up. For the delivery years beginning June 1, 2021, June 1, 2024, June 1, 2027, and June 1, 2030 and [sic] additional \$10,000,000 shall be provided to the Department of Commerce and Economic Opportunity to implement the workforce development programs and reporting as outlined in Section 16-108.12 of the Public Utilities Act.

As discussed in Section 2.9.1, theThe Agency understandsinterprets the above statutory provision to refer to funds collected by utilities through RPS riders under Section 1-75(c)(6) of the IPA Act and Section 16-108(k) of the PUA. Public Act 102-0662 increased the previous \$10,000,000 annual

⁶⁵⁰ 20 ILCS 3855/1-56(b)(2).

⁶⁵¹ 20 ILCS 3855/1-56(b-10).

allocation of utility funds to \$50,000,000. For the 2021-2022, 2022-2023, and 2023-2024 ~~delivery years~~ Program Years, the Agency ~~is allowed~~ had discretion to determine the allocation to allow for a ramping up at an average of \$50,000,000 per year ~~for those three program years, then, and~~ will allocate \$50,000,000 each year towards Illinois Solar for All. This increased \$50,000,000 allocation was applied to the 2021-2022 Program Year that was already underway when Public Act 102-0662 was enacted, through a petition by the Agency to the Illinois Commerce Commission to seek adjustment for the previously approved Program Year allocation. The Agency has continued the \$50 million annual allocation for the 2022-2023 Program Years, and will continue allocating \$50 million per year from utility collections for the 2023-2024, 2024-2025, and 2025-2026 Program Years. These funds are supplied by each utility based on the allocation percentages contained in Section 3.4.1 of this Plan.

~~As the 2021-2022 delivery year was already underway when Public Act 102-0662 was enacted, it raised the question of how the annual allocation of utility funding for the 2022-2023 delivery year had already been established through the Revised Long-Term Plan approved by the Commission in 2020. On January 10, 2022 the Agency filed a petition with the Illinois Commerce Commission seeking to have a limited reopening of the Revised Long-Term Plan to update the 2022-2023 delivery budget year allocation of utility RPS funds to conform with Public Act 102-0662.⁶⁵² To maximize opportunities in the Illinois Solar for All Program the Agency proposed an immediate ramp-up to \$50 million. The Commission approved the IPA's petition on March 3, 2022, and the current Illinois Solar for All budget has been updated accordingly. As a result of this funding increase a rolling submission window for the Non-Profit/Public Facility category opened on March 21, 2022, to accommodate the additional subprogram budget and accepted project submissions through the end of the 2021-2022 Program Year on May 31, 2022.~~

~~For the 2022-2023 and 2023-2034 delivery years the Agency will continue allocating \$50 million per year from utility collected fund.~~

~~These funds are supplied by each utility based on the allocation percentages contained in Section 3.4.1.~~

~~Section 1-56(b)(2), as updated by Public Act 102-0662, now) of the IPA Act requires that utility funding initially be allocated to the sub-programs at the same percentages as the RERF funds, as dictated by that same section (35% combined allocation to the Low-income Single-Family and Residential (Small Multifamily Solar and the Low-income Multifamily Solar and Large) sub-programs, 40% to the Low-Income ILSEA Community Solar Project Initiatives sub-program, and 25% to Incentives for the Non-Profits Profit and Public Facilities). In this 2022 sub-program. This 2024 Plan, the Agency will proposes to continue the this approach described in the Initial Plan and now required under Section 1-56(b)(2) for the 2021-2022 program year to sub-program utility funding allocation. As this allocation of utility funding to the sub-programs is not required by law after the initial allocation, the Agency may adjust utility funding between those sub-programs on an as-needed basis after the 2022-2023 program year Program Year if there are available funds in one sub-program and higher demand in another sub-program, with the exception that funds for the Distributed Generation sub-program Residential Solar (Small and Large) sub-programs will not be reallocated.⁶⁵³~~

⁶⁵² See: <https://www.icc.illinois.gov/docket/P2019-0995/documents/319359>.

⁶⁵³ See Section 8.5.3.1.

For each of the sub-programs, approved project applications within a program year will generally be first funded by the utility funds, and then by the RERF funds. The reason for this approach is that utility funds are that not spent within five years of when they are collected may be returned to ratepayers through a reconciliation process,⁶⁵⁴ while RERF funds are not subject to the same reconciliation and refund mechanism. Unallocated RERF funds within a sub-program from each ~~program year~~ Program Year would be rolled over to the following ~~program year~~ Program Year. The Agency will seek to maximize use of available funding in allocating projects to the RERF or to utility funds, and between counterparty utilities.

~~The~~ Additional funding ~~for~~ required to support job training programs provided by the ~~Department of Commerce and Economic Opportunity (“DCEO”)~~ under Section 16-108.12 of the PUA is ~~noted in the budget discussion in~~ incorporated into Chapter ~~33’s RPS budget analysis~~. As those funds are not directly part of the Illinois Solar for All Program as managed by the Agency, those funds are not included in this budget discussion. (The intersection between the Illinois Solar for All Program and the job training programs is discussed in Section 8.9.1)

8.4.4. Section 16-108(k) Funding (Now Inoperable)

~~Prior to the enactment of Public Act 102-0662, Section 16-108(k) of the Public Utilities Act contemplated a possible situation in which the total amount of funds appropriated by the General Assembly from the Renewable Energy Resources Fund during the period between June 1, 2017 and August 1, 2018 is less than \$200,000,000, creating a “funding shortfall” and a mechanism to potentially address that shortfall. This provision has now been removed from Section 16-108(k). For a discussion of this now inoperable mechanism, please refer to Section 8.4.3 of previous versions of the Long-Term Plan.~~

8.4.5.8.4.4. Setting Establishing Budgets

~~The Agency has developed the Illinois Solar for All Program under the assumption that the funds available for the 2022-2023 and 2023-2024 delivery years will be funds from the RERF and the utility-supplied funds identified in Section 8.4.3. Table 8-2 provides a summary of the Illinois Solar for All funding.~~

As discussed in Section 8.5.1, other sections of this chapter, each sub-category contains a number of carveouts for projects with prioritized features. 25% of funds in each sub-program category will be reserved for the Energy Sovereignty Fund that is intended energy sovereignty projects to promote ownership for eligible customers. (as discussed in Section 8.5.1), as well as 25% for projects sited in an environmental justice community (as discussed in Section 8.12.4). Details of how these carveouts are managed can be found in the ILSFA Project Selection Protocol Guidance Document.⁶⁵⁵

⁶⁵⁴ See 220 ILCS 5/16-108(k).

⁶⁵⁵ See: https://www.illinoisfa.com/app/uploads/2022/09/ProjectSelectionProtocol_20220901.pdf.

Table 8-2: Total Illinois Solar for All Budgets⁶⁵⁶

Funding Source	Low-Income Distributed Generation Incentives (Low-Income Single-Family and Small Multifamily Solar; Low- Income Large Multifamily Solar)	Low-Income Community Solar Project Initiative	Incentives for Non- Profits and Public Facilities
Percentage Allocation	35%	40%	25%
2022-2023 Program Year			
RERF	\$5,775,000	\$6,600,000	\$4,125,000
Utility	\$17,500,000	\$20,000,000	\$12,500,000
Total	\$23,775,000	\$26,600,000	\$16,125,000
2023-2024 Program Year			
RERF	\$5,775,000	\$6,600,000	\$4,125,000
Utility	\$17,500,000	\$20,000,000	\$12,500,000
Total	\$23,775,000	\$26,600,000	\$16,125,000

⁶⁵⁶ As noted above in Section ~~8.4.8.4.2~~, the RERF sub-program funding amounts are gross budgets before deduction of administrative costs. Additionally, there could be unused utility funds and/or RERF funds from the sub-program budgets for 2018-2019 through ~~2021-2022~~ 2023-2024 that are rolled over to ~~2022-2023~~ 2024-2025.

Funding Source	Residential Solar (Small and Large)	Community Solar	Non-Profit and Public Facilities
Percentage Allocation	35%	40%	25%
2024-2025 Program Year			
RERF	\$5,775,000	\$6,600,000	\$4,125,000
Utility	\$17,500,000	\$20,000,000	\$12,500,000
Total	\$23,275,000	\$26,600,000	\$16,625,000
2025-2026 Program Year			
RERF	\$5,775,000	\$6,600,000	\$4,125,000
Utility	\$17,500,000	\$20,000,000	\$12,500,000
Total	\$23,275,000	\$26,600,000	\$16,625,000

8.4.6.8.4.5. Payment Structure

The Illinois Solar for All Program is structured so that the Agency “may pay for such renewable energy credits through an upfront payment per installed kilowatt of nameplate capacity paid once the device is interconnected at the distribution system level of the interconnecting utility and verified as energized.”⁶⁵⁷ Section 7.10.54 of this Plan describes the options for the capacity factor used in ~~the Adjustable Block Program~~ Illinois Shines to convert kilowatt size of a project to the number of RECs the system would be expected to generate over 15 years and those same options apply to Illinois Solar for All. For each approved system, the Program Administrator will calculate a 15-year REC delivery quantity. Illinois Solar for All Approved Vendors will have the option of using a PVWatts calculated capacity factor (stated relative to a system’s nameplate capacity in AC rating) automatically computed by the application platform, or propose an alternative capacity factor based upon an analysis conducted using an equivalent tool. Alternative capacity factors may be proposed as part of each system’s application and will be subject to review and approval by the Program Administrator. Systems using bifacial panels must submit an alternative capacity factor subject to review and approval by the Program Administrator. All capacity factors submitted must be for a system’s first year; as stated below, annual REC delivery commitments will incorporate a 0.5% per year degradation factor.

Payments for Illinois Solar for All incentives take the form of upfront payments upon energization of systems, ~~with the similar conditions as the Adjustable Block Program and require~~ that ~~a~~the system must also be registered in GATS or M-RETS to verify that it will produce RECs.

REC delivery contracts are either with the Agency or an electric utility, depending on the funding source,⁶⁵⁸ and include the assignment of RECs from each system for 15 years. RECs from these contracts are applied to the annual RPS goals of the utility to which the project is interconnected, but do not count toward each utility’s new photovoltaic project targets.⁶⁵⁹ ~~Projects that receive a contract~~

⁶⁵⁷ 20 ILCS 3855/1-56(b)(3).

⁶⁵⁸ See 20 ILCS 3855/1-56(b)(2). (“Contracts that will be paid with funds in the Illinois Power Agency Renewable Energy Resources Fund shall be executed by the Agency. Contracts that will be paid with funds collected by an electric utility shall be executed by the electric utility.”)

⁶⁵⁹ See id.

~~through Illinois Solar for All are not eligible also to receive a contract through the Adjustable Block Program.~~⁶⁶⁰

Contracts with the Agency (that utilize funds from the RERF) are standard contracts that include required ~~state~~State contract provisions—such as terms, conditions, and attachments—including a clause stating that payment is subject to appropriation. Contracts with the utilities may have similarities, but vary given the different requirements applicable to each.⁶⁶¹ ~~Similar utility.~~⁶⁶² ~~Following a similar process to what was discussed~~Illinois Shines contract development process outlined in Section 7.14 ~~regarding contracts for the Adjustable Block Program~~, the Agency ~~published~~publishes standard REC delivery contracts (one for the Agency as counterparty and one for a utility as counterparty) for Illinois Solar for All ~~in May 2019; following the approval of the First Revised Plan the Agency updated the Illinois Solar for All REC contract structure following the concepts included in Section 7.13, including and intermittently updates the REC Contracts to the payment withholding in lieu of collateral option as discussed in Section 7.12.1. This new contract was implemented beginning in the fourth program year, 2021-2022. The Agency will again update the Illinois Solar for All REC contract in order to implement~~incorporate changes ~~to program required by either updates to this Plan or changes in statutory requirements in accordance with the Commission's approval of this Plan in ICC Docket No. 22-0231.~~

The IPA Act is silent on how to allocate RECs from projects located in the service territories of municipal utilities, rural electric cooperatives, or Mt. Carmel Public Utility. The Agency does not apply RECs from those projects procured through contracts with the Agency using the RERF to the utility RPS goals, while any RECs procured through contracts with a utility are applied to the RPS goals of the contracting utility.⁶⁶³

8.5. Program Requirements and Incentives

8.5. Illinois Solar for All Sub-Programs

Section 1-56(b)(2) ~~of the IPA Act~~ outlines four sub-programs of the Illinois Solar for All Program:

- Low-Income Single-Family and Small Multifamily Solar ~~(branded ILSFA: Residential Solar (Small))~~
- Low-Income Community Solar Project Initiative ~~(branded (ILSFA: Community Solar)~~
- Incentives for Non-Profits and Public Facilities ~~(branded ILSFA: Non-Profit and Public Facilities)~~
- Low-income large multifamily solar ~~(branded Residential Solar (Large))~~

⁶⁶⁰ ~~Section 1-56(b)(3) of the IPA Act requires that for Illinois Solar for All contracts, "[p]ayments for renewable energy credits shall be in exchange for all renewable energy credits generated by the system during the first 15 years of operation." Sections 1-75(c)(1)(L)(ii) and (iii) both contain provisions related to the various components of the Adjustable Block Program that, "[t]he electric utility shall receive and retire all renewable energy credits generated by the project for the first 15 years of operation." These two provisions from Section 1-56(b)(3) and Section 1-75(c)(1)(L) are mutually exclusive as only one REC can be produced, transferred, and retired for each MWh of generation.~~

⁶⁶¹ ~~See Docket No. 17-0838, Final Order dated April 3, 2018 at 151-152.~~

⁶⁶² ~~See Docket No. 17-0838, Final Order dated April 3, 2018 at 151-152.~~

⁶⁶³ To date no approved Illinois Solar for All projects are located in the service territories of rural electrical cooperatives or municipal utilities.

These sub-programs provide an incentive initially based on the price per REC from ~~the Adjustable Block Program Illinois Shines~~, with adjustments to that REC price ~~as described below~~ then made to account for the specific needs of the Illinois Solar for All Program. ~~The Low-Income Distributed Generation Incentive sub-program was divided by Public Act 102-0662 into two separate sub-programs, the Low-Income Single-Family and Small Multifamily Solar sub-program, and the Low-income Large Multifamily Solar sub-program.~~

In addition to the four Illinois Solar for All sub-programs, Section 1-56(b)(4) of the IPA Act allows some flexibility to propose ~~changes~~ change(s) that “more effectively maximizes the benefits to low-income customers”:

~~In the course of the Commission proceeding initiated to review and approve the plan, including the Illinois Solar for All Program.” Additional programs or modifications may be proposed by the Agency; a party may propose an additional low-income solar or solar incentive program; or modifications to the programs proposed by the Agency, and the Commission may approve an additional program, or modifications to the Agency’s proposed program, if the additional or modified program more effectively maximizes the benefits to low-income customers after taking into account all relevant factors, including, but not limited to, the extent to which a competitive market for low-income solar has developed.⁶⁶⁴ in response to the Agency’s proposals during the Agency’s Plan proceedings before the Illinois Commerce Commission.⁶⁶⁵~~

Section 1-56(b)(2) ~~as amended by Public Act 102-0662~~ also states:

~~In addition to the programs outlined in paragraphs (A) through (E), further provides that the Agency and other parties may propose additional programs through the Long-Term Renewable Resources Procurement Plan developed and approved under paragraph (5) of subsection (b) of Section 16-111.5 of the Public Utilities Act. Additional programs may target market segments not specified above and for low-income customers through Illinois Solar for All that may also include incentives targeted to increase the uptake of nonphotovoltaic for non-photovoltaic technologies by low-income for customers, including such as energy storage paired with photovoltaics, if the Commission determines that the Illinois Solar for All Program would provide greater benefits to the additional benefit to public health and well-being of low-income residents through also supporting that additional program versus supporting programs already authorized is greater than outcomes from the existing Illinois Solar for All Program structure and sub-programs.~~

~~The~~ Exercising that authority, the Agency is implementing two pilots within Illinois Solar for All addressing barriers expressed by stakeholders:

The first pilot, described in Section 8.5.3.3, provides additional incentives for ~~the~~ home repairs and upgrades necessary to install solar on homes that are eligible for the ~~Low-Income Single-Family and Small Multifamily~~ Residential Solar (Small) Program.

~~Section 8.5.3.4 describes the~~ The second pilot, ~~which described in Section 8.5.3.4,~~ will focus on reaching areas underserved by ILSFA, in improving distributed generation uptake among single-family and small multifamily homes, through which the Program Administrator will

⁶⁶⁴ ~~20 ILCS 3855/1-56(b)(4).~~

⁶⁶⁵ 20 ILCS 3855/1-56(b)(4).

assume the majority of the customer-interaction and public outreach functions. Selection will prioritize Small and Emerging Vendors.

Any changes to the Program, including to sub-program terms, conditions, and budgets, proposed in this Plan and adopted by the Commission will be effective for the 2024-2025 and 2025-2026 Program Years. Absent Commission direction to the contrary, those changes will not apply to the 2023-2024 Program Year, which will be almost completed by the time the Agency expects this 2024 Long-Term Plan to be approved by the Commission.

As listed in Section 8.4.2, approximately \$66.5 million is expected to be available in program years 2024-2025 and 2025-2026, in addition to any unallocated funds rolled over from program year 2022-2023.

8.5.1 Energy Sovereignty

As noted above in Section ~~8.2.4, 8.2.4~~, Section 1-56(b)(2)(A)(i) of the IPA Act requires the Agency to reserve “a portion” of Illinois Solar for All “for projects that promote energy sovereignty through ownership of projects” by eligible entities. ~~The Agency defines terms, provides analysis, and outlines here a number of measures to incorporate ownership policies into the four sub-programs of ILSFA.~~ Additional research and discussion of energy sovereignty is provided in Appendix G.

The Agency ~~will reserve~~reserves one-quarter (25%) of the funds in each of the four sub-program budgets for projects that promote energy sovereignty, with an additional bonus for distributed solar projects. During the 2022-2023 Program Year, the Non-Profit and Public Facilities sub-program received 19 project submissions totaling 4.38 MW of expected capacity and the Community Solar sub-program received 1 project submission totaling 2.00 MW of expected capacity. The Residential (Small) sub-program received four submissions that featured energy sovereignty representing .34 MW of expected capacity and the Residential Solar (Large) saw no submissions that featured energy sovereignty. Combined, the 2022-2023 Program Year included 24 project submissions that featured energy sovereignty with an expected capacity of 6.41 MW and \$17,538,524.36 of incentives value.

For Program Years 2024-2025 and 2025-2026, the IPA proposes releasing the funding reserved for energy sovereignty projects in that sub-program six months after the application window opens. Projects that feature or facilitate ownership of projects by ~~low-income-eligible~~ households or other entities listed in Section 1-56(b)(2)(A)(i) meet this requirement. Projects where the ~~low-income-eligible~~ household or eligible entity holds majority ownership of the installation from the time of project application will automatically qualify as promoting energy sovereignty. For projects claiming to “facilitate” energy sovereignty, the Agency will examine the project ownership model, as discussed below.

~~Ownership facilitation models that would likely meet this standard are best understood as falling into two categories: Facilitating energy sovereignty could take multiple forms, such as~~ on-site projects that are on the customer’s property, serving 1-4 units of housing, 5+ units of housing, or non-profits and public facilities~~;~~ or remotely located community solar projects.

The Agency received a number of comments from stakeholders about potential restrictions to subscriber/owners selling their shares of an ILSFA Community Solar energy sovereignty project. The Agency wants to ensure that there are guidelines in place allowing an avenue for the sale of shares of energy sovereignty ILSFA Community Solar projects while protecting ILSFA subscriber owners.

maintaining program integrity, and ensuring fair access to potential participants. While comments generally favored prohibiting or restricting sales of subscription shares by ILSFA residential participants, the Agency understands there are complexities to restricting such sales, and plans to address the issue further through future updates to the Approved Vendor Manual and accompanying stakeholder feedback opportunities.

Section 1-56(b)(3) of the IPA Act requires Illinois Solar for All incentives to be paid upon energization of a project, providing an upfront payment to the project developer, who then delivers ongoing services to the eligible customer. Since models that involve the transfer of ownership after five to seven years are best able to capitalize on federal incentives, this poses a timing issue for promoting energy sovereignty. because the incentives are paid before the ownership transfer is completed. Section 1-56(Bb)(2)(A)(i) of the IPA Act does allow the Agency to “consider the inclusion of projects that promote ownership over time or that involve partial project ownership by communities, as promoting energy sovereignty.”

To solve this timing issue, the Agency proposes the following strategies for the two ownership models, on-site and community solar.

8.5.1.1 On-Site Projects

For on-site systems that promote energy sovereignty, the Agency will offer an adder of \$10 per REC for projects that facilitate feature participant ownership through a transfer of the project or lead to ownership after project energization. As with all Illinois Solar for All REC ~~contract~~ Contract payments, full payment will be due upon energization. including the adder. The REC ~~contract~~ Contract for such projects will feature includes additional contract terms that require a transfer of ownership at a certain date, such as five to seven years after energization. The Agency envisions that the TPO would have a contract for a lease or power purchase agreement with the customer that featured an early buyout clause at a given time and the Agency will develop a standard template for the requirements of the buyout clause.

~~The incentives paid for energy sovereignty would be managed in one of two ways: they could be held back and used at the time of transfer AV to cover the cost of the buyout at fair market value, the cost of ongoing monitoring and maintenance after transfer of ownership, and the cost of equipment replacement for a certain period (perhaps up to 25 years); or they could be retained by the TPO with the contract featuring a buyout value at a commensurately lower price, and the TPO agreeing to provide services after transfer.~~

~~The amount and apportionment of the ILSFA incentives would be adjusted to reflect the identify a proposed date for a transfer of ownership. The REC adder for energy sovereignty adder. will only apply for the years during the contract delivery term in which the participant is a majority-owner of the system. For example, if ownership is expected proposed to be transferred to the participant at the end of year seven Year Seven, the initial ILSFA total REC incentive may be based on a seven-year value of RECs will reflect an initial REC incentive that does not include the adder for seven years of REC deliveries, with the remaining eight years including the after the transfer of ownership featuring a REC incentive that includes the energy sovereignty adder.~~

The Program Administrator must be notified of the transfer of ownership when it occurs along with documentation of how it adheres to the contract terms. The Agency, or contracting utility, would will be able to claw back any ownership incentives if the transfer does not happen as expected.

There are many permutations of customer types, building ownership structures, and solar business models. The Agency's goal is to enable ownership for the greatest number of potential beneficiaries in a financially efficient manner, while maintaining consumer protections and delivering benefits to eligible customers. ~~As approaches to energy sovereignty are implemented, the Program Administrator will consider models that could work for each permutation. The Program Administrator will further keep records of transactions related to achieving energy sovereignty, including finances, costs and benefits, type of customers, and barriers encountered, to facilitate learning and program evaluation.~~

8.5.1.2 Community Solar

Promoting ~~energy sovereignty through the~~ ownership of off-site community solar projects by ~~low-income-eligible~~ households ~~would require~~requires a different approach ~~than from~~ on-site systems. As noted above in Section ~~8.2.2, 8.2.2,~~ community solar installations are eligible for different tax incentives and use different business models than on-site systems.

~~To encourage energy~~Energy sovereignty for community solar, ~~the Agency~~ could take the following ~~actions~~forms:

- Energy sovereignty payments could be used to pay for ownership shares in a community solar cooperative on behalf of eligible customers. These shares would entitle the customer/owner to receive dividends and to subscribe to electricity from the project at a discounted rate, sufficient to meet bill savings requirements. The ~~customersubscriber~~/owner would be able to sell the shares to ~~other co-op members, or to the co-op itself~~in circumstances where the subscriber/owner wishes to sell.
- ~~As with~~Similar to on-site solar, energy sovereignty payments could be used to ~~promote ownership of purchase~~ individual panels located at a community solar project. The ~~funds could be used to project owner would~~ transfer ownership to an eligible customer after tax benefits have been fully captured, such as through an early buyout of a lease or PPA. ~~Energy~~The REC incentives and energy sovereignty ~~payments~~adder would be paid upfront, and either held in escrow to pay for the buyout or taken by the TPO and reflected in contract terms relating to an early buyout.

The Agency will give a scoring preference to ILSFA community solar projects ~~and that feature at least a majority of subscribers that are owners under the two models described above. The Agency will~~ set aside a minimum of 25% of the ILSFA Low-Income Community Solar subprogram budget for projects that result in ownership by customers. Given the highly competitive state of the Community Solar subprogram, the Agency believes this ~~will~~approach should sufficiently incentivize energy sovereignty projects. This prioritization will be applied after the prioritization for projects located in environmental justice communities. If an insufficient number of ~~Energy Sovereignty~~energy sovereignty awards are made to meet the 25% set-aside within nine months after the deadline for program applications, ~~the~~those funds will be made available to community solar projects that do not feature energy sovereignty.

The content of subscription agreements for subscribers to community solar projects featuring energy sovereignty will need to be reviewed and approved by the Program Administrator before being offered to customers. The Agency will encourage Approved Vendors to use a standard subscription agreement to minimize the level of administrative review. The Agency also reserves the right to

perform a financial audit on a community solar cooperative that receives ILSFA support. The Administrator will convene a stakeholder process to facilitate education about cooperatives, share best practices, and develop standards for consumer disclosure, ~~content for job training programs,~~ and materials or templates to assist with cooperative startups. The Agency will collect and ~~make public~~ ~~publish~~ data on the number of energy sovereignty projects developed in each subprogram and reassess whether additional incentives are needed. ~~The Agency does not propose in the next this 2024 Draft Plan revision to change this approach to energy sovereignty for the ILSFA Community Solar sub-program.~~

~~In the version of this Plan filed for Commission approval, the Agency noted that while much of this analysis has focused on how to manage federal tax incentives, Congress may change to how renewable energy incentives are delivered. Subsequent to the approval of this Plan, the federal government enacted the Inflation Reduction Act on August 16, 2022. The IPA will review the changes in federal law and, if necessary, revisit Illinois Solar for All program designs through appropriate means.~~

~~These ownership strategies will be pursued in coordination with other programs created under Public Act 102-0662. The Agency is not the only agency tasked with promoting energy sovereignty, making interagency collaboration vital.~~

The Community Solar Energy Sovereignty Program, part of the Jobs and Environmental Justice Grant Program created in Section 5-60 of the Energy Transition Act enacted through Public Act 102-0662, will be managed by the DCEO. The program will award grants to projects ~~“that best demonstrate the ability and intent to create community ownership and other local community benefits, including local community wealth building.”~~ Grants can be awarded for a variety of business tasks as well as to support entities that would assist in ongoing operation, ~~“such as community solar cooperatives.”~~ Priority will be given to projects located in equity investment eligible communities and that provide “additional benefits for participating low-income households.” ~~It is noted that the, The~~ statute does not say that grants can be used to purchase systems for eligible entities, suggesting a complementary role for the incentives provided through Illinois Solar for All.

~~Aside from budget updates to the 2021-2022 program year, as authorized by Public Act 102-0662, any changes (compared to the First Revised Plan) to sub-program terms and conditions, and other general aspects of Illinois Solar for All, described subsequently in this Chapter (as well as the budgetary discussion in Section 8.4 above) will be effective for the 2022-2023 and 2023-2024 program years and will not apply to the 2021-2022 program year which will have been completed by the time the Agency expects this 2022 Long-Term Plan to be approved by the Commission.~~

~~As listed in Table 8-3, approximately \$66.5 million is expected to be available in program years 2022-2023 and 2023-2024, in addition to any unallocated funds rolled over from program year 2021-2022.~~

8.5.2 Setting Incentive Levels

The incentive levels described in the following Sections were derived by utilizing the REC prices for ~~the Adjustable Block Program~~ Illinois Shines as described in Section 7.5.3 ~~(and further detailed in Appendices D and E)~~ and adjusting those prices to meet the objectives of the Illinois Solar for All Program. These incentives will be offered through a 15-year REC delivery contract, either with the Agency for projects funded with the Renewable Energy Resources Fund, or with a utility for projects funded through utility-supplied funds.

Incentive levels are expressed as REC prices and are set according to the same groups and categories as ~~the Adjustable Block Program~~ Illinois Shines (Group A for projects located in Ameren Illinois, Mt. Carmel, MidAmerican, and rural electric cooperatives and municipal utilities located in MISO; Group B for projects located in ComEd, and rural electric cooperatives and municipal utilities located in PJM). ~~Unlike the Adjustable Block Program, these incentives have not been and will not be adjusted upward or downward based upon blocks of capacity filling. Rather, the~~ The Agency ~~proposes to will~~ review and update the incentive levels on an annual program year basis, ~~as is also done for Illinois Shines~~. That update will include an adjustment to account for how the comparable ~~Adjustable Block Program~~ Illinois Shines REC price for each Group and category has changed since the previous update, allowing for the prices offered through Illinois Solar for All to track overall market conditions while continuing to be offered at a higher level than for ~~the Adjustable Block Program~~ Illinois Shines.

For this ~~2022 Draft 2024~~ Plan, the Agency updated ILSFA REC Prices based on the modeling of the updated REC Pricing Model described in Chapter 7 and in Appendices D and E. The changes to ILSFA REC Prices largely reflect changes to the underlying modeling used for ~~the Adjustable Block Program~~ Illinois Shines that then flow through to Illinois Solar for All. This means that changes to ~~Adjustable Block Program Prices~~ Illinois Shines prices that are adopted through the approval of this ~~2022 2024 Long-Term~~ Plan will also then ~~apply flow through~~ to ILSFA prices. ~~In accordance with the Commission's Final Order approving this Plan, the~~ The 2022-2023 REC Prices were published on August 1, 2022.⁶⁶⁶ ⁶⁶⁷ and 2023-2024 REC Prices on April 20, 2023.⁶⁶⁸

As discussed in Section 7.5.3 the result of the updated REC Pricing Model for this draft 2024 Long-Term Plan are REC prices significantly lower than those published for the 2023-2024 program year. That section also notes that REC prices are likely to change between this draft plan and the final prices published after the ICC approves the 2024 Long-Term Plan. This is because the Agency will consider stakeholder feedback on this draft 202 Long-Term Plan and may make adjustments prior to filing the plan for Commission approval in October 2023. Aspects of REC pricing are likely to be contested issues in the docketed proceeding approving the plan, and the Commission may order further changes made to the REC Pricing Model.

In setting REC prices for the Low-Income Distributed Generation Incentive sub-program for the Initial Plan, the Agency adjusted the ~~Adjustable Block Program's~~ Illinois Shines' REC prices in the CREST model by setting the assumed debt financing of the project to 0%, and increasing the net metering benefit shared with participants from 20% to (i) 100% for residential participants in 1-4 unit buildings and (ii) 50% for residential participants in larger buildings.⁶⁶⁹ For ~~this the~~ 2022 Plan, the Agency ~~will increase increased~~ the development costs component of the model for 1-4 unit buildings to 200% of the value used in ~~the Adjustable Block Program~~ Illinois Shines to recognize the increased complexity of developing residential projects as part of Illinois Solar for All, especially the added costs of identifying and verifying eligible ~~low-income-eligible~~ customers. The 2024 Plan maintains these approaches.

⁶⁶⁶ <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/announcement-rec-prices-august12022.pdf>

⁶⁶⁷ <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/announcement-rec-prices-august12022.pdf>

⁶⁶⁸ <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/42023/rec-prices-for-illinois-shines-and-illinois-solar-for-all-41923.pdf>

⁶⁶⁹ See Final Order, ICC Docket No. 17-0838, ~~Final Order dated April at 155 (Apr. 3, 2018 at 155-);~~ see also Appendices E-3-a and E-3-b.

For the ~~Low-Income ILSFA~~ Community Solar sub-program, the ~~Adjustable Block Program~~ Illinois Shines REC prices were adjusted by shortening the financing term to five years and lowering the debt financing to 35% ~~as a proxy for the shorter payment timeline in ILSFA compared to Illinois Shines.~~ For the ~~Incentives for Non-Profits~~ Profit and Public Facilities sub-program, REC prices were adjusted from the ~~ABP-DG~~ Illinois Shines distributed generation pricing model by considering the project as a non-taxable entity; ~~(but able to utilize the 30% ITC);~~ the up-to-10 kW size segment was assumed to be non-residential instead of residential; and the net metering benefit to be shared with participants was increased from 20% to 50%. The Agency does not propose any adjustments to the REC price methodology for these two sub-programs for this ~~2022~~ 2024 Plan.

The Agency believes these approaches represent reasonable proxies for the higher incentive level needed for Illinois Solar for All projects compared to ~~Adjustable Block Program~~ Illinois Shines projects to overcome the financing barriers and other hurdles these project face. ~~The new prevailing wage requirements created with the passage of Public Act 103-0188 on June 30, 2023 were not incorporated into the calculation of REC incentive prices for the current 2023-2024 program year, to mirror the approach taken in Illinois Shines. The Agency remains open to considering including these costs in the calculation of future REC incentive prices.~~

~~8.5.1. Low-Income Single-Family and Small Multifamily Solar~~

~~The Low-Income Distributed Generation Incentive sub-program, created in Public Act 99-0906, has been historically under-subscribed, spending less than its budget allowed. While participation in the sub-program continues to increase over time, funds in its budget remained unspent at the end of each program year. Public Act 102-0662 introduced several changes to this subprogram in an effort to reduce barriers to participation and grow the low-income market for distributed generation.~~

~~The sub-program was created to provide funding for photovoltaic projects located on individual homes and multi-unit residential buildings. Public Act 102-0662 updated Section 1-56(b)(2), which lays out the Illinois Solar for All sub-program structure, creating As discussed in Section 7.5, at this time the Agency is not making further adjustments to the REC Pricing Model to account for ITC adders available from the Inflation Reduction Act, but will continue to monitor their implementation and may propose adjustments in the future. Several adders will be available that could have an impact on ILSFA projects including adders for being located in a low-income community, having a low-income economic benefit, or being in an eligible energy community. Stakeholder feedback received by the Agency in June 2023 raised concerns with the lack of final guidance from the IRS on how these adders will be implemented, as well as that there is a national annual cap on capacity eligible for the adders, and at this time the Agency agrees with those concerns.⁶⁷⁰~~

8.5.3 Residential Solar (Small) Sub-Program

Section 1-56(b)(2) creates separate sub-programs for projects serving single-family and two- to four-unit multifamily residences (the Single-Family and Residential Solar (Small-Multifamily) category) and low-income-eligible residences with five or more units (the Residential Solar (Large-Multifamily) category), and setting sets aside a portion of the program to encourage energy sovereignty. Separate schedules of REC incentive prices were established for projects serving one-to-four-unit residences and 5+ unit multi-family buildings. ~~To ensure that large Low-Income Distributed Generation projects~~

⁶⁷⁰ See for example comments of the Joint Solar Parties: <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/rec-pricing-jsp.pdf>.

~~could not quickly exhaust the sub-program budget, 25% of the sub-program budget was reserved in a nine-month carveout to ensure opportunities for one-to-four-unit projects beginning in the 2020-2021 program year.~~

~~Additional changes enacted by P.A. 102-0662 include the additional low-income consumer protections outlined in Chapter 9 and Section 8.11 and funding set aside targeted to environmental justice communities (25% of each sub-program) and to projects promoting energy sovereignty (25% of each sub-program). In approving and modifying the First Revised Plan, the Commission noted that multi-faceted challenges to participation in the Low-Income Distributed Generation sub-program must be addressed. The Agency will hold the initial budget allocations for the Residential Solar (Small and Large). The Agency and Program Administrator have worked with stakeholders to identify barriers to participation in this sub-program and continue to explore and implement adjustments to increase participation, lower soft costs, and simplify sales procedures.⁶⁷¹~~

~~For example, a referral process to generate greater participation was developed in fall of 2020 and stakeholder input was received through the end of that year.⁶⁷² The referral process and an income verification process for single family homeowners were both implemented in mid-2021. For this 2022 Plan, the Agency clarifies that it interprets the Commission's directive to implement such processes in a competitively neutral fashion to mean that the processes should not give advantage to one Illinois Solar for All Approved Vendor or group of Approved Vendors over others, nor should they give the appearance of doing so. Furthermore, the referral process will consider geography, availability of Approved Vendors serving single family customers in a potential participant's area, services provided, the efficiency of the process, and transparency of offers.~~

~~Additional steps for streamlining the project submission process have been made for this 2022 Plan including:~~

- ~~• Extending the time period in which the Program Administrator provided income verification is valid from 6 to 12 months (Section 8.10.4.1).~~
- ~~• Amending Section 8.11 to eliminate the requirement to present and sign the disclosure seven days prior to consummation of the contract along with an extension of the cancellation period to simplify the customer engagement process with one less touchpoint in the customer acquisition process.~~
- ~~• Reaffirming the Agency's commitment to more closely work with third-party energy efficiency program administrator or community action agencies to facilitate connecting their participants to Illinois Solar for All Approved Vendors and providing initial site suitability screening where applicable (Section 8.8.3). As detailed in Section 8.15, the Agency interprets expanded language in Section 1-56(b)(3) of the IPA Act as amended by Public Act 102-0662 to allow grassroots education funding to support activities beyond the community education campaigns funded to date.~~
- ~~• Removing the minimum batch requirement (Section 8.10.1) and making the ILSFA and ABP portals simpler and more uniform with each other.~~

⁶⁷¹ See Docket No. 19-0995, Final Order dated February 18, 2020 at 101.

⁶⁷² In response to concerns raised by various stakeholders in the process of approving the First Revised Plan, the Commission determined that the Agency and the Program Administrator shall explore implementing a process to connect interested income-qualified customers with Illinois Solar for All Approved Vendors, and that the Agency must implement any such process in a competitively neutral fashion. (Docket No. 19-0995, Final Order dated February 18, 2020 at 108.) This referral program implements that directive.

- ~~Redesigning the disclosure forms for ILSFA and ABP to shorten and simplify the documents.~~

~~The Agency is hopeful that these changes will help to lower soft costs and encourage increased participation in the sub-program, recognizing that of the identified barriers to increasing participation is the complexity of the sub-program and confusion or mistrust from potential participants.~~

~~Section 8.5.3.4 includes a proposed pilot to assess the impact of a more streamlined program model. In this pilot the Program Administrator will assume the majority of the customer interaction and public outreach functions, such as recruiting customers, conducting income verification, partnering with local organizations, and liaising with job training and placement programs. This pilot will focus on reaching areas underserved by Illinois Solar for All Approved Vendors to date and will prioritize selection of Small and Emerging Vendors.~~

~~To better understand where projects are stalling, the Agency will also improve the tracking and transparency of project processing metrics and will provide it as needed to the ILSFA Stakeholder Advisory Group described in Section 8.17. This tracking will inform opportunities to improve the process and provide clear expectations to program participants.~~

~~Beyond these improvements, the Agency appreciates the stakeholder recommendations for streamlining the application submission process through the next update of the Illinois Solar for All Approved Vendor Manual. The Agency and Program Administrator will seek stakeholder feedback in that update process.~~

~~8.5.1.1. Eligibility~~

~~For single family homes, households must verify that they are low income; for two to four unit residential buildings, at least two of the households must be verified as low income. In addition to projects being eligible based on household income, projects developed on homes or buildings that qualify for US Department of Housing and Urban Development (“HUD”) Project-Based Vouchers or Project-Based Rental Assistance (which are programs for housing units dedicated to low-income tenants) also qualify. The income qualification levels required for participation in these programs are lower than income requirements for the Illinois Solar for All Program.~~

~~Under the Revised Plan, to help ensure funding would be available for projects for 1-4 unit buildings, 25% of the sub-program budget was carved out for 1-4 unit buildings projects for the first nine months of the program year, and any unobligated funds from that carveout was released for any Low-Income Distributed Generation project for the final three months of the program year, and any unused sub-program funds would be rolled over to the following year’s sub-program budget. In a similar fashion, for this 2022 Plan the Agency will hold the initial budget allocations for the Low-Income Single and Small Multi-family and the Low-Income Large Multifamily Solar sub-programs for the first nine months of the program year, at which time the two sub-program allocations would combine to be used on a first-come, first-served basis by projects of either sub-program. At the end of the program year, any unreserved sub-category funds will rollover to the following program year’s total budget allocation for the Low-Income Single and Residential Solar (Small Multi-family and the Low-Income Large Multifamily Solar) sub-programs for the following program year ~~of Distributed~~~~

~~Generation sub-program~~, in accordance with the Commission's order in approving and modifying ~~the this~~ Revised Plan.⁶⁷³

Section 1-56(b)(2) sets aside targeted funding for environmental justice communities (25% of each sub-program) and projects promoting energy sovereignty (25% of each sub-program). If the number of Energy Sovereignty awards do not meet the 25% set-aside within six months after the deadline for program applications, any remaining funds will be made available to Residential Solar (Small) projects that do not feature energy sovereignty. The six month energy sovereignty carveouts for the Residential Solar (Small and Large) sub-programs are an adjustment from the previous nine month carveouts proposed with Draft 2024 Plan.

The Agency and Program Administrator have worked with stakeholders to identify barriers to participation in this sub-program and continue to explore and implement adjustments to increase participation, lower soft costs, and simplify sales procedures.⁶⁷⁴ For example, a referral process to generate greater participation was developed in fall of 2020 and stakeholder input was received through the end of that year.⁶⁷⁵ The referral process and an income verification process for single-family homeowners were both implemented in mid-2021.

The Agency is implementing these processes in a competitively neutral fashion which means that the processes should not give advantage to one Approved Vendor or group of Approved Vendors over others, nor should they give the appearance of doing so. Furthermore, the referral process consider geography, availability of Approved Vendors serving single-family homes in a potential participant's area, services provided, the efficiency of the process, and transparency of offers.

The Agency has taken steps previously to address concerns of a difficult project submission process, and a number of adjustments have been made to improve the project submission user experience. The Program Administrator and Agency remain open to recommendations to improve the project submission process while preserving the Program's robust consumer protections and Program integrity.

Section 8.5.3.4 outlines the pilot to test a more streamlined program model. In this pilot the Program Administrator assumes the majority of the customer-interaction and public outreach functions, such as recruiting customers, conducting income verification, partnering with local organizations, and liaising with job training and placement programs. This pilot focuses on reaching areas underserved by Illinois Solar for All Approved Vendors to date and prioritizes selection of Small and Emerging Vendors to serve those areas.

To better understand where projects are stalling, the Agency will also improve the tracking and transparency of project processing metrics and will provide it as needed to the ILSFA Stakeholder Advisory Group described in Section 8.16. This tracking will inform opportunities to improve the process and provide clear expectations to program participants.

⁶⁷³ See Docket No. 19-0995, Final Order dated February 18, 2020 at 100-101.

⁶⁷⁴ See Docket No. 19-0995, Final Order dated February 18, 2020 at 101.

⁶⁷⁵ In response to concerns raised by various stakeholders in the process of approving the First Revised Plan, the Commission determined that the Agency and the Program Administrator shall explore implementing a process to connect interested income-qualified customers with Illinois Solar for All Approved Vendors, and that the Agency must implement any such process in a competitively neutral fashion. (Docket No. 19-0995, Final Order dated February 18, 2020 at 108.) This referral program implements that directive.

To prevent ILSFA residents from receiving residential distributed generation projects that generate an excess of net metering credits that the customer cannot use within a year, the Agency is proposing caps on project capacity based on the customer’s historical usage. The Agency is aware of new incentives for home electrification and believes that pairing electrification with solar is in line with Program goals as well as maximizing efforts to reduce household energy consumption. However, the industry best practice is for efficiency and electrification upgrades to be completed for a home or building prior to development of a photovoltaic system to ensure proper sizing. The Agency must not only think of a household that is generating more net metering credits than the participant can utilize, the unnecessary capacity incentivized is also a waste of limited program resources. With consideration of stakeholder feedback received for this Draft 2024 Plan, the Agency proposes a cap on Residential Solar (Large and Small) to 150% of historical annual use of the host electricity account. The Agency will consider waivers for exceptions to develop a project up to 200% of the historical annual capacity with accompanying documentation of payment receipt or other written obligation of incorporation of electrification transitions (including purchase of an electric vehicle, replacement of fossil fuel heating source with an electric furnace or heat pump).

8.5.3.1 Eligibility

For single-family homes, households must verify that they are income-eligible; for two- to four-unit residential buildings, at least two of the households must be verified as income-eligible. Projects developed on homes or buildings that qualify for US Department of Housing and Urban Development (“HUD”) Project-Based Vouchers or Project-Based Rental Assistance (which are programs for housing units dedicated to income-eligible tenants) also qualify. The income qualification levels required for participation in these programs are lower than income requirements for the Illinois Solar for All Program.

8.5.3.2 Incentive Level

As discussed in Section ~~7.5~~8.5.2 and in Section 7.5, these REC prices are based on an update of the REC Pricing model developed for this ~~2022 draft 2024~~ Long-Term Plan ~~and the Agency welcomes stakeholder feedback on this preliminary analysis.~~

These prices should be viewed as draft prices that may change between the release of this draft 2024 Long-Term Plan for stakeholder feedback and the finalization of REC Prices after the ICC approval of this Plan in February of 2024.

Table 8-3: ~~Incentives~~Proposed 2024-2025 REC Prices for the ~~Low-Income Single and Small Multifamily Residential~~ Solar ~~(Small) Sub-Program~~ (\$/REC).⁶⁷⁶

System Size	Group A	Group A Change from Initial and First Revised Plan Prices	Group B	Group B Change from Initial and First Revised Plan Prices
≤10 kW	\$180.67	26.3%	\$175.23	22.5%
>10–25 kW	\$142.16	11.5%	\$141.75	11.1%

⁶⁷⁶ While theoretically projects for 1-4 unit buildings could be larger than 100 kW, the Agency does not believe that it is technically possible for a 4-unit project to exceed that size and thus only REC prices for up to 100 kW are displayed here. The REC pricing model included in Appendices D and E includes a full set of modeled REC prices ~~for~~.

>25 kW – 100 kW	\$107.10	3.7%	\$108.51	5.1%
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System Size	Group A	Group A Change from 2023-2024 Prices	Group B	Group B Change from 2023-2024 Prices
≤10 kW	\$172.86	-\$2.77, -1.6%	\$176.15	\$9.17, 5.5%
>10 – 25 kW	\$142.18	-\$3.99, -2.7%	\$141.45	-\$1.15, -0.8%
>25 kW – 100 kW	\$114.04	-7.74, -6.4%	\$113.94	-\$4.89, -4.1%

To encourage Energy Sovereignty, an additional \$10 per REC ~~would be~~ added for projects that result in ownership by the customer, such as through an early buyout of a lease or PPA.

These incentive payments are intended to be sufficient to ~~provide tangible economic benefits to participants through enabling~~ project developers to eliminate upfront costs ~~and offer minimum required savings~~ to the participants ~~for, thereby providing tangible economic benefits from the installation of photovoltaic projects. The REC price is a standard incentive for the contractually obligated delivery of a renewable energy credit and not customized for each project, other than adjustments made for the Home Repair Project discussed in Section 8.5.3.3.~~

8.5.3.3 Pilot Program on Home Repairs and Upgrades

Program participants and stakeholders have reported that a number of customers who are eligible for ILSFA have been unable to participate in the program due to the need for home repairs and electric upgrades, which are a precondition for installation of solar panels. While the ILSFA program was designed to support ~~the installation of solar distributed generation projects only~~, the Agency recognizes that ~~low-income-eligible~~ residents are more likely to face this impediment to participation and ~~that it this~~ may be frustrating the overall objective of the program.

Under Section 1-56(b)(4) of the IPA Act, the Long-term ~~Term~~ Plan approval process may include “additional low-income solar or solar incentive program, or modifications to the programs proposed by the Agency, and the Commission may approve an additional program, or modifications to the ~~Agency’s~~ proposed program, if the additional or modified program more effectively maximizes the benefits to low-income customers after taking into account all relevant factors, including, but not limited to, the extent to which a competitive market for low-income solar has developed.”⁶⁷⁷

The Agency has concluded that ~~the creation of a pilot program in ILSFA to provide additional incentives for the home repairs and upgrades necessary to install solar on homes that are eligible for the Low Income Single Family and Small Multifamily Solar Program~~ would “more effectively maximize[...] the benefits to low-income customers” provided by the Illinois Solar for All program.

The Agency ~~will seek~~ sought input from stakeholders before finalizing the pilot program details ~~and has published the final terms and conditions for participation in the Pilot.~~

⁶⁷⁷ 20 ILCS 3855/1-56(b)(4).

~~Eligible~~The Pilot will only support repairs and upgrades ~~will be limited to actions~~ required for solar photovoltaics installation on the premises, such as electrical work, breaker panel upgrades, and roof repairs, beyond those of a normal solar installation. The Agency ~~will review potential adopted~~ cost caps per project ~~for either roof repairs or electrical repairs~~ and ~~limits on limited~~ the ~~number total~~ budget for the Pilot to one quarter of the total Low-Income Single-Family and Small Multifamily sub-program budget, which could support approximately 100 projects ~~in the pilot based on market data and consultation with the Program Administrator.~~

Further, as part of the fact-finding nature of the pilot program, the Agency and its Program Administrator will test ways to help the eligible customer seek funding from the various federal, state, and non-profit programs listed in Section 8.8.6. If funding is not available in a timely manner from those programs, the pilot may support the projects. The ability of other programs to fund repairs will be included in an evaluation of the pilot.

Program Delivery 8.5.3.4 Residential Solar Pilot

~~The operating structure of the Illinois Solar for All program is to offer incentives to competitive market actors to help low-income and other eligible customers access the benefits of solar power. In some regards this approach has worked well, as sub-programs have quickly filled their allotted budgets and seen large amounts of solar developed, helping expand the commercial solar market in Illinois.~~

~~However, the~~The distributed generation sub-program has yet to achieve participation levels that fully leverage its annual budget. ~~While participation levels have been increasing in the 2021-2022 program year, especially for residential customers.~~ Approved Vendors have reported a number of barriers to income-eligible distributed solar, including customers unfamiliar with solar power or distrustful of marketers, structural impediments such as electrical systems and roofs in need of repair, language barriers, and a complex administrative process. ~~While this 2022 Plan includes a number of refinements to reduce barriers to participation, the Agency has determined that the Program may benefit from testing a more comprehensive change to see if it could have a more significant impact on improving participation levels.~~

~~In some states, low-income solar programs have been structured with a single entity providing all aspects of program management and delivery—a vertically integrated model. Such a model could be better equipped to work with low-income customers and communities as it reduces the transaction costs associated with the higher need for customer education and ongoing support.~~

~~This approach could also facilitate greater coordination with job training and placement programs, better incorporation of energy efficiency measures, and partnerships with local organizations. By specializing in low-income solar, the entity can develop greater skills and efficiencies working with the target market.~~

Section 1-56(b)(2) permits the Agency to “propose additional programs” through the Long-term Renewable Resources Term Plan, provided that the “Commission determines that the Illinois Solar for All Program would provide greater benefits to the public health and well-being of low-income residents through also supporting that additional program versus supporting programs already authorized.”

Given the challenges faced thus far in garnering full participation in the subprograms designed for residential distributed generation, the Agency proposes testing a new model of program delivery for the ILSFA distributed generation sub-programs. In some states, income-eligible solar programs have been structured with a single entity providing all aspects of program management and delivery – a vertically-integrated model. Such a model could be better equipped to work with income-eligible customers and communities as it reduces the transaction costs associated with the higher need for customer education and ongoing support.

In the 2022 Plan, the Agency proposed testing a more comprehensive change to the program structure to see if this significantly improves participation levels. Through a limited pilot program, the Agency ~~would~~ proposed to implement a more consolidated model where the Program Administrator will assume the majority of the customer-interaction and public outreach functions, such as recruiting customers ~~(including provision of the initial program brochure),~~ conducting income verification and site suitability assessment, partnering with local organizations, and liaising with job training and placement programs. The pilot will take place for two years in select communities where a vendor chosen through a competitive Request for Proposals process will serve as the sole Approved Vendor for participants. The final Residential Solar Design Proposal was released on March 6th, 2023.

~~The pilot will take place for two years in select, defined communities where a vendor chosen through a competitive Request for Proposals process would serve as~~ In February 2023, the sole Approved Vendor for participants.

~~The pilot would be limited to distributed generation projects receiving RECs in the Low-Income Single Family and Small Multifamily subprogram. The Agency may establish a pre-set budget or limit and Program Administrator provided opportunity for public comment on the number of projects.~~

~~The Agency will conduct a stakeholder feedback process~~ Residential Solar Pilot Proposal and Request for Comments to collect input on details of the pilot design, ~~such as the regions selected including potential communities for consideration and criteria on which to select the pilot communities~~ for the pilot. The selected communities ~~will~~ for the 2023-2024 Program Year represent diverse ~~geographies~~ areas of the state, ~~such:~~ West Garfield Park as one of the 77 community areas of Chicago,⁶⁷⁸ Waukegan as a suburban community, and the Carbondale-Marion Micropolitan Area as a down-state community, ~~and the selected communities may be an~~. All three areas contain Environmental Justice Community or an Equity Investment Eligible Community or contain a Communities and areas of significant income-eligible concentration of such communities. The Agency will make final decisions on the pilot design and will use a request for proposals (“RFP”) to select an Approved Vendor for each pilot area.

Through two Request for Proposals was released by the Program Administrator a qualified Approved Vendor was selected for the West Garfield Park area, and an Approved Vendor for the Waukegan and Carbondale-Marion Micropolitan pilot areas were selected and announced on July 27, 2023. Focused communications campaigns in all three selected pilot communities are initiating on August 1, 2023 under the branding “Bright Neighborhoods.”

⁶⁷⁸ See: https://www.chicago.gov/city/en/depts/dgs/supp_info/citywide_maps.html.

As the REC price for the Low-Income Single and Small Multifamily Solar Program includes adjustments ~~related to the for~~ increased development costs ~~for participating projects~~ (set at 200% of the comparable costs for Adjustable Block Program-Illinois Shines projects), the REC price for the pilot ~~will be~~ was adjusted to recognize the lower cost to Approved Vendors that will result from the Program Administrator taking on many upfront responsibilities. ~~The final~~ With guidance from stakeholders the REC price adjustment will also be determined through a stakeholder feedback process pricing model for Residential (Small) projects in this Pilot was set in the Carbondale-Marion to provide a 95% increase in the development costs and fees compared to the Illinois Shines Small distributed generation pricing, and an 80% increase in the Chicago community area and Waukegan, instead of the 100% increase normally offered under Illinois Solar for All Residential (Small) REC pricing.

The pilot will focus on preliminary customer acquisition - the selected Approved Vendor will still be responsible for the disclosure form and the Part I and Part II applications. However, the Program Administrator will continue to provide support and guidance to both the customer and the AV through the entire project application process.⁶⁷⁹ Each project participating in the pilot ~~will receive a REC delivery contract with either a utility or the Agency and~~ must comply with all other program requirements and rules.

The Pilot broadly seeks to ease the soft costs of customer acquisition for the Approved Vendor, which commenters have identified as a key point of difficulty thus far in the program.

Low-Income Large Multifamily 8.5.4 Residential Solar (Large) Sub-Program

As detailed in Section 8.5.3 above, the ~~Low-Income Residential Solar (Large Multifamily Solar-)~~ sub-program ~~separated incentives for~~ supports distributed generation projects serving residential facilities with five or more units, which were previously included in the Low-Income Distributed Generation sub-program, ~~into a separate sub-program, the Low-Income Large Multifamily Solar sub-program.~~

As with the ~~Low-Income Single-Family and Small Multifamily~~ Residential Solar (Small) sub-program, the ~~Low-Income Large Multifamily~~ Residential Solar (Large) projects must meet requirements of ~~the Adjustable Block Program~~ Illinois Shines, as well as the additional ~~low-income~~ ILSFA consumer protections outlined in Chapter 9 and Section 8.11. As with all Illinois Solar for All sub-programs, 25% of available funding in this sub-program will be targeted to environmental justice communities and 25% will be targeted to Energy Sovereignty projects that result in ownership by eligible customers. If the number of Energy Sovereignty awards do not meet the 25% set-aside within six months after the deadline for program applications, any remaining funds will be made available to Residential Solar (Large) projects that do not feature energy sovereignty. The six-month energy sovereignty carveouts for the Residential Solar (Small and Large) sub-programs are an adjustment from the previous nine month carveouts proposed with Draft 2024 Plan.

Despite ~~being separate~~ the separation of two residential distributed generation sub-programs, Public Act 102-0662 provided within ILSFA, Section 1-56(b)(2) provides a single budget allocation ~~to be~~

⁶⁷⁹ This clarification of the support offered by the Program Administrator is pursuant to the Commission's Final Order approving this Plan. See Docket No. 22-0231, Final Order dated July 14, 2022 at 116.

~~shared with the new Low Income Single and Small Family~~for residential projects, inclusive of both ~~the Residential~~ Solar ~~(Small) and (Large) sub-program~~programs. The Agency proposes to allocate that funding evenly between the two sub-programs for the first nine months of the program year.

If, at the end of the ninth month of the program year, ~~there were remaining~~ funds remain in the ~~carveout~~sub-program, those would be released for projects of any size from either sub-program, and any funds of the total sub-program budget that remain unobligated at the end of the program year will be rolled into the following program year's sub-program budget.

To prevent ILSFA residents from receiving residential distributed generation projects that generate an excess of net metering credits that the customer cannot use within a year, the Agency is proposing caps on project capacity based on the customer's historical usage. The Agency is aware of new incentives for home electrification and believes that pairing electrification with solar is in line with Program goals as well as maximizing efforts to reduce household energy consumption. However, the industry best practice is generally to complete efficiency and electrification upgrades prior to development of a photovoltaic system to ensure proper sizing. Furthermore, any unnecessary capacity that receives REC incentives is also a waste of limited program resources. With consideration of stakeholder feedback received for this Draft 2024 Plan, the Agency proposes a cap on Residential Solar (Large and Small) of 150% of historical annual use of the host electricity account. The Agency will consider waivers for exceptions to develop a project up to 200% of the historical annual capacity with accompanying documentation of payment receipt or other written obligation of incorporation of electrification transitions (including purchase of an electric vehicle, replacement of fossil fuel heating source with an electric furnace or heat pump.

8.5.4.1 Eligibility

To verify program eligibility for five-unit and larger residential buildings, either at least 50% of the tenants must be verified as ~~low-income-eligible~~, or the building must ~~be demonstrated to~~ meet the definition of "affordable housing" contained in the Illinois Affordable Housing Act.⁶⁸⁰ ~~In addition to projects being eligible based on household income, projects~~ Projects developed on homes or buildings that qualify for US Department of Housing and Urban Development ("HUD") Project-Based Vouchers or Project-Based Rental Assistance (which are programs for housing units dedicated to ~~low-income-eligible~~ tenants) also qualify. The income qualification levels required for participation in these programs are lower than income requirements for the Illinois Solar for All Program.

8.5.4.2 Incentive Level

As discussed in Section ~~7.5, 8.5.2, and Section 7.5,~~ these REC prices are based on an update of the REC Pricing model developed for this ~~2022-draft 2024 Plan and the Agency welcomes stakeholder feedback on this preliminary analysis.~~

⁶⁸⁰ See Section ~~8.10.3.28.10.3.2~~ for more information on income eligibility (including a required commitment for owners of multi-family buildings).

These prices should be viewed as draft prices that may change between the release of this draft 2024 Long-Term Plan for stakeholder feedback and the finalization of REC Prices after the ICC approval of this Plan in February of 2024.

Table 8-4: Incentives Proposed 2024-2025 REC Prices for the Low-Income Large Multifamily Residential Solar (Large) Program(\$/REC)

System Size	Group A	Group A Change from 2024-2024 Program Year	Group B	Group B Change from 2023-2024 Program Year
≤10 kW	\$101.02	-\$7.04, -6.5%	\$116.79	-\$3.38, -2.8%
>10 - 25 kW	\$83.98	-\$6.79, -7.5%	\$94.12	-\$10.11, -9.7%
>25 - 100 kW	\$69.55	-\$9.05, -11.5%	\$78.48	-\$10.48, -11.8%
>100 - 200 kW	\$67.67	-\$12.40, -15.5%	\$77.11	-\$8.86, -10.3%
>200 - 500 kW	\$61.34	-\$12.21, -16.6%	\$66.36	-\$12.62, -16.0%
>500 – 2,000 kW	\$59.04	-\$11.49, -16.3%	\$61.82	-\$10.93, -15.0%
2,000 kW – 5,000 kW ^[A]	\$48.26	-\$10.42, -17.7%	\$49.82	-\$8.35, -14.4%
[A] The maximum size for projects was increased from 2M to 5 MW through Public Act 102-0662 and REC Prices have now been developed for this size category.				
System Size	Group A	Group A Change from Initial and First Revised Plan Prices	Group B	Group B Change from Initial and First Revised Plan Prices
≤10 kW	\$106.87	-9.1%	\$115.50	-2.3%
>10 – 25 kW	\$88.31	-17.5%	\$97.05	-9.8%
>25 – 100 kW	\$73.26	-16.5%	\$79.36	-10.1%
>100 – 200 kW	\$74.04	-0.8%	\$76.40	1.5%
>200 – 500 kW	\$67.95	-0.9%	\$70.82	2.4%
>500 – 2,000 kW	\$66.40	1.7%	\$65.51	-0.6%
2,000 kW – 5,000 kW ⁶⁸¹	\$56.54	N/A	\$51.31	N/A

To encourage Energy Sovereignty, an additional \$10 per REC would be added for projects that result in ownership by the customer.

These incentive payments are intended to be sufficient to ~~provide tangible economic benefits to participants through enabling~~ enable project developers to eliminate upfront costs to the participants for the installation of photovoltaic projects, thereby providing tangible economic benefits to

⁶⁸¹ The maximum size for projects was increased from 2M to 5 MW through Public Act 102-0662 and REC Prices have now been developed for this size category.

~~participants~~. The REC price is a standard incentive for the contractually obligated delivery of a renewable energy credit and not customized for each project.

8.5.4.3 Demonstrating Tangible Economic Benefits for Residents of Multi-family Buildings

Section 1-56(b)(2) requires that the Illinois Solar for All incentives deliver tangible economic benefits for ~~income-eligible low-income~~ customers, including those that live in multi-family buildings. Multi-family buildings can be either master metered or individually metered. For master-metered buildings, the economic benefits of installing a photovoltaic system will not directly impact the occupants of the building because they do not individually pay an electric bill ~~to their electric utility~~; instead, the benefits accrue to the building owner/manager. ~~For this 2022 Plan, the Agency clarifies that~~ Therefore, for master-metered building owners to be eligible for the ~~Low-Income Single and Small Multifamily Residential~~ Solar (Small) and the ~~Low-Income Large Multifamily Residential~~ Solar (Large) categories, the building owner/manager will need to commit to passing along the value of at least 50% of the energy savings from net metering to tenants in tangible ways: reduced (or not raised) rents; new staff that serves all tenants; facility upgrades (excluding repairs and renovations necessary to maintain building codes or organization certifications); new equipment that serves all tenants; or other payments, benefits, or services to all tenants that would not otherwise have been possible without the savings generated by the photovoltaic system. These benefits must be made available to all the tenants, regardless of income level or individual participant uptake. Additionally, the building owner/manager will communicate those benefits to all residents ~~those benefits~~ and how they resulted from the installation of solar. The building owner/manager shall demonstrate the commitment to pass along the full value of the required savings to residents by describing in detail how this will be accomplished.

~~How~~ Regarding projects that support energy sovereignty, the ~~ownership~~ benefits ~~are managed for of~~ owning projects located at large multifamily buildings ~~that create energy sovereignty~~ will vary depending on the ownership model of the building. Cooperative housing and condominiums have an inherent ownership model for occupants, but for rental buildings the Agency assumes that ownership of the solar project will likely be retained by the building owner, and not the rental tenants. Since ownership will facilitate long-term financial benefits, the Agency encourages building owners to consider how benefits of ownership can be extended to tenants over the life of the system and will be required to present a plan to address this issue if the applicant seeks to qualify for an energy sovereignty adder.

One challenge to multi-family buildings that are not master-metered is that the photovoltaic system will most likely be connected to the main building account that serves common areas and building-wide load rather than to any individual unit's account. For these buildings, the owner/manager must either provide the same demonstration of passing along benefits to all tenants as for master-metered buildings or, in the alternative, must make available to all tenants the opportunity (at no additional upfront cost levied by the landlord) to participate in net metering pursuant to the provisions of Section 16-107.5(J)(1)(B) of the PUA, which allows for net metering of "individual units, apartments, or properties located in a single building that are owned or leased by multiple customers and collectively served by a common eligible renewable electrical generating facility." In this instance, the project will utilize the interconnecting utility's applicable net metering tariff, which will require the Illinois Solar for All Approved Vendor to maintain system shares for all participating

tenants/meters. The net metering bill credit in this instance will be supply-only and costs/savings will be based on this net metering value.

Low-Income 8.5.5 Community Solar Project Initiative Sub-Program

~~This~~The Community Solar sub-program ~~or initiative~~ is intended to support participation in community solar by ~~low-income-eligible~~ subscribers. To qualify for this initiative, community solar projects must meet ~~the requirements for community renewable generation projects outlined in the Act and beyond those applicable community solar projects that participate in the Adjustable Block Program. These include~~ the following provisions contained in Section 1-56(b)(2)(B) of the IPA Act:

[E]ach project shall identify its partnership with community stakeholders regarding the location, development, and participation in the project, provided that nothing shall preclude a project from including an anchor tenant that does not qualify as low-income. ...

It is a goal of this program that a minimum of 25% of the incentives for this program be allocated to community photovoltaic projects in environmental justice communities.

The Agency shall reserve a portion of this program for projects that promote energy sovereignty through ownership of projects by low-income households, not-for-profit organizations providing services to low-income households, affordable housing owners, or community-based limited liability companies providing services to low-income households.

For the first provision, Illinois Solar for All Approved Vendors' project applications must include a description of a partnership with community stakeholders in the community where the project will be located ~~applicable to that project.~~ While the IPA Act does not define the term "community stakeholders," the National Community-Based Organization Network (NCBON) defines a community-based organization as one in which:

- The majority of the governing body and staff consists of local residents,
- The main operating offices are in the community,
- Priority issue areas are identified and defined by residents,
- Solutions to address priority issues are developed with residents, and
- Program design, implementation, and evaluation components have residents intimately involved, in leadership positions.⁶⁸²

The Agency will consider entities that demonstrate that they meet this definition as being able to represent community stakeholders in a partnership. Furthermore, the Agency believes the intent of the IPA Act was to create substantial partnerships, going beyond just holding a few community meetings. In addition to information regarding location, development and participation, these partnerships should include a description of how the partnership shows that it is responsive to the priorities and concerns of ~~low-income-eligible~~ members of the community.

~~In its Initial Plan, the Agency proposed that a~~ public entity may qualify as a community-based organization for this purpose, but only if the public entity meets the following requirements:

⁶⁸² National Community-Based Organization Network (NCBON), "What is a Community-Based Organization (CBO)?" <https://sph.umich.edu/ncbon/about/whatis.html>.

- The public entity must represent a municipality or county (or school district, park district, etc.) in a municipality or county in the bottom 25% of the state by population.
- The public entity must certify that no local community-based organizations exist that are capable of filling this role.
- The public entity must provide the same showing of robust community engagement as a non-public entity would be required to show.
- Public entities that have failed to act as community-based partners in a past project certification would be ineligible.

The public entity would be qualified as a “community-based organization” only in the context of one project application; the qualification would not be retained for a future project application (the public entity would need to demonstrate the same factors again). Finally, the public entity must provide ongoing reporting of its engagement approach, including public participation opportunities and disclosure of its approach to the project location selection (if applicable).

If the proposed project has an anchor tenant that does not qualify as ~~a low-an~~ income-eligible residential household, the initial application shall describe that anchor tenant in detail; the Illinois Solar for All incentive will be reduced to account for the share of the system subscribed by that tenant not receiving ~~a low-an~~ income-eligible incentive. ~~As approved in the First Revised Plan, for~~ For any anchor tenant, that reduction is achieved by pricing the non-~~low~~-income-eligible anchor tenant share at the equivalent applicable ~~Adjustable Block Program~~ Illinois Shines REC price (non-profit or public anchor tenants no longer qualify for the higher ILSFA price). A project may only have one anchor tenant, and that anchor tenant must be identified at the time of initial application.

Prior to the enactment of Public Act 102-0662 and the adoption of updated net metering tariffs resulting from that Act, community solar customers in Illinois received credit on their electricity bills for their community subscriptions, ~~but and also~~ received a separate bill from their community solar providers to pay for those subscriptions (if applicable). Program participants have reported that “dual billing” can be off-putting to potential ILSFA customers, posing a significant barrier for ~~low~~-income-eligible customers considering community solar.

However, under ~~newly enacted~~ Section 16-107.5(l)(4) of the Public Utilities Act,⁶⁸³ most community solar projects in Illinois can now request that a utility ~~“include a~~ “include a subscriber’s subscription fee on the ~~subscriber’s~~ subscriber’s monthly electric bill and provide the subscriber with a net credit equivalent to the total bill credit value for that generation period minus the subscription fee, provided the subscription fee is structured as a fixed percentage of bill credit value.”

With this net crediting approach, both the cost and value of the community solar subscription will appear on a single utility bill, helping reduce confusion. In light of this change, the Agency will require future applicants to this subprogram to use single-bill net crediting. ~~As the law provides:~~

~~The net crediting agreement shall set forth payment terms from the electric utility to the owner or operator of the community renewable generating project, and the electric utility may charge~~

⁶⁸³ 220 ILCS 5/16-107.5(d)(4).

~~a net crediting fee to the owner or operator of a community renewable generating project that may not exceed 2% of the bill credit value.⁶⁸⁴~~

~~This shall not apply to an electric utility serving 200,000 customers or fewer as of January 1, 2021.~~ In the litigation surrounding the approval of ~~this~~the 2022 Plan, some parties raised concerns that the required use of single-bill net crediting for ~~low-income-eligible~~ community solar may discourage Approved Vendors from offering LICs projects due to a perceived higher risk of non-payment. The Agency proposed in its Response, and the Commission approved,⁶⁸⁵ a commitment to monitor the pace of project application and development in the ~~Low-Income~~ILSFA Community Solar sub-program.

As utility implementation of a single-billing option is still in its early stages, the draft 2024 Long-Term Plan proposes to maintain this requirement for ILSFA Community Solar and will continue to monitor implementation of single-billing with ILSFA Approved Vendors. If the Agency witnesses a significant decline in project applications, it will request stakeholder feedback on making the single-bill net crediting requirement optional.

In order to encourage projects that have deep community connections, the project selection protocol (see Section 8.10.2) reflects the following prioritization in project selection:

- Projects for which the anchor tenant is a non-profit or public facility critical service provider and also the project host;
- Projects for which the anchor tenant is a non-profit or public facility that is not a critical service provider and is also the project host;
- Projects for which the anchor tenant is a non-profit or public facility critical service provider but not the project host;
- Projects for which the anchor tenant is a non-profit or public facility that is not a critical service provider but not the project host;
- Projects for which the anchor tenant is not a non-profit or public facility.
- Projects which meet energy sovereignty requirements for participant/community ownership.

To qualify for any preference in project selection for a project with an anchor tenant, the anchor tenant subscription must be at least 10% of the project size (and, by law, may not be more than 40%).

For ~~this 2022 Long-Term Plan, the Agency clarifies that for~~ master-metered ~~low-income-eligible~~ residential housing programs to be eligible to subscribe as an anchor tenant of a ~~Low-Income~~ILSFA Community Solar project, the building owner/manager will need to commit to passing along the value of at least 50% of the energy savings realized from their anchor subscription to tenants in tangible ways. Because the net metering bill credit in this instance will be supply-only, costs/savings will be based on this net metering value. Options for methods of passing benefits to residents include: reduced (or not raised) rents; new staff that serves all tenants; facility upgrades (excluding repairs and renovations necessary to maintain building codes or organization certifications); new equipment that serves all tenants; or other payments, benefits, or services to all tenants that would not otherwise have been possible without the savings generated by the photovoltaic system. These benefits must

⁶⁸⁴ ~~220 ILCS 5/16-107.5(k)(4).~~

⁶⁸⁵ See Final Order, ICC, Docket No. 22-0231, ~~Final Order dated July at 115 (Jul. 14, 2022 at 115-).~~

be made available to all the tenants, regardless of income level or individual participant uptake. Additionally, the building owner/manager will communicate to all residents those benefits and how they resulted from the installation of solar. The building owner/manager shall demonstrate the commitment to pass along the full value of the required savings to residents by describing in detail how this will be accomplished.

As described in Section ~~8.12.4, 8.4.4 and 8.12.4~~, 25% of available funding in this sub-program will be targeted to projects in environmental justice communities.

Section 1-10 of the IPA Act defines the term “subscription as, “[...] an interest in a community renewable generation project expressed in kilowatts, which is sized primarily to offset part or all of the subscriber’s electricity usage.” Under the regime for processing community solar credits by the utilities prior to P.A. 102-0662, the Program had thought of a customer’s community solar subscription as tied to offsetting a customer’s supply charges only. For this reason, the Program has limited community solar subscription sizing to ensure they were right-sized for an income-eligible customer’s usage. The Agency understands that with tariff changes implemented by the utilities to conform with the requirements of P.A. 102-0662, community solar credits may already be applied towards both supply and delivery charges for ComEd customers, and by late 2023 for Ameren customers.

The Agency received stakeholder feedback which favored removing limits to community solar subscription sizing. The Agency understands the potential for additional subscription capacity to further address a participant’s energy burden, however the Agency must also ensure that customers are receiving subscriptions that are excessive of a customer’s energy costs and must balance providing significant benefits to individual customers as opposed to providing smaller subscriptions (at the same savings level) to a greater number of eligible households. Similar to Residential Solar projects, the Agency is proposing in the Draft 2024 Plan to cap ILSFA Community Solar resident subscribers at a 200% limit of recent 12 consecutive month usage. The Agency intends to monitor the impacts of this limit.

Section 4.2.d. of the 2022 REC Contract details and included in Exhibit C-2 (Community Solar First Year Report), that a Community Solar project must maintain at least:

1. The percent of Actual Nameplate Capacity that has been Subscribed by the Anchor Tenant and,
2. the percent of Actual Nameplate Capacity that has been Subscribed by End Use Customers, after the issuance of the Community Solar First Year Report throughout the remainder of the Delivery Term.

The IPA proposes for this Draft 2024 Plan that in lieu of calculating and using a Daily Average, Approved Vendors would provide quarterly customer subscriber lists to the Program Administrator. This would allow the Program Administrator and IPA the ability to ensure that subscription thresholds are met. This process of providing quarterly customer lists to the Program Administrator is currently conducted and required prior to the issuance of the Community Solar First Year Report.

As specified in Section ~~8.5.1, 8.5.1.2~~, community solar projects that involve energy sovereignty will be given a scoring preference in the application process, with a minimum of 25% of ILSFA community solar funding reserved for such projects. Section ~~8.5.1, 8.5.1.2~~ describes possible ownership models for ~~low-income-eligible~~ community solar projects, such as ownership in shares of a community solar

cooperative and customer ownership of a portion of a remotely-sited community solar project. If the number of Energy Sovereignty awards do not meet the 25% set-aside within nine months after the deadline for program applications, any remaining funds will be made available to ILSFA Community Solar projects that do not feature energy sovereignty.

8.5.5.1 Incentive Level

As discussed in Section ~~7.5~~ 8.5.2 and Section 7.5.3, these REC prices are based on an update of the REC Pricing model developed for this ~~2022~~ draft 2024 Plan. Note that these prices ~~now~~ are inclusive of the small subscriber adder as discussed in Section 7.9.6.~~2~~.

the Agency welcomes stakeholder feedback on this preliminary analysis.

These prices should be viewed as draft prices that may change between the release of this draft 2024 Long-Term Plan for stakeholder feedback and the finalization of REC Prices after the ICC approval of this Plan in February of 2024.

Table 8-5: ~~Incentives~~ Proposed 2024-2025 REC Prices for Low-Income Community Solar Projects (\$/REC)

System Size	Group A	Group A Change from 2023-2024 Program Year ^[A]	Group B	Group B Change from 2024-2024 ^[B]
≤ 25 kW	\$91.98	-\$7.16, -7.2%	\$97.26	-\$14.82, -13.2%
>25 - 100 kW	\$93.99	-\$10.90, -10.4%	\$109.01	-\$15.66, -12.6%
>100 - 200 kW	\$91.98	-\$15.97, -14.8%	\$112.07	-\$14.72, -11.6%
>200 - 500 kW	\$86.48	-\$16.01, -15.6%	\$101.64	-\$13.48, -11.7%
>500 - 2,000 kW	\$78.15	-\$13.99, -15.2%	\$89.95	-\$11.20, -11.1%
2,000 kW – 5,000 kW ^[C]	\$62.79	-\$11.81, -15.8%	\$70.99	-\$7.94, -10.1%

[A] The comparison to prior REC prices includes the 50% small subscriber adder for those prior prices.

[B] The comparison to prior REC prices includes the 50% small subscriber adder for those prior prices.

[C] The maximum size for projects was increased from 2M to 5 MW through Public Act 102-0662 and REC Prices have now been developed for this size category.

System Size	Group A	Group A Change from Initial and First Revised Plan Prices ⁶⁸⁶	Group B	Group B Change from Initial and First Revised Plan Prices ⁶⁸⁷
≤ 25 kW	\$94.50	-15.6%	\$104.81	-4.3%
>25 – 100 kW	\$98.75	5.8%	\$109.13	20.2%
>100 – 200 kW	\$101.09	25.2%	\$110.76	41.6%
>200 – 500 kW	\$96.10	28.5%	\$106.32	47.2%
>500 – 2,000 kW	\$87.49	22.7%	\$96.43	40.3%
2,000 kW – 5,000 kW ⁶⁸⁸	\$78.01	N/A	\$83.80	N/A

⁶⁸⁶ The comparison to prior REC prices includes the 50% small subscriber adder for those prior prices.

⁶⁸⁷ The comparison to prior REC prices includes the 50% small subscriber adder for those prior prices.

⁶⁸⁸ The maximum size for projects was increased from 2M to 5 MW through Public Act 102-0662 and REC Prices have now been developed for this size category.

As mentioned above, the Agency will give a preference to ILSFA Low-Income Community Solar applications that result in energy sovereignty (ownership by eligible customers),¹ and reserve a minimum of 25% of funds for such projects. If an insufficient number of Energy Sovereignty awards are made to meet the 25% set-aside within nine months after the deadline for program applications, any remaining funds will be made available to community solar projects that do not feature energy sovereignty.

Upfront costs should be limited to encourage participation by ~~low-income-~~eligible customers.

These incentives for ILSFA Low-Income Community Solar Projects are only available for the portion of the project subscribed to by households who have been verified as ~~low-income-~~eligible. In order to receive ~~the~~this incentive at the time of energization, the Approved Vendor ~~will have to~~must verify the level of ~~low-income-~~eligible subscribers to the project as outlined Section 8.10.43.1. The Agency notes that ~~the Adjustable Block Program~~Illinois Shines only requires 50% of subscribers (in kW volume) to be identified at the time of energization, and that small subscriber adders are granted only if the project meets the small subscriber level after one year of operation. This principle applies to Illinois Solar for All's ~~Low-Income-Community Solar Project Initiatives~~sub-program as well. Only 50% of the ~~low-income-~~eligible subscribers will need to be identified by the time the project is energized to receive payment under the REC delivery contract; however, the total amount of that incentive payment will be prorated to the anchor and ~~low-income-~~eligible subscription levels at the time of energization. After one year, a payment adjustment shall ~~potentially~~ be made where necessary based upon the anchor and ~~low-income-~~eligible subscription level achieved by that time.

To ensure ongoing subscription levels by ~~low-income-~~eligible subscribers, the Approved Vendor ~~will have to~~shall provide ongoing collateral for ten years equal to 5% of the remaining REC value and report annually on ~~low-income-~~eligible subscription levels. If those levels are not maintained, then ~~the~~ collateral may be called upon to claw back the incentives to the level of ~~low-income-~~eligible subscription.

Incentives for 8.5.6 Non-Profits Profit and Public Facilities Sub-Program

Section 1-56(b)(2)(C) of the IPA Act specifies that “non-profits and public facilities” are eligible to receive incentives for on-site photovoltaic generation. These incentives are designed to “support on-site photovoltaic distributed renewable energy generation devices to serve the load associated with not-for-profit customers and to support photovoltaic distributed renewable energy generation that uses photovoltaic technology to serve the load associated with public sector customers taking service at public buildings.”⁶⁸⁹ The IPA Act does not provide what specific non-profit organizations or public sector customers may be eligible.

As described in Section 8.4.4, 25% of available funding in this sub-program will be targeted to environmental justice communities, and 25% will be targeted for energy sovereignty projects that result in ownership by eligible customers. The Agency will give preference to applications for Non-Profits and Public Facilities that result in energy sovereignty (ownership by eligible customers) and will reserve a minimum of 25% of funds for such projects. If the number of Energy Sovereignty awards do not meet the 25% set-aside within nine months after the deadline for program

⁶⁸⁹ 20 ILCS 3855/1-56(b)(2)(C).

applications, any remaining funds will be made available to non-profit and public facility projects that do not feature energy sovereignty.

8.5.6.1 Eligibility

Given that the objective of the Illinois Solar for All Program is in part “to bring photovoltaics to low-income communities,”⁶⁹⁰ it is reasonable to infer that only non-profits and public sector customers that in some manner serve ~~low-income-~~eligible communities should be eligible. However, the IPA Act could also be interpreted such that all non-profits and public facilities would be eligible to participate. Because current funding levels are such that only a few large projects might make up the whole of the Non-Profit/Public Facilities budget in a single program year, focusing available funds on ~~low-income-~~eligible and environmental justice communities to align with the legislative objectives has been the Agency’s approach.

To balance these objectives, initially Illinois Solar for All Approved Vendors will have to demonstrate that the project:

- Meets the standards described in Section ~~8-98.9~~ related to projects having sufficient connection to, and input from, ~~low-income-~~eligible community members;
- Is sited within an environmental justice community⁶⁹¹ or ~~low-income-~~eligible community;⁶⁹²
- Serves the electricity load of a building that is occupied by an organization that is a critical service provider for the community⁶⁹³ (e.g., youth centers, hospitals, homeless shelters, senior centers, community centers, places of worship); if a public facility, the building must host a department/agency that is a critical service provider meeting this standard; and
- The Approved Vendor must either certify that the project’s owner will not apply for the federal Investment Tax Credit in relation to the project installation, or if it will apply for the Investment Tax Credit, then the savings level for the participating host of the project must be 65% of energy value rather than 50%.

~~As described in Section 8.12.4, 25% of available funding in this sub-program will be targeted to environmental justice communities, and 25% will be targeted for energy sovereignty projects that result in ownership by eligible customers.~~

~~New language in Section 1-75 Because Public Act 102-0662 established a category in the Adjustable Block Program Illinois Shines specifically to serve public schools. Considering the creation of that new Adjustable Block Program category as well as the ongoing high interest in the subprogram that has exceeded available funding, the Agency will not include has ceased considering public schools in as eligible for the Non-Profit/Public Facilities sub-program after the 2022-2023 program year. The Agency will allow participation for the 2022-2023 program year in recognition that there may be projects already under development that are using the financing assumptions of the Illinois Solar for~~

⁶⁹⁰ 20 ILCS 3855/1-56(b)(2).

⁶⁹¹ As defined by the methodology outlined in Section ~~8-12-28.12.2~~ of this ~~2022 Revised~~ Plan.

⁶⁹² A “low-income community” for this purpose is defined as a census tract where at least half of households are not exceeding 80% of AMI.

⁶⁹³ If the building is not owned by the organization or public agency, then either a lease with at least five years remaining on it, or a commitment by the building owner to lease the facility to a critical service provider for at least five years must be provided.

~~All program (e.g., payments upon energization) rather than the 20-year pay-as-RECs are delivered model that is included in the Adjustable Block Program.~~ Similarly, Public Act 102-0662 also created a specific ILSFA sub-program to serve multifamily residential distributed generation projects. The Agency will also no longer allow distributed generation projects serving multifamily residential facilities to participate in the Non-profit ~~/ and~~ Public Facilities sub-program since these types of projects qualify to apply for the Low Income Residential Solar (Large Multifamily Solar sub-program. ~~The Agency also notes that the REC Prices proposed in this 2022 Plan are higher in the Low Income Large Multifamily Solar sub-program than in the Non-Profit and Public Facility sub-program so this change is likely to have minimal impact.) sub-program of Illinois Solar for All.~~

The Agency will otherwise maintain its current definition of a Critical Service Provider as a non-profit or public entity that offers critical services to ~~low-income-~~eligible or environmental communities. A list of accepted service provider types will continue to be maintained in the ILSFA Approved Vendor Manual, and requests for consideration by entities not on that list will be reviewed by the Agency on a case-by-case basis.

8.5.6.2 Incentive Level

As discussed in Section ~~7.5, 8.5.4 and Section 7.5.3,~~ these REC prices are based on the updated REC Pricing model ~~as approved by~~developed for this draft 2024 Plan and the Agency welcomes stakeholder feedback on this preliminary analysis.

These prices should be viewed as draft prices that may change between the release of this draft 2024 Long-Term Plan for stakeholder feedback and the finalization of REC Prices after the ICC approval of this Plan in its Final Order dated July 14, 2022, February of 2024.

Table 8-6: ~~Incentives : Proposed 2024-2025 REC Prices~~ for Non-~~Profits~~Profit and Public Facilities (\$/REC)

System Size	Group A	Group A Change from Initial and First Revised Plan Prices	Group B	Group B Change from Initial and First Revised Plan Prices
≤ 25 kW	\$100.76	-29.3%	\$114.60	-20.0%
>25 – 100 kW	\$104.21	-12.1%	\$114.05	-4.4%
>100 – 200 kW	\$104.82	1.9%	\$109.82	6.1%
>200 – 500 kW	\$98.15	2.7%	\$104.03	8.0%
>500 – 2,000 kW	\$96.39	4.9%	\$97.71	6.2%
2,000 kW – 5,000 kW⁶⁹⁴	\$85.22	N/A	\$80.19	N/A

⁶⁹⁴ The maximum size for projects was increased from 2M to 5 MW through Public Act 102-0662 and REC Prices have now been developed for this size category.

~~As with Community Solar, the Agency will give preference to applications for Non-Profits and Public Facilities that result in energy sovereignty (ownership by eligible customers), and will reserve a minimum of 25% of funds for such projects. If the number of Energy Sovereignty awards do not meet the 25% set aside within nine months after the deadline for program applications, any remaining funds will be made available to non-profit and public facility projects that do not feature energy sovereignty.~~

System Size	Group A	Group A Change from 2023-2024 Program Year	Group B	Group B Change from 2023-2024 Program Year
≤ 25 kW	\$100.48	-\$8.01, -8.0%	\$119.64	-\$21.47, -17.9%
>25 - 100 kW	\$105.53	-\$11.21, -10.6%	\$119.04	-\$13.40, -11.3%
>100 - 200 kW	\$106.91	-\$15.86, -14.8%	\$114.21	-\$11.27, -9.9%
>200 - 500 kW	\$99.72	-\$15.91, -16.0%	\$106.20	-\$15.83, -14.9%
>500 - 2,000 kW	\$96.26	-\$15.09, -15.7%	\$98.80	-\$13.61, -13.8%
2,000 kW – 5,000 kW ^[A]	\$81.31	-\$13.56, -16.7%	\$80.16	-\$10.65, -13.3%
[A] The maximum size for projects was increased from 2M to 5 MW through Public Act 102-0662 and REC Prices have now been developed for this size category.				

8.5.7 Low-Income Community Solar Pilot Projects

Public Act 99-0906 established a sub-program for Low-Income Community Solar (“LICS”) Pilot Projects; to test approaches to serving eligible customers. ~~The law specified that projects must provide economic benefits for members; this sub-program was subsequently removed from the Program under modifications to Section 1-56(b)(2) of the community where the project is located and include a partnership with at least one Community Based Organization. IPA Act pursuant to the enactment of P.A. 102-0662.~~

~~The~~ Participation in the LICS Pilot Projects sub-program was subject to a competitive procurement process ~~was~~ conducted by the Agency’s Procurement Administrator, who handled the intake and evaluation of all project proposals; and made recommendations for bid approval to the ICC. Two pilot projects were awarded REC ~~contracts~~ Contracts totaling \$20 million in the fall of 2019, with an average REC price of \$72.02. ~~As of March 2022, As of the publication of this draft 2024 Plan, the selected~~ the projects ~~had have~~ not been ~~fully-subscribed~~ completed.

~~Public Act 102-0662 removed the Low-Income Community Solar Pilot Procurement sub-program from Section 1-56 of the IPA, so no further procurement will be conducted.~~

8.6. Illinois Solar for All Program Administrator

The Program Administrator for the Illinois Solar for All Program was originally selected via a two-part Request for Qualifications/Request for Proposals process conducted by the Agency in 2018, which culminated in Commission approval of the contract for Elevate Energy to serve as the ILSFA Program Administrator on September 14, 2018 for a period of two years, with the option for annual renewal for up to three additional years. ~~Revisions to Section~~ 1-56(b)(2)(5) of the IPA Act ~~clarify~~ clarifies that the Illinois Solar for All Program Administrator “may be, but need not be, the same

administrator as for the Adjustable Block Program.” ~~The Agency issued a new Request for Qualifications on August 8, 2022, and expects to issue a Request for Proposals in late 2022.~~

The Agency issued a new Request for Qualifications on August 8, 2022, and released a Request for Proposals on February 23, 2023. Elevate Energy was again selected as the Program Administrator for Illinois Solar for All.

The obligations of the Illinois Solar for All Program Administrator ~~expanded under revisions to Section 1-56(b)(5) by Public Act 102-0662, which now~~ include at minimum:

- Take applications and verify project eligibility in Illinois Solar for All and coordinate this information with the Adjustable Block Program Administrator (who will process the actual generation of contracts). This includes, but is not limited to, review of project technical specifications, income verification, review of community involvement in projects, review of job training coordination, and review of Illinois Solar for All consumer protections such as verification of ensuring tangible economic benefits flow to ~~low-income~~-eligible participants. Illinois Solar for All administrative procedures will be as similar to those of the Adjustable Block Program as possible, to reduce administrative burden on Approved Vendors that serve both programs.
- Act as the centralized source for income verification and maintain database of program participants.
- Assist in the development of contracts, disclosure forms, and brochures for use by Illinois Solar for All Approved Vendors and their partner community-based organizations.
- Coordinate the distribution of funding for grassroots education efforts by community-based organizations. A priority for this funding will be to promote the availability of the Illinois Solar for All Program in Environmental Justice Communities to achieve the goal of 25% of the incentives being allocated to those communities.
- Facilitate Illinois Solar for All Approved Vendors meeting the additional requirements of the Illinois Solar for All Program. In particular, the Program Administrator acts as a liaison between Illinois Solar for All Approved Vendors participating in the programs and organizations providing job training. The Program Administrator will also work to inform Illinois Solar for All Approved Vendors of energy efficiency, weatherization, lead abatement, and other program opportunities that could provide additional benefits to participants.
- Provide guidance and education to Illinois Solar for All Approved Vendors, community groups, local government agencies, and others on how to leverage other governmental policies to facilitate ~~low-income~~-eligible solar projects and energy efficiency programs. Other relevant policies include affordable housing, economic development, public finance, and tax policies, at the federal, state, and local level. The Administrator will act as liaison with other governmental agencies that administer such programs to facilitate their use on solar development.

- Provide Program Manual and related materials for use by Illinois Solar for All Approved Vendors.
- Provide reports to the Agency and the Commission on a quarterly basis on the status of the Program including, but not limited to, number of applications received, number of applications approved, number of projects completed, REC payments, payments for and status of grassroots education efforts (if applicable), and a summary of technical assistance provided.
- Facilitate “placement for graduates of Illinois-based renewable energy-specific job training programs, including the Clean Jobs Workforce Network Program and the Illinois Climate Works Preapprenticeship Program administered by the Department of Commerce and Economic Opportunity, along with other programs administered under Section 16-108.12 of the Public Utilities Act.”⁶⁹⁵

⁶⁹⁵ 20 ILCS 3855/1-56(b)(5).

- “[D]evelop a web-based clearinghouse for information available to both job training program graduates and firms participating, directly or indirectly, in Illinois solar incentive programs.”⁶⁹⁶
- “[C]oordinate ... activities with entities implementing electric and natural gas income-qualified energy efficiency programs, including customer referrals to and from such programs, and connecting prospective low-income solar customers with any existing deferred maintenance programs where applicable.”⁶⁹⁷

8.7. Quality Assurance

Due to the higher incentive level that Illinois Solar for All projects ~~will~~ receive compared to those that participate in ~~the Adjustable Block Program~~ Illinois Shines, as well as the additional vulnerabilities that program participants may face, it is especially important for the Agency to ensure that projects are properly installed and produce their expected amounts of energy. In conjunction with the Program Evaluator (as described in Section 8.14), the Illinois Solar for All Program Administrator has developed and implemented a process for quality assurance, including assessing 1) the suitability of sites for solar installation and/or the proper planning for mitigating site deficiencies before installation, 2) a thorough photo documentation of all projects while under construction, and 3) on-site inspection of a random sample of installations. If installations are found to have deficiencies or nonconformance with specifications from the application, the Illinois Solar for All Approved Vendor, at its own expense, will be responsible for any repairs, alterations, or additions to remedy the deficiencies. A deficient project may be removed from the Program if already contracted. Illinois Solar for All Approved Vendors who have a disproportionately high number of deficient systems may lose their eligibility to continue to participate in the Illinois Solar for All Program. The Agency continues to work with the Program Administrator to streamline these quality assurance processes.

8.8. Coordination with Other Programs

~~Public Act 102-0662~~ Section 1-56(b)(2) requires that Illinois Solar for All “be implemented in a manner that seeks to minimize administrative costs and maximize efficiencies and synergies available through coordination with similar initiatives, including the Adjustable Block Program..., energy efficiency programs, job training programs, and community action agencies.”⁶⁹⁸

~~It creates a number~~ P.A. 102-0662 authorized the creation of new programs that interact with Illinois Solar for All, as described below.

8.8.1 Job Training and Placement Programs

Public Act 102-0662 expanded on the job training and placement programs initiated under Public Act 99-0906. Those programs now include the Clean Jobs Workforce Network Program, the Illinois Climate Works Pre-apprenticeship Program, Returning Residents Clean Jobs Program, Clean Energy Contractor Incubator Program, Clean Energy Primes Contractor Accelerator Program, and the Energy

⁶⁹⁶ *Id.*

⁶⁹⁷ *Id.*

⁶⁹⁸ ~~Section 20 ILCS 2855/~~1-56(b)(2).

Transition Barrier Reduction Program. It creates three Regional Administrators (North, Central, and South) to administer the implementation of the programs.

While these programs are to be designed and implemented under the guidance of DCEO, they have a number of implications for the Illinois Solar for All program, as the source of trainees required for program job training requirements, as detailed in Section 8.9.1.

Section 1-56(b)(2) of the IPA Act contains two provisions that are designed to ensure that the job trainees supported by the job training programs participate in the installation of photovoltaic projects supported by ~~the program~~ ILSFA. The first of these requirements is aspirational in nature, while the second is more specific.

The first provision is that “[p]rojects must include job training opportunities if available, with the specific level of trainee usage to be determined through the Agency’s long-term renewable resources procurement plan, and the Illinois Solar for All Program Administrator shall coordinate with the job training programs described in paragraph (1) of subsection (a) of Section 16-108.12 of the Public Utilities Act and in the Energy Transition Act.”⁶⁹⁹ This program is known as the “solar training pipeline program.” The job training program is to be “designed to ensure that entities that offer training are located in, and trainees are recruited from, the same communities that the program aims to serve and that the program provides trainees with the opportunity to obtain real-world experience.”⁷⁰⁰

~~Prior to Public Act 102-0662, Section 1-75(c)(1)(0) authorized \$10,000,000 of ComEd’s RPS Budget to be allocated to fund solar job training programs pursuant to Section 16-108.12 of the PUA every four years, beginning with the 2017-2018 delivery year. P.A. 102-0662 revised Section 1-75(c)(1)(0), now requiring~~Section 1-75(c)(1)(0) requires that “[f]or the delivery years beginning June 1, 2021, June 1, 2024, June 1, 2027, and June 1, 2030” – every *three* years– “\$10,000,000 shall be provided to the Department of Commerce and Economic Opportunity to implement the workforce development programs and reporting as outlined in Section 16-108.12 of the Public Utilities Act.” ~~(Emphasis added.)~~ However, Section 16-108.12 of the Public Utilities Act still directs the utilities to spend \$3,000,000 in each of 2021, and 2025 to train installers for the solar projects authorized and contemplated under the Illinois Solar for All program and other RPS programs.⁷⁰¹

~~On December 13, 2021, ComEd petitioned the Commission to reopen Docket No. 17-0332, seeking for its prior approved workforce development plan to be “modified to address (i) DCEO’s new role as the implementer of the Section 16-108.12 workforce development programs (and termination of ComEd’s implementer role), (ii) ComEd’s remittance of funding to DCEO for the applicable delivery year, and (iii) any administrative activities that ComEd will continue to perform in support of the workforce development programs now implemented by DCEO.” That petition to reopen was unanimously granted by the Commission on December 16, 2021. On March 3, 2022, the Illinois Commerce Commission approved the joint proposed order filed by ComEd and DCEO which stipulates that ComEd will continue funding the Craft Apprenticeship Program and the Multi-Cultural~~

⁶⁹⁹ 20 ILCS 3855/1-56(b)(2).

⁷⁰⁰ 220 ILCS 5/16-108.12(a)(1).

⁷⁰¹ The responsibility to administer these programs resided with ComEd prior to the enactment of Public Act 102-0662.

~~Jobs Program through the end of the defined Transition Period, and that DCEO will issue a new RFP for the Solar Training Pipeline Program.⁷⁰²~~

The availability of job training opportunities for Illinois Solar for All projects depends, in part, on the availability of graduates of the solar training pipeline program. ~~As of the filing of this final 2022 Long-Term Plan, DCEO has awarded grants to five providers of the Solar Training Pipeline program. DCEO expects to issue contract awards for the Multi-Cultural Jobs Program in early fall of 2022. Updates on DCEO's implementation of these programs are available on DCEO's CEJA Program Announcements webpage.⁷⁰³~~

Second, ~~as added to~~ Section 1-56(b)(2) ~~by Public Act 102-0662, provides that for~~ all Illinois Solar for All sub-~~program descriptions direct that~~ programs “[c]ompanies participating in this program that install solar panels shall commit to hiring job trainees for a portion of their low-income installations” and further that, “an administrator shall facilitate partnering the companies that install solar panels with entities that provide solar panel installation job training.”⁷⁰⁴

~~ComEd stated in the ICC proceeding reviewing its Section 16-108.12 job training plan that it intends to implement the Solar Craft Apprenticeship Program in coordination with the International Brotherhood of Electrical Workers (“IBEW”) Local 134, which will integrate solar training curricula into its existing electrical craft/trade/skill apprenticeship programs at 18 IBEW sites as well as certain community colleges and high schools.⁷⁰⁵ According to the Plan submitted by ComEd in that proceeding, the Solar Craft Apprenticeship Program appears to include training locations located across the entire State, and not just in ComEd’s service territory.⁷⁰⁶ This program may be essential for ensuring the availability of job trainees across the State. ComEd has released a report detailing the status of its job training programs under Section 16-108.12 annually since 2019.⁷⁰⁷ Beginning July 1, 2022, ComEd has ceased all funding and oversight of these workforce training programs. DCEO has awarded the Solar Craft Apprenticeship Program contract to IBEW, and the Agency will continue to coordinate with DCEO to ensure alignment with the implementation of these programs and Illinois Solar for All.~~

~~In 1-56(b)(5), Public Act 102-0662 further instructs that, “To~~Section 1-56(b)(5) further instructs that, “[t]o increase the update of trainees by participating firms, the administrator shall also develop a web-based clearinghouse for information available to both job training program graduates and firms participating, directly or indirectly, in Illinois solar incentive programs.” The Illinois Solar for All Program Administrator ~~is coordinating~~coordinates with the entities providing job training to maintain a ~~clearinghouse~~catalogue of information that Illinois Solar for All Approved Vendors can use to identify potential job training program graduates to hire. ~~ComEd administers a FEJA Jobs portal (<https://fejajobs.vouchedin.com/>) where graduates of its job training programs created under Section 16-108.12 of the Public Utilities Act can post their resumes and employers can post opportunities for jobs and specific projects. that may have graduates to hire.~~ The Program Administrator has provided training to Illinois Solar for All Approved Vendors on how to access and

⁷⁰² ~~Final Order on Reopening, Docket 17-0332 at 8 (March 3, 2022).~~

⁷⁰³ See: <https://dceo.illinois.gov/climateandequitablejobs/ceja-program-announcements.html>.

⁷⁰⁴ 20 ILCS 3855/1-56(b)(2)(A), (B), (C) and (E).

⁷⁰⁵ ~~Docket No. 17-0332, ComEd Ex. 1.0 at 12.~~

⁷⁰⁶ ~~Id. at 12.~~

⁷⁰⁷ ~~The reports are available at <https://www.icc.illinois.gov/docket/P2017-0332/documents>.~~

use this ~~portal tool~~, and will continue to work with the organizations receiving ~~statutorily authorizing DCEO~~ funding to provide job training ~~in an ongoing effort aimed at encouraging to encourage~~ participation in ILSFA. ~~Additionally, the Agency has created the Energy Workforce Equity Portal ("Equity Portal") pursuant to Section 1-75(c-25) and sees significant overlap in the FEJA Jobs portal by those programs' graduates. function of that online resource and the "web-based clearinghouse" in Section 1-56(b)(5). Therefore, the Agency proposes to leverage the Equity Portal to provide the connection between AVs and job trainees needed for meeting the job training policy objectives of ILSFA. The Equity Portal features a job board with position postings from AVs and information on DCEO-funded workforce training programs. The Program Administrator will work with the Agency to evaluate ways the Equity Portal can meet the job training requirements of ILSFA.~~

The Agency and its Program Administrator(s) do not run the job training programs, and therefore, the Agency has limited ability to ensure the success of those programs in effectively training new workers. Rather, the Agency will seek to ensure that the Illinois Solar for All Program creates employment opportunities for those new workers, and will track and report data on job placement.

8.8.2 Equity and Environmental Justice programs

In Section 5-60 of the Energy Transition Act, Public Act 102-0662 establishes the Jobs and Environmental Justice Grant Program with two subprograms: the Equitable Energy Future Grant Program and the Community Solar Energy Sovereignty Grant Program, administered by the DCEO. The grant programs will make grant awards of up to \$1,000,000 per application "to provide businesses, organizations, and community groups with capital needed to plan, develop, and execute" a renewable energy or energy efficiency project.

The Jobs and Environmental Justice Grant Program will "coordinate with and supplement existing incentive programs, such as the Adjustable Block program, the Illinois Solar for All Program, the community renewable generation projects, and renewable energy procurements as described in the Illinois Power Agency Act, as well as utility energy efficiency measures as described in Section 8-103B of the Public Utilities Act."⁷⁰⁸ The Equitable Energy Future Grant Program is specifically for "equity eligible contractors" while the Community Solar Energy Sovereignty Grant Program will support "the pre-development and development of community solar projects that promote community ownership and energy sovereignty." The Agency ~~will work~~ is in monthly contact with DCEO to ensure coordination in the implementation of these programs and the Illinois Solar for All Program.

Finally, Public Act 102-0662 enacted the Clean Energy Jobs and Justice Fund Act, which establishes the Illinois Clean Energy Jobs and Justice Fund, discussed below in conjunction with the Climate Bank.

8.8.3 Energy Efficiency Programs and Community Action Agencies

Section 1-56(b)(2) of the IPA Act provides that the Illinois Solar for All Program "shall be implemented in a manner that seeks to minimize administrative costs, and maximize efficiencies and synergies available through coordination with similar initiatives" including energy efficiency programs and community action agencies ("CAAs"). There are 35 CAAs in Illinois that administer state weatherization and energy assistance programs.

⁷⁰⁸ ~~Energy Transition Act, §5-60(b), enacted through Public Act 102-0662 (2021).~~ 20 ILCS 730/5-60(b).

Public Act 102-0662 amended Section 8-103B(c) of the Public Utilities Act to direct utilities “to bundle low-income energy efficiency offerings with other programs that serve low-income households to maximize the benefits going to these households. The utilities shall market and implement low-income energy efficiency programs in coordination with low-income assistance programs, the Illinois Solar for All Program, and weatherization whenever practicable.”

Section 1-56(b)(8) of the IPA Act, as amended by Public Act 102-0662, instructs:

As part of the development and update of the long-term renewable resources procurement plan authorized by subsection (c) of Section 1-75 of this Act, the Agency shall plan for: (A) actions to refer customers from the Illinois Solar for All Program to electric and natural gas income-qualified energy efficiency programs, and vice versa, with the goal of increasing participation in both of these programs; (B) effective procedures for data sharing, as needed, to effectuate referrals between the Illinois Solar for All Program and both electric and natural gas income-qualified energy efficiency programs, including sharing customer information directly with the utilities, as needed and appropriate; and (C) efforts to identify any existing deferred maintenance programs for which prospective Solar for All Program customers may be eligible and connect prospective customers for whom deferred maintenance is or may be a barrier to solar installation to those programs.

The Program Administrator has ~~identified~~collected information on energy efficiency programs and programs to address deferred maintenance ~~and maintains current information about these resources in for a~~ Resource GuidesGuide to assist potential Illinois Solar for All Program participants ~~in overcoming barriers to participation.~~ The Agency and the Program Administrator will work with utilities, administrators of the Low-Income Home Energy Assistance Program (“LIHEAP”) and the Illinois Home Weatherization Assistance Program (“IHWAP”), and other relevant organizations to develop opportunities to share referrals between ILSFA and programs that similarly address energy costs and energy burdens of ~~low-income-eligible~~ households and non-profit and public facility participants.

As detailed further in Section 8.15, and as approved by the ICC in its Final Order of July 14, 2022 in Docket No. 22-0231, the Agency interprets updated language in Section 1-56(b)(3) expanding use of “other activities deemed to be qualified by the Agency” to allow support for activities driving ILSFA participation beyond education, and will explore ways it can further support ILSFA outreach activities, which may include compensation for LIHEAP providers’ activities connecting LIHEAP households with ILSFA Community Solar projects through the Department of Energy’s Low-Income Clean Energy Connector pilot and compensation of community, participant or job trainees participating in a Grassroots Education public presentation, and resident stakeholders for their time and efforts providing perspective and feedback for program improvement.

8.8.3.1 Department of Energy Low-Income Clean Energy Connector

On July 27, 2022, the US Department of Energy and the Department of Health and Human Services announced pilot the development of a Connector platform that would help connect LIHEAP programs with available community solar projects that provide a minimum savings. In partnership with the National Community Solar Partnership, the National Renewable Energy Laboratory (NREL), the National Association of State Energy Officials (NASEO), and the National Energy Assistance Directors

Association (NEADA) the goal is to connect “LIHEAP recipients to community solar subscriptions with verified savings and strong consumer protections through the Connector will reduce the cost of customer acquisition for solar developers and subscription managers increase household savings and meaningful benefits for LIHEAP-enrolled households, and increase the deployment of community solar projects in states with low-income community solar programs.” Illinois was chosen as one of three pilot states for the Connector rollout, along with New Mexico and the District of Columbia. The team has worked on development of the platform with input from the state solar programs and LIHEAP offices, as well as state program stakeholders and solar vendors.

Since the Spring of 2022, the Agency has been working closely with DCEO’s Office of Community Assistance to provide feedback on the development of the Connector, along with recommendations of various best practices. A group of LIHEAP Local Administering Agencies (“LAAs”) (most of which are Community Action Agencies) have been identified as interested in participating in the rollout of the Connector. Rollout of the Connector in Illinois is anticipated in the Fall of 2023.

The Agency is pleased that participation in this Connector is creating an opportunity for a simplified way for LAAs to connect income-eligible LIHEAP customers with ILSFA Community Solar opportunities that can provide additional relief to their participants’ energy burdens.

8.8.4 Climate Bank and the Clean Energy Jobs and Justice Fund

~~Public Act 102-0662 establishes financial vehicles to aid in the deployment of clean energy.~~ Article 850 of the Illinois Finance Authority Act ~~as enacted by Public Act 102-0662~~ directs the Illinois Finance Authority to create a Climate Bank “to aid in all respects with providing financial assistance, programs, and products to finance and otherwise develop and facilitate opportunities to develop clean energy and provide clean water, drinking water, and wastewater treatment in the State.”⁷⁰⁹ ~~While the Climate Bank has not been launched yet, green~~Green banks in other states have played an active role in financing distributed solar. The Connecticut Green Bank, for example, provides a production-based incentive of 8.1¢ per kWh for ~~low-income-eligible~~ customers plus below market-rate debt to developers to facilitate lower pricing and encourage the participation of market-rate capital providers.

~~Section 20-15 of the Illinois Clean Energy Jobs and Justice Fund Act enacted through P.A. 102-0662 creates the Clean Energy Jobs and Justice Fund, a nonprofit corporation. The Fund “has authority to pursue a broad range of financial products and services”⁷¹⁰ that “foster the development and commercialization of clean energy projects, including projects serving low-income, environmental justice, and BIPOC communities, and support project development by MBE and other contractors of color.”⁷¹¹ The board of the Fund will be appointed by the governor, and Section 20-30(a) of the Illinois Clean Energy Jobs and Justice Fund Act directs the board of the Fund to consider a number of investment initiatives, many of which could affect ILSFA, including “a solar lease, power-purchase agreement, or loan-to-own product specifically designed to complement and grow the Illinois Solar for All Program.” The Agency will work with the Program Administrator and the board of the Clean Energy Jobs and Justice Fund to facilitate integration across the programs.~~

⁷⁰⁹ 20 ILCS 3501/850-5.

⁷¹⁰ Illinois Clean Energy Jobs and Justice Fund Act, §20-30(a), enacted through Public Act 102-0662 (2021).

⁷¹¹ Illinois Clean Energy Jobs and Justice Fund Act, §20-25(a)(2), enacted through Public Act 102-0662 (2021).

~~Neither Sections 850-5 of the Illinois Finance Authority Act nor Section 20-20 of the Illinois Clean Energy Jobs and Justice Fund Act within Public Act 102-0662 prohibits solar developers and other commercial stakeholders to participate as board members on these bodies, which could create the potential for a financial conflict of interest if solar developers participating in Illinois Solar for All are board members of these new entities. The Agency requested stakeholder feedback in November 2021 to explore if additional protections are needed to prevent gaming or undue influence. Stakeholders commented, and the Agency concurs, that policies to prevent conflict of interest should be put in place at the two organizations, with disclosure to the Agency and Program Administrator if those companies participate in Solar For All programs.~~

The IPA is actively collaborating with the Illinois Climate Bank to develop financing mechanisms that will further support access to solar and associated energy benefits to low- and moderate-income residents of the state and will create new financing opportunities for small and emerging businesses. The exact form of those financing mechanisms will be based on input from stakeholders and the gaps and needs identified by the IPA and the Program Administrator after the first several years of implementing the Illinois Solar for All Program. The IPA encourages all of its stakeholders to participate in the upcoming feedback opportunities that will be hosted by the Illinois Finance Authority.

8.8.5 Equitable Energy Upgrade Program

~~Section 16~~ Section 16-111.10 of the Public Utilities Act ~~as enacted by Public Act 102-0662~~ directs the Illinois Commerce Commission to establish the Equitable Energy Upgrade Program, which “permits customers to finance the construction of energy projects through an optional tariff payable directly through their utility bill, modeled after the Pay As You Save system, developed by the Energy Efficiency Institute.”⁷¹² Funds may be used for solar installations and other energy improvements.

~~The~~ This program “shall enable utilities to offer to make investments”⁷¹³ or arrange financing from third parties or from the Illinois Clean Energy Jobs and Justice Fund, established through the Illinois Clean Energy Jobs and Justice Fund within Public Act 102-0662. The program guidelines should follow the “Pay As You Save Essential Elements and Minimum Program Requirements,”⁷¹⁴ which requires a minimum of 20% savings, consumer protections, and other measures. Pay As You Save (“PAYS”) can be a way to finance ownership of on-site solar, especially for residents of small 1-4 unit buildings, since repayment is encumbered to the meter, and passes on to any future occupant living in that unit. While PAYS can work with customers of any income level, there may be synergies to applying it to customers eligible for the Solar ~~For~~ for All program as a way to encourage energy sovereignty.

The Agency looks forward to collaborating with the Commission on ways to integrate the Equitable Energy Upgrade Program with Illinois Solar for All.

⁷¹² 220 ILCS 5/16-111.10(c).

⁷¹³ *Id.*

⁷¹⁴ 220 ILCS 5/16-111.10(e)(2).

8.8.6 Coordination with programs that support building repairs and upgrades

ILSFA program participants have reported that some eligible households have been prevented from participating in the program due to repairs or upgrades needed on their home or building before solar can be installed.

While the Agency ~~proposes a new pilot program~~ has implanted the Home Repairs Pilot, as described in Section 8.5.3.38.5.3.3, to address costs related to necessary upgrades to the premises for hosting a solar project, the Agency notes that there are various other state, federal, and non-profit programs that provide home repairs and upgrades for eligible households, and seeking support from these programs is a prerequisite for receiving additional incentives through the Home Repairs Pilot.

The US Department of Housing and Urban Development (HUD) offers such programs, and cites a number of other agencies and non-profits that provide a range of assistance, including HUD-approved housing counseling agencies, the Illinois Housing Development Authority, Illinois affiliates of Habitat for Humanity, U.S. Department of Veterans Affairs Regional Loan Centers, and the USDA Rural Development Office.⁷¹⁵

The Agency and the ILSFA Program Administrator ~~will reach out to~~ are coordinating with these entities ~~and to be aware of funding availability for Approved Vendors and participants~~, explore the potential for coordination between solar installations and home repair programs, and seek to integrate those opportunities into the Home Repairs Pilot and ILSFA program more broadly.

8.9. Additional Requirements for Illinois Solar for All Approved Vendors

Because the Illinois Solar for All Program (other than the Low-income Community Solar Pilot Projects) works similarly to ~~the Adjustable Block Program~~ Illinois Shines, direct participants must first be approved as ~~Adjustable Block Program~~ Illinois Shines Approved Vendors through the process outlined in Section 7.7.21. Approved Vendors who seek to submit projects into Illinois Solar for All will additionally have to register with the Illinois Solar for All Program and agree to additional terms and conditions to become an Illinois Solar for All Approved Vendor.⁷¹⁶ An Approved Vendor that does not achieve this status will not be eligible to submit projects. A list of Illinois Solar for All Approved Vendors is available on both the ~~Adjustable Block Program~~ Illinois Shines website and Illinois Solar for All website.

The additional requirements for registering to be an Illinois Solar for All Approved Vendor include:

- Description of plans for community involvement in projects (where applicable)
- Plan for inclusion of job training opportunities
 - A commitment to hire job trainees for a portion of the projects as described in Section 8.9.1
- Coordination with the Program Administrator on income verification

⁷¹⁵ US Department of Housing and Urban Development, Home Repairs- Illinois <https://www.hud.gov/states/illinois/homeownership#f>, accessed March 2022.

⁷¹⁶ ~~This includes the option to be an Illinois Solar for All Single Project Approved Vendor similar to the Adjustable Block Program Single Project Approved Vendor option. The minimum project size would be 50 kW.~~

- Agreement to allow the Program Administrator and Agency to review and approve marketing materials geared towards the Illinois Solar for All Program
- Agreement to ensure additional consumer protections as described in Section ~~8.11~~ 8.11
 - Demonstration for ~~low-income distributed generation~~ Residential Solar (Small and Large) and community solar projects that participants do not have any up-front payments.

The Agency recognizes the importance of equity and minority-/women-owned business enterprise (“MWBE”) participation in the Illinois Solar for All Approved Vendor cohort and will continue to work with the Program Administrator to expand MWBE Approved Vendor participation, including direct outreach to potential MWBE Approved Vendors, as well as partnering with and outreach to equity-focused industry groups. As of July 2023, 11 MWBEs are registered as Approved Vendors in ILSFA, including Single-Project Approved Vendors and account for 13.58% of all Approved Vendors.

Section 1-56(b)(2) of the IPA Act provides that “[p]riority shall be given to projects that demonstrate meaningful involvement of low-income community members in designing the initial proposals” and that “[a]cceptable proposals to implement projects must demonstrate the applicant’s ability to conduct initial community outreach, education, and recruitment of low-income participants in the community.”⁷¹⁷ For community solar projects, applicants must identify partnerships with community stakeholders. It is less clear how those provisions would apply directly to projects that participate in either the Low-Income Distributed Generation Incentive sub-program or the ~~Incentives for Non-~~ profits Profit and Public Facilities sub-program.

To satisfy these provisions, the registration process for the Illinois Solar for All Program will require Illinois Solar for All Approved Vendors to demonstrate their capacities in this area. An Illinois Solar for All Approved Vendor will do so by satisfying all of the following requirements:

- Providing narrative summary of efforts taken prior to the application to conduct community outreach, education, and recruitment;
- Listing community-based organizations the applicant has partnered with, including letters from those organizations to verify the partnerships;
- Describing in detail ongoing plans for community outreach, education, and recruitment
- Describing staffing for dedicated outreach, education, and recruitment;
- Describing plans for ensuring that tangible economic benefits flow to program participants; and
- Participating in training offered by the Program Administrator on guidelines for marketing, contracting, and standard disclosures for program participants.

Failure to maintain a demonstrated commitment to these requirements may result in an Illinois Solar for All Approved Vendor being removed from participating in the Illinois Solar for All Program.

8.9.1 Job Training Requirements

As described in Section 8.8.1, Section 1-56(b)(2) of the IPA Act contains two provisions that are designed to ensure that the job trainees supported by the job training programs participate in the

⁷¹⁷ 20 ILCS 3855/1-56(b)(2).

installation of photovoltaic projects supported by the program. Section 8.8.1 addresses the first provision's instruction to coordinate with job training programs, while this section addresses the second provision specifying that "[c]ompanies participating in this program that install solar panels shall commit to hiring job trainees for a portion of their low-income installations."⁷¹⁸

The IPA Act does not specify what is meant by "a portion" and also does not define who would qualify as a "job trainee."⁷¹⁹ The Agency allows ~~for stakeholders to request that the Program Administrator consider~~ other solar training programs in Illinois ~~to be proposed to the Program Administrator for consideration~~ as an Other Qualifying Program, as described in 8.8.1. ~~For the purposes of defining, that would qualify an individual as a "job trainees, the trainee."~~ The Agency will consider graduates of ~~both~~ the training programs created by Section 16-108.12 of the Public Utilities Act ~~as well as and of~~ designated Other Qualifying Programs ~~to be considered equivalently as~~ "job trainees" ~~for the purposes of Illinois Solar for All job trainee employment requirements, and.~~ The Agency will ~~be given equal consideration.~~ consider requests for waivers that extend the duration of eligibility for an Eligible Job Trainee up to an additional 12 months.

To ensure that "a portion" of projects use job trainees, Illinois Solar for All Approved Vendors who participate ~~will have to must~~ demonstrate that at least 33% of projects (on a rolling average basis) include the use of one or more job trainees from the solar training pipeline program, the craft apprenticeship program, the multi-cultural jobs program, or training program designated by the Program Administrator as an Other Qualifying Program.⁷¹⁹ Furthermore, each Illinois Solar for All Approved Vendor ~~will have to must~~ demonstrate that for its first year of participation, 10% of the hours worked on all projects will be by job trainees, and that amount would increase to 20% in their second year of participation, and 33% in the third year. The timeline for these increasing annual percentage requirements will start with the beginning of construction of the Approved Vendor's first project contracted under the Program.

Illinois Solar for All Approved Vendors are required to document the use of job trainees by providing a summary of job trainee work to the Program Administrator; the Program Administrator will track and report progress on job placements. Illinois Solar for All Approved Vendors may also request to use job trainees from other job training programs so long as the Approved Vendor can demonstrate that completion of the job training program would lead to the trainee becoming a "Qualified Person" under the Part 468 Rule related to the certification of installers of photovoltaic systems (see Section 2.65.2.4 for additional discussion of these requirements). The Agency will consider requests for waivers of this requirement on a case-by-case basis if an Illinois Solar for All Approved Vendor can demonstrate that, despite diligent efforts at recruitment, job trainees are not available in the area where projects are being installed and this would prevent the project from being completed.

Illinois Solar for All requires that Approved Vendors utilize Eligible Job Trainees from qualified job training programs. Eligible Job Trainees can come from one of two types of Qualified Job Training Programs: Public Act 102-0662 and Public Act 99-0906 Workforce Development Programs, or Other Qualifying Programs ILSFA Approved Vendors may also hire eligible trainees from an Other Qualifying Program ("OQP"), so long as they can demonstrate that completion of the job training program would lead to the eligible trainee becoming a Qualified Person under the 83 Ill. Adm. Code 468.20. Eligible Job Trainees are currently considered Eligible Job Trainees by completing CEJA or

⁷¹⁸ 20 ILCS 3855/1-56(b)(2)(A), (B), (C) and (E).

⁷¹⁹ Prior to the enactment of Public Act 102-0662, this requirement only applied to the Low-income Distributed Generation subprogram.

FEJA job training programs within the past 36 months or completing 50 percent of classroom requirements of an OQP in the past 24 months.

The Agency received a number of comments from stakeholders in response to feedback questions about the range of minimum training for a trainee to have sufficient classroom and hands-on training to be prepared for the kinds of tasks often assigned to trainees on ILSFA projects. The Agency and Program Administrator will explore the various curriculums and NABCEP credential options and provide further refinement of Other Qualifying Program criteria in Section 15.2 of the ILSFA Approved Vendor Manual.⁷²⁰ Specific OQP criteria and accepted curricula will be proposed with the update of the Approved Vendor Manual for the 2024-2025 Program Year.

8.9.2 Prevailing Wage Requirements

Prevailing wage is a minimum compensation level by county set by the Illinois Department of Labor for construction activities related to public works. Pursuant to new subsection (b-15) of Section 1-56 of the IPA Act, as amended by Public Act 103-0188, all non-exempt projects applying to ILSFA on or after June 30, 2023 (the effective date of P.A. 103-0188) must be built by workers “receiving an amount for that work that is greater than or equal to the general prevailing rate of wages” for the relevant class of labor.⁷²¹ Additionally, projects receiving incentives ILSFA are “public works” subject to the Prevailing Wage Act⁷²²—which requires compliance with additional provisions under the Prevailing Wage Act, including notice requirements.

The Illinois Department of Labor (“IDOL”) oversees the implementation and enforcement of the Prevailing Wage Act and has multiple resources, such as FAQs, available on its website.⁷²³ The Prevailing Wage Act requires that employees, including job trainees, engaged in construction activities related to the project be paid a rate at least equal to the prevailing wage of that location for the applicable class of work, as determined by the IDOL annually and updated regularly on its website. The Approved Vendor, its contractors, and its subcontractors must provide written notice to all contractors and subcontractors that the Prevailing Wage Act applies to the project, including notice and record keeping requirements; penalties and fines for violations may be imposed on upstream contractors if they did not provide proper notice to subcontractors. Employees engaged in construction activities must be given written notice of the applicable prevailing wage rates through posting those rates on the work site, at a central office, or through direct written communication. Each contractor and subcontractor under contract for construction activities for the project must submit a Certified Transcript of Payroll (“CTP”)⁷²⁴ using the IDOL Certified Transcript of Payroll Portal on a monthly basis throughout construction activities. Templates for the CTP and additional details on what to include may be found on the DOL website.

⁷²⁰ See: <https://www.illinoisfsa.com/app/uploads/2023/07/Approved-Vendor-Manual-v-6.1-Prevailing-Wage-IPA-Approved-Final.pdf>

⁷²¹ 20 ILCS 3855/1-56(b-15).

⁷²² 820 ILCS 130/2.

⁷²³ See Illinois Department of Labor, Prevailing Wage Act FAQ, <https://labor.illinois.gov/faqs/prevailing-wage-faq.html>.

⁷²⁴ See <https://labor.illinois.gov/laws-rules/conmed/certifiedtranscriptofpayroll.html>.

The following types of projects are not subject to prevailing wage requirements:

- Distributed generation projects that either:
 - Serve single-family or multi-family residential buildings, or
 - Serve a house of worship and are less than 100 kW AC (aggregated with any co-located; and
- Projects that were submitted prior to June 30, 2023.

8.10. Application Process

~~8.10.1.1.~~ 8.10.1 Application Process

Project Submissions and Batches

Except for Low-Income Community Solar Pilot Projects, the process for a project to be submitted to the Illinois Solar for All Program generally mirrors that for ~~the Adjustable Block Program~~ Illinois Shines described in Section 7.10. Projects are submitted by Illinois Solar for All Approved Vendors through a similar process as ~~the Adjustable Block Program~~ Illinois Shines, but to expedite processing of ILSFA projects there is no minimum batch size.⁷²⁵ There is no application fee for Illinois Solar for All projects.

Applications will be submitted through the Illinois Solar for All project application portal and will provide the supplemental information required for Illinois Solar for All beyond that required for an ~~Adjustable Block Program~~ Illinois Shines project.⁷²⁶ If the supplemental information does not demonstrate that the project qualifies for participation in the Illinois Solar for All Program, the project may still be eligible to participate in ~~the Adjustable Block Program~~ Illinois Shines through a separate application (including the payment of an application fee), although any such application would be subject to the availability of block capacity in ~~the Adjustable Block Program~~ Illinois Shines. A project may not apply to the Illinois Solar for All Program if it is included in a batch of ~~Adjustable Block Program~~ Illinois Shines projects that have been submitted to the Commission for approval (or subsequently approved). If a project applies to both programs, the Illinois Solar for All application will have to be withdrawn at the time ~~the Adjustable Block Program~~ Illinois Shines sends its approval recommendation to the Commission (and vice versa). Additionally, a project may not apply to two sub-programs of Illinois Solar for All within the same program year.

Like for ~~the Adjustable Block Program~~ Illinois Shines, Illinois Solar for All projects will be bundled into one contract or confirmation for each approved batch. The Agency will request Commission approval for contracts that include additional Illinois Solar for All provisions. ~~Under this Plan, those~~ Those contracts will be executed first with the utilities using the allocation from their Renewable Resources Budgets, and then by the Agency using funds from the Renewable Energy Resources Fund. The Agency is proposing a limited allowance for the assignment of single projects

⁷²⁵ In prior Plans the Agency had required a 50 kW minimum batch size but is removing that requirement from the 2022 Long-Term Plan to help encourage participation by small and emerging businesses.

⁷²⁶ A number of program participants have reported difficulty using the ILSFA portal. The Program Administrators of the two programs ~~will work~~ are working together to make their portals and processes as simple and uniform as possible. User experience improvements continue to be made to the ILSFA Approved Vendor.

in the case where this assignment serves a consumer protection end. Please refer to Chapter 9.4.2.1 of this draft 2024 Long-Term Plan for more details on this proposal. For contracts allocated to a utility, the Program Administrator will strive to allocate contracts to each utility for projects in their service territory, ~~and but~~ in a manner that will obligate funds at a level consistent with each utility's share of funds committed to Illinois Solar for All.

Like the ~~Adjustable Block Program~~ Illinois Shines contract process described in Section ~~67.10.65~~, an Approved Vendor's failure to timely execute a product order will potentially subject that Approved Vendor to discipline, and the constituent projects will be considered removed from the Illinois Solar for All Program. Additionally, as discussed in Section ~~7.11-17.11.1~~ for ~~the ABP~~ Illinois Shines, when an Approved Vendor's collateral is forfeited under its ILSFA REC ~~contract~~ Contract (if the contract is with a utility), that collateral amount will be restored to the utility's Renewable Resources Budget, and if the contract is with the Agency, that collateral amount would be deposited into the Renewable Energy Resources Fund.

The process for posting collateral will mirror that for ~~the Adjustable Block Program~~ Illinois Shines described in Sections 7.12.2. For ~~a Low-Income~~ an ILSFA Community Solar project that is not yet energized at the time of Commission approval, the ~~contract~~ REC Contract value (for purposes of calculating the required collateral posting) ~~will~~ shall be based on an assumption that 100% of the project is subscribed by low-income residential households qualifying as "small subscribers."

8.10.2 Project Selection for Sub-programs with High Demand

Projects for each sub-program must initially be submitted within pre-determined project submission windows for each program year. In the case that a sub-program has a large number of applications such that the funding required for all eligible applications received within the submission window exceeds that sub-program's total budget (including RERF funds and utility funds)⁷²⁷ for that program year, the Agency will establish a protocol that provides a basis for scoring each individual project based on attributes that align with the goals of this ~~2022 Draft 2024~~ Plan and creates a ranking of projects based on these scores.⁷²⁸ The highest scoring projects will be selected for funding first, where possible, ensuring funds prioritize projects that directly meet Plan objectives. One objective of this selection protocol will be to minimize the use of random tie-breaking as a means of selection.

Attributes that will receive higher scores include:

- Location with an Environmental Justice Community;
- Location within ~~a low-an~~ income-eligible community (as defined above in Section ~~0~~ 8.5.6.1);
- Projects developed by Illinois Solar for All Approved Vendors that are women- or minority-owned businesses,⁷²⁹ or small and emerging businesses;

⁷²⁷ Note that sub-program budgets are adjusted to account for any funds not committed in the previous program year and rolled over, administrative expenses, and grassroots education costs. Furthermore, the Agency may adjust allocations of utility-supplied funding if needed.

⁷²⁸ This approach has been utilized for the 2018-2019 and 2019-2020 program years. ~~See: <https://www.illinoisfsa.com/app/uploads/2019/05/ILSFA-Project-Selection-Protocol.pdf>. The Agency expects that an update to, and most recently for the protocol will include additional granularity in scoring to minimize the likelihood of tied scores that would require random selection of projects.~~ Project Selection Protocol for the 2022-2023 program year.

⁷²⁹ During the proceeding to approve this Revised Plan, the Agency recommended a workshop or public comment process to explore expanding this criterion beyond Approved Vendors to include contractors and subcontractors. The Commission agreed that such a process is appropriate. See Docket No. 19-0995, Final Order dated February 18, 2020 at 105.

- Preferences for types of subscribers in ~~Low-Income~~ ILSFA Community Solar projects, as outlined in Section 8.5.5;
- Preferences for projects that result in ownership by eligible customers or subscribers, as described in the discussion of Energy Sovereignty in Sections ~~8.2.4 and 8.5.1;~~ ~~8.2.4 and 8.5.1;~~ or
- Other attributes that align with Plan priorities.

In addition, scoring will be weighted in such a way that helps to ensure a diversity of project development compared with all projects submitted for a given sub-program. For example, additional weighting might be given for:

- Geographic location,
- Project size, or
- Other such attributes that reflect a diversity of projects.

The project selection protocol should be executed in a way that ensures that 25% of funds go to projects located in Environmental Justice communities or to projects that encourage Energy Sovereignty whenever possible. As discussed in Section ~~8.12.4~~ ~~8.12.4~~ below, the 25% allocation for projects located in Environmental Justice communities will be held and for projects that encourage Energy Sovereignty within each sub-program will be held open until the end of each program year.

After each program year's initial project submission window, if funds for a given sub-program remain available, project applications will be accepted and reviewed on a first-come, first-served basis for the remainder of the program year. If annually allocated utility or RERF funds in a sub-program remain at the end of the program year, the unused funds will be rolled over to the next program year for that sub-program. Additionally, if funds become available due to the withdrawal of any projects during a program year and after project selection, those funds may be made available to the next eligible project on the waitlist for that program year. The waitlist from each program year will not carry over to the following program year.

~~If Previous Plans proposed that if~~ the Part II project approval (e.g., energization verification) results in the final REC ~~contracts~~ Contracts value being revised downward, the funds made available from that revision would be made available within the applicable sub-programs for consideration by any projects remaining in the waitlist queue for the current program year. The next eligible project on the general waitlist for that sub-program would be awarded those funds or given an option to resize the project in proportion to the newly available funds in a similar fashion to the last projects selected during the project selection process. In practice, the amounts made available from reduced final REC Contract values at Part II are minimal relative to project sizes and are rarely happening at the same time to provide a meaningful funding opportunity for waitlisted projects. This draft 2024 Plan proposes that funds made available from reductions in final REC Contract values be rolled over to the same sub-program budget in the following program year along with any other unallocated funding.

~~Feedback~~ Following feedback received during the Agency's July 2021 stakeholder workshop and comment process ~~expressed~~ expressing preference from stakeholders for additional lead time with visibility into the ILSFA Project Selection Protocols. Following the passage of Public Act 102-0662, further feedback was sought for guidance on updating Project Selection Protocols given updates to the legislation. ~~The Agency understands the importance of consistency of selection protocols for the development cycle and will update project selection protocols for program year 2022-2023 based on~~

~~updates~~In response to the IPA Act as outlined in this 2022 Plan. The stakeholder concerns, the Project Selection Protocol developed for the 2022-2023 program year ~~will be~~was maintained without changes for the 2023-2024 program year to promote stability and certainty for Illinois Solar for All Approved Vendors, with the exception of adding in the new criterion related to Energy Sovereignty. Any changes to the protocol for the 2024-2025 program year will be finalized at least six months before the start of the program year.

8.10.3 Customer Eligibility

Customer eligibility for the Illinois Solar for All Program is partly defined in the Act. Further refinements are proposed in this section.

8.10.3.1 Income Guidelines

Section 1-56(b) of the IPA Act states that, as used in that section (and thus for the Illinois Solar for All Program), “low-income households’ means persons and families whose income does not exceed 80% of area median income, adjusted for family size and revised every 5 years.”⁷³⁰

The Agency proposes to use income eligibility guidelines from HUD. HUD bases its housing assistance programs, such as the Section 8 Housing Choice Voucher program, on 80% of area median income, adjusted for family size.⁷³¹

Because the IPA Act does not define “area,” the Agency is proposing to use HUD’s definition of an area as a Metropolitan Statistical Area (MSA), a Fair Market Rate (FMR) Area, or a county not in an MSA or FMR. There are 20 MSAs and FMRs, and 62 other counties in Illinois.

Eligibility levels for Illinois Solar for All, based on HUD guidelines for every area and adjusted for family size, are presented in Appendix F. HUD updated their income guidelines in June 2022, and Illinois Solar for All income guidelines have been updated with the 2022 HUD State Income Limits with the 2022 Plan and are due to update in 2027.

~~For Fiscal Year 2017, the~~The HUD eligibility income limits for Illinois FY 2022 as a whole are shown in the table below. For example, a family of four would be considered “low-income” if their household income were less than ~~\$59,300~~\$76,100. (Actual eligibility depends on income for an area, rather than for the state as a whole.) HUD has other programs that use “very low” and “extremely low” income measures, at 50% and 30% of AMI that are provided here for reference.⁷³²

Table 8-7: HUD Income Limits

HUD State Income Limits: Illinois FY 2022								
Median family income (MFI) = \$97,600								
Persons in household	1	2	3	4	5	6	7	8

⁷³⁰ 20 ILCS 3855/1-56(b).

⁷³¹ HUD, ~~FY 2017~~ Income Limits Documentation System at <https://www.huduser.gov/portal/datasets/il.html>.

⁷³² See <https://www.huduser.gov/portal/datasets/il/il22/State-Incomelimits-Report-FY22.pdf>. For metropolitan area and county level income limits, see: https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_IncomeLmts_State_IL_2022.pdf.

30% of median ("extremely low income")	\$19,950	\$22,850	\$25,700	\$28,550	\$30,800	\$33,100	\$35,400	\$37,650
50% of median ("very low income")	\$33,330	\$38,050	\$42,800	\$47,550	\$51,350	\$55,150	\$58,950	\$62,750
80% of median ("low income")	\$53,250	\$60,850	\$68,500	\$76,100	\$82,150	\$88,250	\$94,350	\$100,450

HUD State Income Limits: Illinois FY 2022 Median family income (MFI) = \$97,600								
Persons in household:	1	2	3	4	5	6	7	8
30% of median ("extremely low income")	\$19,950	\$22,850	\$25,700	\$28,550	\$30,800	\$33,100	\$35,400	\$37,650
50% of median ("very low income")	\$33,330	\$38,050	\$42,800	\$47,550	\$51,350	\$55,150	\$58,950	\$62,750
80% of median ("low income")	\$53,250	\$60,850	\$68,500	\$76,100	\$82,150	\$88,250	\$94,350	\$100,450

It should be noted that other ~~low~~-income-eligible energy programs, such as IHWAP and LIHEAP have eligibility guidelines that are updated each program year, based on the federal poverty level (not area income), with statewide values. Eligibility guidelines are set for households with income below 200% of the previous year's federal poverty level, depending on the program. Illinois eligibility guidelines are set by the Department of Commerce and Economic Opportunity and are shown in Table 8-8.⁷³³

Table 8-8: Eligibility Guidelines for LIHEAP and IHWAP in Illinois

2023 Program Year Illinois LIHEAP and IHWAP eligibility		
Household Size	30-Day Income	Annual income (200% of FPL)
1	\$2,265	\$27,180
2	\$3,052	\$36,620
3	\$3,838	\$46,060
4	\$4,625	\$55,500
5	\$5,412	\$64,940
6	\$6,198	\$74,380
7	\$6,985	\$83,820
8	\$7,324	\$93,260

⁷³³ Illinois Department of Commerce and Economic Opportunity, "Community Assistance, Energy Efficiency and Infrastructure," <https://www2.illinois.gov/dceo/CommunityServices/Pages/default.aspx> ~~https://dceo.illinois.gov/communityservices.html~~

2024 Program Year Illinois LIHEAP and IHWAP eligibility		
Household Size	30 Day Income	Annual income (200% of FPL)
1	\$2,430	\$29,160
2	\$3,287	\$39,440
3	\$4,143	\$49,720
4	\$5,000	\$60,000
5	\$5,857	\$70,280
6	\$6,713	\$80,560
7	\$7,570	\$90,840
8	\$7,775	\$93,298

Although many households who qualify for LIHEAP and IHWAP will meet the 80% AMI eligibility guidelines of Illinois Solar for All, there are certain household sizes in particular counties where 200% of FPL exceeds the local 80% AMI. The Program Administrator will still accept proof of LIHEAP or IHWAP approval as documentation of income eligibility, but with additional verification with ~~DCEO~~DCEO's Office of Community Assistance to confirm household income eligibility to reduce inconvenience to the customer or the Approved Vendor. The tables in Appendix F compare HUD eligibility levels to 2023-2024 LIHEAP and IHWAP income eligibility levels.

Another approach would be to identify ~~low-income-eligible~~ customers by geographic area rather than by individual household income. ~~The Agency previously used HUD's "Qualified Census Tracts" are used to define eligibility for the Low Income Housing Tax Credit (LIHTC).⁷³⁴ Qualified Census Tracts must ("QCTs"), which have at least 50 percent of households with incomes below 60 percent of the Area Median Gross Income (AMGI) or have a poverty rate of 25 percent or more. HUD has identified and mapped Qualified Census Tracts ("QCT") nationwide. Overall, there are 657 QCTs in metropolitan areas in Illinois and 49 in non-metropolitan areas (out of 3,123 total census tracts in Illinois). Cook County has the largest portion with 441. Springfield, which has 15 QCTs, is shown in Figure 8-2 as an example.~~

~~The Agency previously used QCTs (along with subscriber affidavits) as a streamlined method for determining eligibility for low-income-eligible community solar subscribers. In its Final Order approving this the 2022 Long-Term Plan,⁷³⁵ the Commission directed the Agency to broadenexpand this geographic eligibility method for low-income-eligible community solar to include census tracts where 50% of the households earn no more than 80% of AMI, to align with the Illinois Solar for All standard. The sections below on income verification reflect that change.~~

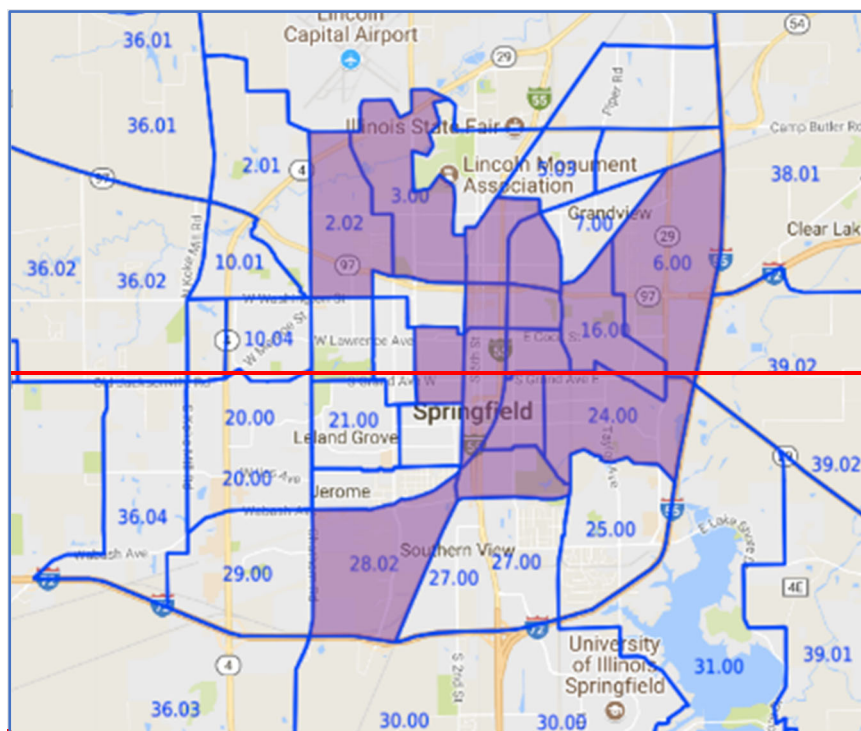
The Income-Eligibility map on the Illinois Solar for All website was updated based on updated 2020 US Census data and released on June 1, 2023. As an example, Figure 8.3 below shows the determined

⁷³⁴ HUD, "Qualified Census Tracts and Difficult Development Areas," <https://www.huduser.gov/portal/datasets/qct.html>.

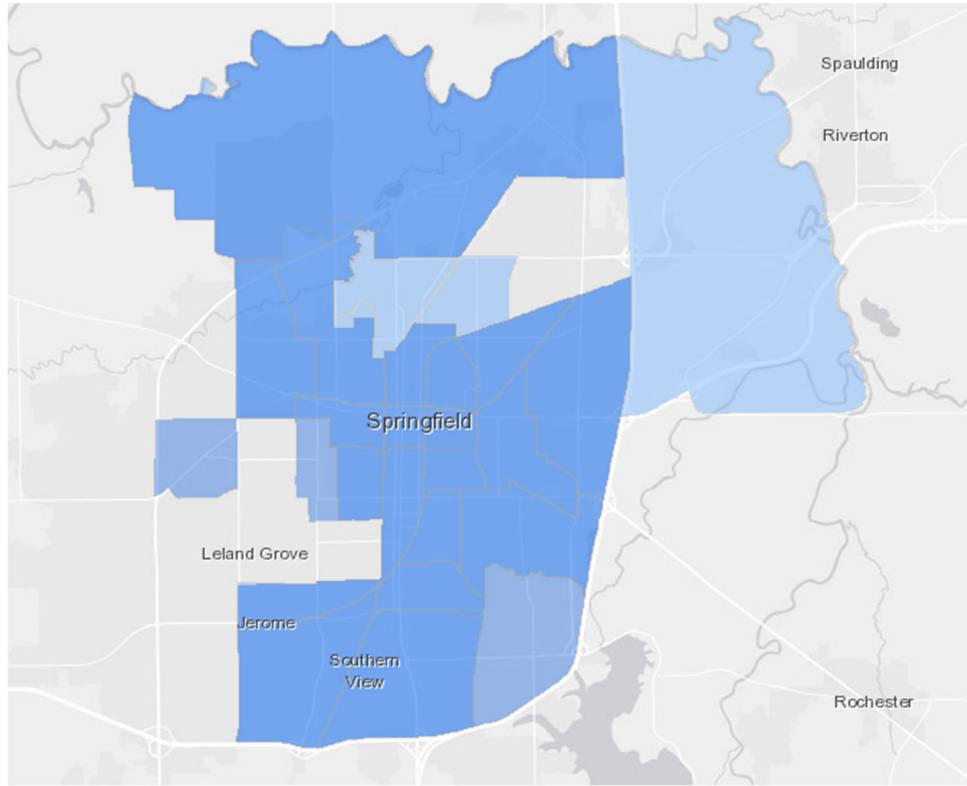
⁷³⁵ See Final Order, ICC, Docket No. 22-0231, ~~Final Order dated July at 125 (Jul. 14, 2022, at 125.)~~

environmental justice communities in Springfield from both the previous and updated environmental justice maps, which are both recognized for the 2023-2024 Program Year.

Figure 8-3: Springfield ~~Qualified Census Tracts~~Income-Eligible Communities



Source: HUD, <https://www.huduser.gov/portal/sadda/sadda-qct.html>



Source: ILSFA website, Income-Eligibility map.⁷³⁶

8.10.3.2 Determining Income Eligibility

The Agency ~~proposes~~accepts several ~~approaches to~~options for determining income eligibility for the Illinois Solar for All Program.

For projects that participate in the ~~Low-income Distributed Generation Incentive Program~~Residential Solar (Small and Large) sub-~~program~~programs, verification of income should be done at the household resident level. This can be done in several ways.⁷³⁷

For buildings with between one and four units, household income can be verified by one of the following means:

- Review of the most recent federal income tax returns
- Income verification through a third-party income verification system
 - Verification of participation in another ~~low-income-eligible~~ energy program (such as LIHEAP or state-funded IHWAP), in HUD's housing assistance programs where the income eligibility standard is 80% of AMI or lower for that participant, or in other benefits programs where the income eligibility limit is 80% of AMI.

⁷³⁶ <https://elevate.maps.arcgis.com/apps/webappviewer/index.html?id=924cfbc202f24e22a88f07f21423fad0>

⁷³⁷ In response to arguments raised in approving the First Revised Plan, the Commission determined that the Agency and the Program Administrator shall explore implementing a process to connect interested income-qualified customers with Illinois Solar for All Approved Vendors, and that the Agency must implement any such process in a competitively neutral fashion. (Docket No. 19-0995, Final Order dated February 18, 2020 at 108.)

Additionally, while the Agency generally expects ~~the~~ an Illinois Solar for All Approved Vendor to verify a potential ~~low-income-eligible~~ community solar subscriber's income through one of the methods described above, the Agency recognizes that some potential subscribers would prefer to have their income verified independently of their community solar subscription. In such cases, the potential subscriber may request income verification directly through the Program Administrator and, if approved, that verification would remain valid for 12 months. The Program Administrator would provide the potential subscriber with a verification letter that could be provided to the Approved Vendor.⁷³⁸

The Agency has previously received comments suggesting streamlining of the income verification process, particularly for potential participants that demonstrate household-level third-party qualification such as LIHEAP or IHWAP. Establishing income eligibility is a fundamental part of Illinois Solar for All. ~~The, and the Agency does acknowledge that improving processes and overall participant experience will be beneficial, and will continue to~~ work with the Program Administrator and stakeholders to identify ways to simplify the income verification process. However, the present approach offers a variety of options for verifying a household's income to provide flexibility and accommodate customers' various income documentation availability while maintaining Program integrity and performing due diligence of participant eligibility.

For two- to four-unit buildings, at least two of the households in the building must qualify. For a multi-family building (five or more units), either at least 50% of the households must qualify, or the building owner may demonstrate that the building meets the definition of "affordable housing" contained in the Illinois Affordable Housing Act, namely:

*"Affordable housing" means residential housing that, so long as the same is occupied by low-income households or very low-income households, requires payment of monthly housing costs, including utilities other than telephone, of no more than 30% of the maximum allowable income as stated for such households as defined in this Section.*⁷³⁹

In addition, participation in energy efficiency programs that also have an income eligibility requirement that is equal to or less than 80% of AMI may also be considered a means of qualifying a multi-family building.

For residential buildings of two or more units, the building owner will be required to agree to maintain at least half the units as affordable housing for a period of ten years.

For ~~low-income-eligible~~ community solar projects, the Agency recognizes that transaction costs of proving income eligibility compared to the value of the incentive may be higher than for an installation of a project on-site, and therefore proposes a streamlined income verification approach:

- A subscriber can be verified as ~~low-income-eligible~~ via the same provisions used for the Low-Income Distributed Generation Incentive sub-program.

⁷³⁸ See Docket No. 19-0995, Final Order dated February 18, 2020 at 108.

⁷³⁹ See 310 ILCS 65/3(e). Note that the definition of low-income household contained in that Act mirrors the definition used for Illinois Solar for All, and that very low-income households have an income standard that is even lower.

- A subscriber can be verified as ~~low-income-eligible~~ if that subscriber resides in a census tract where at least 50% of residents earn no more than 80% of the AMI and provides a signed affidavit that they meet the income qualification level.⁷⁴⁰
- For master-metered five-unit and larger residential buildings, either at least 50% of the tenants must be verified as ~~low-income-eligible~~, or the building must be demonstrated to meet the definition of “affordable housing” contained in the Illinois Affordable Housing Act.³⁷ In addition to projects being eligible based on household income, subscriptions for homes or buildings that qualify for US Department of Housing and Urban Development (“HUD”) Project-Based Vouchers or Project-Based Rental Assistance (which are programs for housing units dedicated to ~~low-income-eligible~~ tenants) also qualify. The income qualification levels required for participation in these programs is lower than income requirements for the Illinois Solar for All Program.

It is the responsibility of the Illinois Solar for All Approved Vendor to track subscribers and document income eligibility for community solar projects.⁷⁴¹ Approved Vendors will be required to report to the Agency on subscription rates once a year. Illinois Solar for All Approved Vendors will not be required to verify that existing subscribers continue to meet the ~~low-income-eligible~~ requirements, but new subscribers over time will be required to meet those requirements.

8.11. Consumer Protections

~~The 2022 Plan features a strong set of~~While the robust consumer protections ~~as part of both the Adjustable Block Program and Illinois Solar for All for distributed generation and community solar. The protections~~ detailed in Chapter 9 apply to both the Illinois Solar for All Program and ~~the Adjustable Block Program. But~~Illinois Shines, several factors ~~lead the Agency to~~ require additional consumer protections ~~that are~~ unique to the Illinois Solar for All Program. ~~Thus, to be an~~ Illinois Solar for All Approved ~~Vendor for the program, Approved~~ Vendors must agree to the following additional provisions for ~~low-income-eligible~~ customers.

- In order to “ensure tangible economic benefits flow directly to program participants,” Illinois Solar for All Approved Vendors must also verify that there are no up-front payments for residential distributed generation program participants and no up-front subscription fees for community solar projects (with the exception of nominal fees to purchase shares in community solar projects organized as cooperative). Illinois Solar for All Approved Vendors must also provide documentation to both the program participant(s), and to the Program Administrator explaining how the project or community solar subscription will result in a cash-flow positive experience for the participant(s) (including an estimate of the monthly savings) and specifically, ensuring that the savings accruing to each participant, net of any

⁷⁴⁰ ~~This eligibility path changed from the Filed Plan. In its Final Order, the Commission required that the Agency immediately expand the acceptance of signed affidavits for community solar customers to applicants living in census tracts where 50% of residents make no more than 80% of the area median income. Previously, this option had only been open to those living in HUD Qualified Census Tracts, in which at least 50% of residents earn less than 60% of AMI. The 2022 Long-Term Plan expanded this verification option to those living in a census tract where at least 50% of residents earn less than 80% of AMI, per the ICC Final Order approving that Plan. See Docket No. 22-0231, Final Order dated July 14, 2022 at 122.~~

⁷⁴¹ ~~While generally the Agency would expect the Illinois Solar for All Approved Vendor to verify a potential low-income community solar subscriber’s income through one of the methods described in this Plan, the Agency recognizes that some potential subscribers would prefer to have their income verified independently of their community solar subscription. In such cases, a potential subscriber may request income verification directly through the Program Administrator, and if approved, that verification would remain valid for six months. The Program Administrator would provide the potential subscriber with a verification letter that could be provided to the Approved Vendor.~~

ongoing participation fees, are at least 50% of the value produced by the solar system through avoided usage or net metering credits.⁷⁴²

- For distributed generation projects, a site suitability report is required to ensure that projects are being installed on properties that will not need substantial structural, roofing or electrical repairs. If repairs are needed, the Illinois Solar for All Approved Vendor must identify the plan for the repairs and how they will be paid for, ensuring that such costs do not place an unsustainable financial burden on the participant. While the site suitability report does not need to be completed prior to the program participant entering into a contract with the Illinois Solar for All Approved Vendor (or their sub-contracted installer), if the site suitability report indicates that the project is not viable, the contract must contain a no-cost cancellation provision.
- Illinois Solar for All Approved Vendors (or their Designees) are required to provide standard disclosures of all costs to program participants. ~~Under the Initial and First Revised Plans, the Agency required that disclosure forms for Low Income Distributed Generation projects be presented to customers at least seven calendar days prior to execution of the installation contract, and that customers also had the right to cancel their installation contract within seven calendar days following execution of that contract. For this 2022 Plan, the Agency is eliminating the requirement to present and sign the disclosure seven calendar days prior to contract execution; instead, program~~ participants may be presented with the disclosure form and installation contract contemporaneously, and ~~that~~ following the explanation of standard disclosures to the customer, those documents may also be executed contemporaneously. To provide an additional consumer protection safeguard, ~~this 2022 Plan, as approved by the Commission in its Final Order, extends~~ the customer's right to cancellation ~~from 7 calendar days to~~ 14 calendar days. For contracts related to subscriptions to Low-Income Community Solar Project Initiative projects or Low-Income Community Solar Pilot Procurement projects, customers shall have the right to cancel the subscription agreement within three calendar days after its initial consummation, and to cancel subscriptions at any time with a 30-day notice.
- Financing amounts, terms, and conditions must be based on an assessment of the program participant's ability to repay the debt, as defined by Regulation Z, which is a federal rule that implements aspects of the Truth in Lending Act and the Dodd-Frank Act.⁷⁴³
- For ~~low-income-eligible~~ customers, loans should not be secured by the program participant's home or home equity. While such unsecured loans may entail a higher interest rate, especially for customers with low credit scores or little credit history, they avoid the risk of liens and foreclosures for customers who default on their loans.⁷⁴⁴

⁷⁴² See [Final Order, ICC, Docket No. 17-0838, Final Order dated April 3, 201822-0231](#) at 151; ~~(Jul. 14, 2022)~~.

⁷⁴³ See Consumer Financial Protection Bureau, April 10, 2013. *Ability-to-Repay and Qualified Mortgage Rule, Small Entity Compliance Guide*, http://files.consumerfinance.gov/f/201304_cfpb_compliance-guide_atr-qm-rule.pdf. Under the regulation (12 C.F.R. § 1026.43, issued under authority of 15 U.S.C. § 1639c), creditors generally must consider eight underwriting factors: (1) current or reasonably expected income or assets; (2) current employment status; (3) the monthly payment on the covered transaction; (4) the monthly payment on any simultaneous loan; (5) the monthly payment for mortgage-related obligations; (6) current debt obligations, alimony, and child support; (7) the monthly debt-to-income ratio or residual income; and (8) credit history.

⁷⁴⁴ For example, the Illinois Energy Efficiency Loan Program offers unsecured loans at moderate interest rates through on-bill financing, but this is only available for certain energy efficiency measures. See: <http://programs.dsireusa.org/system/program/detail/5152>.

- Contracts for financial products must offer terms that include forbearance. If a program participant can show good cause in a request for forbearance, financiers must offer a) suspension of total payments for up to three months, b) a suspension of interest payments for up to six months, or c) a reduction in interest rates for up to twelve months. Missed revenues may be recovered later in the stage of the contract, but no interest may be applied.
- Contracts may not include prepayment penalties.
- ~~For this 2022 Long-Term Plan, the Agency clarifies that lease~~Lease or PPA agreements that allow for ownership of the system to be fully transferred to the participant prior to the 15-year term of the REC agreement will be allowed only in circumstances where full system warranties and full coverage of operations and maintenance needs are included at no additional cost. In these instances, the first-year savings must still meet the minimum requirement and the lifetime savings will be calculated based on a 25-year life of the system. For Energy Sovereignty on-site projects intended to be transferred to the customer after 5-7 years, contract terms may include the following: the timing of the transfer, the amount of Illinois Solar for All funds held in escrow to pay for the transfer, the purchase price of the system at the time of expected transfer, and a transfer of warranties to the new owner. Contract terms must be approved by the Program Administrator at the time of project application.
 - For Energy Sovereignty community solar projects where individual panels are owned by an eligible customer, the contract should include the purchase price of the panels net of Illinois Solar for All incentives. If ownership is transferred after tax benefits are captured, the contract should specify where applicable: the timing of the transfer, the price of the system at the time of transfer, funds held in escrow for the buyer, plans for ongoing monitoring and maintenance after the transfer of ownership, and other factors described for distributed generation projects.
- Marketing and contractual materials must be in the language requested by the customer. The Agency reaffirms its commitment to develop program materials in Spanish and other languages to better reach underserved communities. Approved Vendors will be expected to provide the ILSFA program brochure and disclosure in the participant's preferred language, if available from the Program Administrator.
- Contracts must allow a grace period of at least seven calendar days after the customer payment due date before late fees are charged.
- All Illinois Solar for All contracts must include full system warranty, as well as operations and maintenance guarantees for the duration of the REC Contract or 15 years, at no additional cost to participants. Updated ILSFA disclosures ~~will~~ include customer instructions for insuring the system. Further details of minimum standards for scope ~~will be~~are clarified in the ILSFA Approved Vendor Manual with feedback from stakeholders.

8.12 Environmental Justice Communities

The IPA Act directs the Agency to define and provide special consideration to Environmental Justice Communities in implementing the Illinois Solar for All Program. The IPA Act sets a goal that at least

25% of funds for the Low-Income Distributed Generation Incentive, the incentives for non-profit and public facilities, and Low-Income Community Solar projects sub-programs “be allocated to projects located in environmental justice communities.”⁷⁴⁵ ~~(The provision did not apply to the Low-Income Community Solar Pilot Projects, which was competitively bid.)~~

Through changes to Illinois law made by Public Act 102-0662, other programs and state agencies now rely on the definitions of environmental justice communities developed by this methodology for their determinations of program and funding eligibility. Accordingly, the Agency will be cautious about any changes to the determination of environmental justice communities that would have cascading impact on those other provisions.

The following sections include definitions of terms, a methodology for determining which Illinois communities should be considered Environmental Justice Communities, and how the Agency determined to implement the relevant provisions of the Act. In developing the Illinois Solar for All program participation requirements, the Agency committed to consulting with stakeholders and relevant state agencies, including the Illinois Commission on Environmental Justice and the Illinois Environmental Protection Agency (“IEPA”), to establish specific values and designate specific communities as Environmental Justice Communities; the results of that process are outlined within this section.

8.12.1 Definitions

Section 1-56(b) of the IPA Act as amended by ~~P.A.~~ **Public Act** 102-0662 states that “the Agency shall define ‘environmental justice community’ based on the methodologies and findings established by the Agency and the Administrator for the Illinois Solar for All Program in its initial long-term renewable resources procurement plan and as updated by the Agency and the Administrator for the Illinois Solar for All Program as part of the long-term renewable resources procurement plan update.” The term “environmental justice” is not defined in the **IPA** Act or in other Illinois statutes, but it is helpful to define “environmental justice” in order to define “environmental justice communities.”

The Environmental Justice Act, the 1997 legislation that created the Illinois Commission on Environmental Justice, found that:

- (i) the principle of environmental justice requires that no segment of the population, regardless of race, national origin, age, or income, should bear disproportionately high or adverse effects of environmental pollution;*
- (ii) certain communities in the State may suffer disproportionately from environmental hazards related to facilities with permits approved by the State; and*
- (iii) these environmental hazards can cause long-term health effects.*⁷⁴⁶

The Illinois EPA defines the term “environmental justice” as follows:

“Environmental Justice” is based on the principle that all people should be protected from environmental pollution and have the right to a clean and healthy environment. Environmental justice is the protection of the health of the people of Illinois and its environment, equity in the administration of the State’s environmental programs, and

⁷⁴⁵ 20 ILCS 3855/1-56(b)(2)(A), (B), (C).

⁷⁴⁶ 415 ILCS 155/5.

*the provision of adequate opportunities for meaningful involvement of all people with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies.*⁷⁴⁷

The Illinois EPA has also defined what it terms “an area of EJ concern” based on demographic factors, as “a census block group with a low-income and/or minority population greater than twice the statewide average.” The IEPA “uses a geographic information system (GIS) mapping tool called EJ Start to determine where areas of EJ concern are within the state. When a permitting action or other issue arises in an area of EJ concern, the Illinois EPA conducts enhanced public outreach.”⁷⁴⁸ Thus, the Illinois EPA takes a preemptive approach, identifying areas that may be more vulnerable to environmental hazards and including the community before potential pollution occurs.

The United States Environmental Protection Agency defines an “overburdened community” under both social and environmental terms as:

*Minority, low-income, tribal, or indigenous populations or geographic locations in the United States that potentially experience disproportionate environmental harms and risks. This disproportionality can be as a result of greater vulnerability to environmental hazards, lack of opportunity for public participation, or other factors. Increased vulnerability may be attributable to an accumulation of negative or lack of positive environmental, health, economic, or social conditions within these populations or places. The term describes situations where multiple factors, including both environmental and socio-economic stressors, may act cumulatively to affect health and the environment and contribute to persistent environmental health disparities.*⁷⁴⁹

Both the IEPA and US EPA have developed analytical tools based on their definitions of EJ communities. The IEPA’s EJ START is a Geographic Information Systems demographic screening tool developed by IEPA staff that identifies regions with high minority population and/or ~~low-income-~~ eligible population. IEPA also adds a one-mile buffer around each regulated facility as a simplified way to identify potential local environmental impacts. It draws from the Census Bureau’s American Community Survey 5-year estimates (~~2011-2015~~ 2016-2020) and is updated annually.

The US EPA tool is called EJSCREEN.⁷⁵⁰ It uses standard and nationally-consistent data to identify communities with greater risk of exposure to pollution based on 11 environmental indicators that measure potential exposure, hazard/risk and proximity, including traffic proximity, particulate matter, and proximity to superfund sites. These indicators are combined with demographic data from the Census Bureau, enabling users to identify areas with minority or low- income populations who also face potential pollution issues.

While these tools are useful, they do not holistically address all aspects of environmental justice. For example, EJSCREEN evaluates individual environmental indicators but does not look at cumulative impacts.

⁷⁴⁷ Illinois EPA web site, “~~Environmental~~ Environnemental Justice Policy,” <https://www2epa.illinois.gov/epa/topics/environmental-justice/Pages/ej-policy.aspxhtml>.

⁷⁴⁸ Id.

⁷⁴⁹ US EPA, “EJ 2020 Glossary,” <https://www.epa.gov/environmentaljustice/ej-2020-glossary>.

⁷⁵⁰ ~~See: https://ejscreen.epa.gov/-~~ See: <https://ejscreen.epa.gov/mapper/>.

The most rigorous tool for analyzing impacted communities is the California Communities Environmental Health Screening Tool (“CalEnviroScreen”) from the California Office of Environmental Health Hazard Assessment (“OEHHA”).⁷⁵¹ CalEnviroScreen compiles data on 12 indicators of pollution burden and 8 population characteristics collected at the Census tract level. It then weights certain factors to develop a score for each area. High scoring areas are then considered eligible for a number of state policies, including disposition of some of the revenues from the state cap-and-trade program created under Assembly Bill 32.

⁷⁵¹ California Office of Environmental Health Hazard Assessment, *California Communities Environmental Health Screening Tool (CalEnviroScreen)*, <https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-version-20>.

Table 8-9: Summary of CalEnviroScreen 3.0 Identification Methodology

Pollution Burden	Population Characteristics
<i>Exposures</i>	<i>Sensitive populations</i>
Ozone Concentrations PM2.5 Concentrations Diesel PM Emissions Drinking Water Contaminants Pesticide Use Toxic Releases from Facilities Traffic Density	Asthma Emergency Department Visits Low Birth Weight Infants Cardiovascular disease (emergency department visits for heart attacks)
<i>Environmental effects</i>	<i>Socio-economic indicators*</i>
Cleanup Sites Groundwater Threats Hazardous Waste Impaired Water Bodies Solid Waste Sites and Facilities	Educational Attainment Housing burdened low income households Linguistic Isolation Poverty Unemployment

Source: OEHHA. * California law prohibits the use of race as a factor in CalEnviroScreen.

Pollution Burden	Population Characteristics
<i>Exposures</i>	<i>Sensitive populations</i>
Ozone Concentrations PM2.5 Concentrations Diesel PM Emissions Drinking Water Contaminants Pesticide Use Toxic Releases from Facilities Traffic Density	Asthma Emergency Department Visits Low Birth Weight Infants Cardiovascular disease (emergency department visits for heart attacks)
<i>Environmental effects</i>	<i>Socio-economic indicators</i> ^[A]
Cleanup Sites Groundwater Threats Hazardous Waste Impaired Water Bodies Solid Waste Sites and Facilities	Educational Attainment Housing burdened low income households Linguistic Isolation Poverty Unemployment
[A] California law prohibits the use of race as a factor in CalEnviroScreen. Source: OEHHA.	

The CalEnviroScreen approach is an attractive way to consider defining environmental justice communities but the Agency notes that the development of it was a multi-year, multi-million dollar undertaking. Therefore, the Agency will utilize a streamlined approach that takes the concept of

CalEnviroScreen and simplifies it for use in Illinois through using readily available data from the U.S EPA's EJSCREEN tool. CalEnviroScreen does not account for race in its calculations, but by using data from EJSCREEN, the Agency will be able to do so.

The federal government's U.S. Digital Service, working with the Council on Environmental Quality, is developing the Climate and Economic Justice Screening Tool ("CEJST") to guide federal programs under the Justice40 initiative (Executive Order 14008). The tool expands and improves EJSCREEN, featuring interactive maps with indicators to assist agencies in defining and identifying disadvantaged communities. The beta version of the CEJST was launched on February 18, 2022, for comment, and will be updated in the near future to incorporate public comments. When the final tool is available, the IPA will review the results and evaluate if it results in any changes to the consideration of environmental justice communities contained herein.

8.12.2 Approach for Defining Environmental Justice Communities

The Agency determined which areas qualify as Environmental Justice Communities by analyzing data from Illinois census block groups⁷⁵² for the following environmental indicators, as described by the EJSCREEN Tool:⁷⁵³

- National-Scale Air Toxics Assessment (NATA) air toxics cancer risk
- NATA respiratory hazard index
- NATA diesel PM
- Particulate matter
- Ozone
- Traffic proximity and volume
- Lead paint indicator
- Proximity to Risk Management Plan sites
- Proximity to Hazardous Waste Treatment, Storage and Disposal Facilities
- Proximity to National Priorities List sites
- Wastewater Dischargers Indicator

The following demographic indicators are also used by EJSCREEN and were incorporated into the Agency's methodology:⁷⁵⁴

- Percent Low-Income
- Percent Minority
- Less than high school education
- Linguistic isolation
- Individuals under age 5
- Individuals over age 64

The Agency considered including the following seven indicators that use data not contained in EJSCREEN. These are not available at the same level of detail as the indicators using data from EJSCREEN (more typically they have data at the zip code or county level) and would need to be

⁷⁵² There are approximately 10,000 census block groups in the state of Illinois.

⁷⁵³ See: <https://www.epa.gov/ejscreen/overview-environmental-indicators-ejscreen>.

⁷⁵⁴ See <https://www.epa.gov/ejscreen/overview-demographic-indicators-ejscreen>.

translated to the block group level. Therefore, the Agency determined in the final methodology that these indicators would be too difficult to incorporate to provide meaningful impact on the evaluation criteria. Namely, these include the following demographic indicators for Sensitive Population Characteristics from the Illinois Department of Public Health:

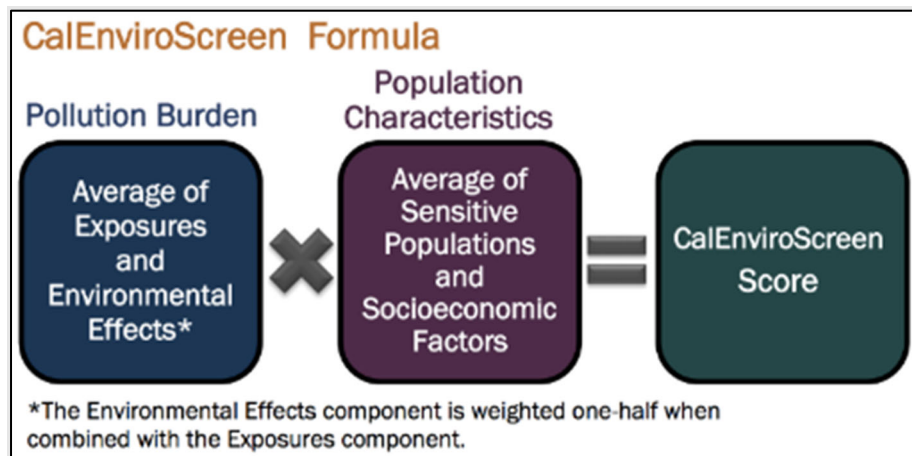
- Asthma Emergency Department Visits
- Low Birth Weight Infants

and the following environmental indicators from the Illinois Environmental Protection Agency:

- Drinking Water Watch
- Site remediation program
- Leaking Underground Storage Tank Incident Tracking
- State Response Action Program
- Solid Waste Facilities

Using the eleven environmental and six demographic factors listed at the top of this section, the Agency then weighted each factor using an approach adapted from CalEnviroScreen: census block groups were ranked for each environmental and demographic indicator, a resulting percentile score determined for each census block group within each indicator, and the percentile scores averaged, resulting in an environmental score and a demographic score for each census block group. The two averages were then multiplied together to determine a single Environmental Justice score for each census block group.

Figure 8-4: CalEnviroScreen Formula



Source: OEHHA

Communities with scores in the top 25% of all census block groups statewide are defined as Environmental Justice Communities for the purpose of the Illinois Solar for All Program. This definition will be used to target grassroots education funding and incentives for the Low-income ~~Single Family and Small Multifamily Solar, the Low income Large Multifamily Solar~~Distributed Generation, Non-profits/Public Facilities, and Low-income Community Solar sub-programs.

A community that is not in the top 25% of scores and thus is not initially defined as being an Environmental Justice Community may request that the Agency consider designating that

community as such. The Agency will consider requests from community-based organizations, local units of government, or community residents for self-designation as an environmental justice community based on demonstrated quantitative and qualitative environmental and/or socioeconomic factors that show a disproportionate burden and were not adequately captured in the screening defined above. A request for self-designation must be approved through an Environmental Justice Community Self-Designation Process⁷⁵⁵ prior to any project application being submitted that seeks to utilize its location in an approved self-designated Environmental Justice Community as part of its project selection. Communities determined to be self-designated will maintain that designation throughout updates to the Environmental Justice Communities map. As the Environmental Justice Communities map is updated to accommodate changes to census tract boundaries, the Agency will be mindful of the originally self-designated areas and will attempt to maintain the originally requested areas when applying the updated census tract boundaries.

The Agency notes that this approach focuses on analysis of census block group-level data, and that communities are typically understood by their residents to be defined through geographic, cultural, and other factors that may, or may not, correspond to census block group boundaries. In addition, the US EPA cautions that data in the EJSCREEN tool is not always reliable at the block group level, and recommends that it may be necessary to aggregate up to larger geographic areas in a “buffer report.”⁷⁵⁶

The Agency will therefore also consider reasonable adjustments to the borders of environmental justice communities from what is calculated through the census block group analysis, provided this does not create an unacceptable analytical burden.

8.12.3 Environmental Justice Community Designations

The Illinois Solar for All Program Administrator undertook the analysis described in Section ~~8.12.28.12.2~~ in early 2019 prior to the program launch, which included a workshop and an opportunity for written stakeholder comments. The resulting interactive map of Environmental Justice Communities, as well as information from that stakeholder process, is available ~~at~~ [www.illinoissfa.com/environmental-justice-communities-on the Illinois Solar for All website](http://www.illinoissfa.com/environmental-justice-communities-on-the-Illinois-Solar-for-All-website).⁷⁵⁷ The map of environmental justice communities will be updated at least on a semiannual basis to reflect any additional approved requests for self-designation.

The EJSCREEN data used to determine Illinois Solar for All Program-determined Environmental Justice Communities ~~will be~~ was updated in October 2022, and the Environmental Justice Community maps refigured, based on updated data from ~~each Illinois Solar for All program year~~ EJSCREEN and census tract boundaries. Previously designated Self-Designated Environmental Justice Communities will be maintained through this update. To allow for project development cycles that may overlap with these changes, for the ~~2022-2023-2024~~ program year, the initial and updated Environmental Justice Community determinations will both be considered as meeting program Environmental Justice goals and selection points.

⁷⁵⁵ The initial Self-Designation Process developed by the Agency and Program Administrator can be found at <https://www.illinoissfa.com/app/uploads/2019/05/042219EJ-Self-Designation-Process-Final.pdf>. The Agency reserves the right to modify this process in the future based on program experience.

⁷⁵⁶ EJSCREEN Technical Documentation, at <https://www.epa.gov/ejscreen/technical-documentation-ejscreen> <https://www.epa.gov/system/files/documents/2023-06/ejscreen-tech-doc-version-2-2.pdf>.

⁷⁵⁷ See: www.illinoissfa.com/environmental-justice-communities.

Self-Designated Environmental Justice Communities will not expire and the originally requested boundaries will be maintained throughout updates to the Environmental Justice Community Map that affect census tract boundaries.

Following the updates to the Illinois Solar for All Environmental Justice maps, the Program Administrator, and the Agency ~~will explore~~explored the scope of changes between the maps and other relevant factors to advise a future proposal of a regular schedule to update Illinois Solar for All Environmental Justice maps. Because EJSCREEN and US Census data are updated every five years, and ILSFA Environmental Justice maps should not be updated with greater frequency than the data is updated, the Agency proposes updating the Environmental Justice maps every five years, following updates of these data sources. The next update would be anticipated for early 2028.

8.12.4 Environmental Justice Communities 25% Goal

The IPA Act states that “It is a goal of this program that a minimum of 25% of the incentives for this program be allocated to projects located within environmental justice communities.”⁷⁵⁸

For all sub-programs, the Agency will reserve 25% of each sub-program’s annual budget to support projects in environmental justice communities. If the 25% of funds in each sub-program are fully allocated to projects in environmental justice communities, then subsequent applicant projects in environmental justice communities would still be eligible using the general available budgets. The 25% reservation of funds for environmental justice communities will be held open within a sub-program until filled within a program year, then reset at the beginning of each new program year.

Combined, the ILSFA projects approved from the initial 2018-2019 program year to the closing of the 2022-2023 program year, a total of 236 ILSFA projects have been developed in environmental justice communities. EJC carveouts total \$38,966,499.25.

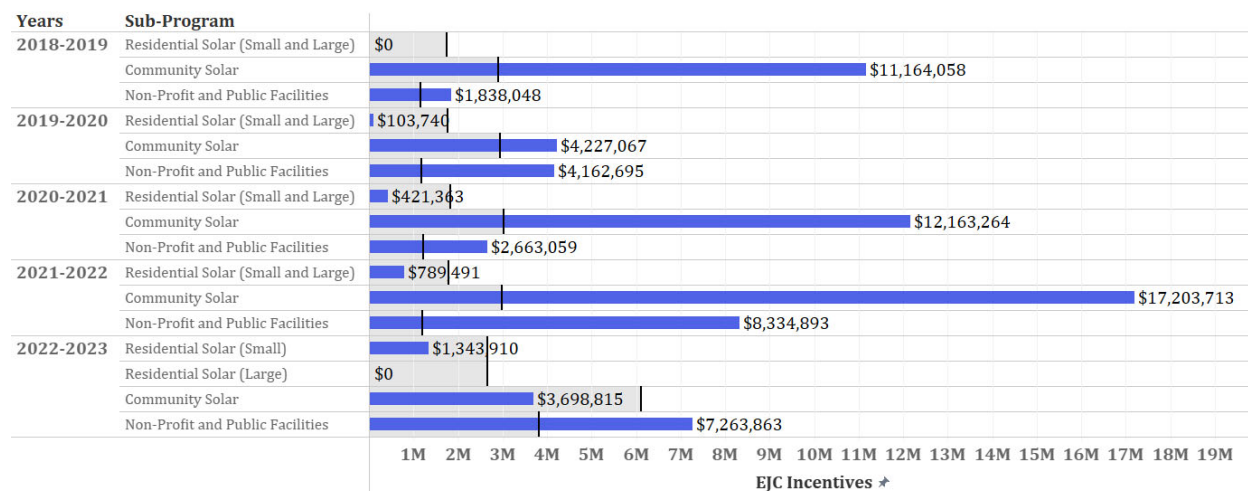
To help ensure that environmental justice communities are made aware of opportunities for participation in ILSFA, grassroots education funding will be prioritized towards Environmental Justice Communities to help meet this goal. Up to 60% of the funding (or 3 percentage points of the 5%) will be used for this purpose. Since the start of grassroots education campaigns in 2019-2020 to the closing of the 2022-2023 program year, 785 grassroots education events have been hosted in EJs or 53.40% of all events, 615 events were located outside of EJs and 70 events had uncategorized locations (likely virtual). 95.65% of all grassroots education campaigns have incorporated outreach in EJs.

—Program Changes

~~Several provisions in the Act anticipate the ability to revise program provisions. In addition to the provision described in Section 1-56(b)(4) of the Act, updated by Public Act 102-0662, that allows stakeholders to propose additional programs, Section 1-56(b)(2) allows the Agency to reallocate funds between programs:~~

⁷⁵⁸ 20 ILCS 3855/1-56(b)(2).

Figure 8-5: Total ILSFA Incentives of Projects Sited in EJs by Program Year



Environmental Justice Community Carveout and total incentives of selected projects sited in EJs compared by year and sub-program. The EJC Carveout for each sub-program is identified using a reference line and corresponding shading and is established from the total sub-program allocation for that program year, exclusive of any unspent funds rolled over from the previous program year.

8.13 Program Changes

Due to the timing of the 2022 Plan, several provisions that were new to Chapter 8 in the 2022 Plan are not being implemented until the 2023-2024 Program Year. To avoid layering additional changes onto the Program before the efficacy of those new elements can be assessed, the changes to Chapter 8 in this Draft 2024 Plan are incremental.

- Similar to the rebranding of the Adjustable Block Program to Illinois Shines, there are language and rebranding updates throughout this Chapter 8 to adopt more participant-friendly language. Generally, the term “income-eligible” is replacing the term “low-income” throughout ILSFA program materials. Additionally, the sub-program titles were rebranded throughout this chapter. (See Section 8.1)
- While upfront costs are permitted as a limited exception for multifamily building owners that purchase the system, such owners are not allowed to pass those upfront costs on to the building residents. (See Section 8.2.2)
- REC prices have been updated and will now reflect the 30% Investment Tax Credit created by the Inflation Reduction Act, but will not reflect other tax benefits such as bonus depreciation. (See Section 8.2.2)
- The Agency will be receiving a total of \$525,000 over three installments for the Illinois Solar for All program through the settlement of a consumer protection claim. The Agency proposes using the funding to support the activities of local LIHEAP agencies connecting potential participants with the ILSFA Program Administrator. (See Section 8.4.1)
- The Agency proposes applying caps to the sizing of Residential Solar (Small and Large) projects based on historical annual usage. (See Sections 8.5.3 and 8.5.4)
- The Agency will consider waivers to extend job trainee eligibility for up to an additional twelve months. (See Section 8.9.1)

- ~~With the passing of Public Act 103-0188, ILSFA projects are subject to prevailing wage requirements, with limited exceptions for projects serving residential buildings and houses of worship (when less than 100kW). (See Section 8.9.2)~~
- ~~The Agency proposes that funding made available from reduced final REC Contract values at Part II are rolled over and added to the relevant sub-program incentive allocation for the following program year. (See Section 8.10.2)~~
- ~~The Agency proposes updating Environmental Justice Community Maps every five years, to coincide with updates to US Census and EJSCREEN data. The next update would be anticipated for early 2028. EJ Self-Designated areas will not expire. (See Section 8.12.3)~~
- ~~Following an RFQ/RFP process, the Agency selected ILLUME, Incorporated ("ILLUME") as the ILSFA Program Evaluator.~~

~~8.14 The allocation of funds among subparagraphs (A), (B), (C) and (E) of this paragraph (2) may be changed if the Agency, after receiving input through a stakeholder process, determines incentives in subparagraphs (A), (B), (C), or (E) of this paragraph (2) have not been adequately subscribed to fully utilize available Illinois Solar for All Program funds.⁷⁵⁹~~

~~With this 2022 Plan, the Agency updates the allocation of funds between the sub-programs as updated by Public Act 102-0662.~~

~~For this 2022 Plan the Agency has throughout this Chapter proposed a variety of adjustments to the program pursuant to the following provision:~~

~~Following the Commission's approval of the Illinois Solar for All Program, the Agency or a party may propose adjustments to the program terms, conditions, and requirements, including the price offered to new systems, to ensure the long-term viability and success of the program. The Commission shall review and approve any modifications to the program through the plan revision process described in Section 16-111.5 of the Public Utilities Act.⁷⁶⁰~~

~~Stakeholders have suggested a more collaborative stakeholder feedback process, rather than issue- or point-in-time specific engagements. The Agency will work with the Program Administrator to create an ongoing stakeholder engagement process to gather feedback on ongoing program performance, changes, and progress. These more general progress sessions will be held at least quarterly. Further details about this ILSFA Stakeholder Advisory Group can be found in Section 8.17.~~

~~Further, the Agency and Program Administrator may consider piloting program or process changes on a limited scale to better understand and measure those changes' effectiveness before making long term changes to the Illinois Solar for All Program. For example, a pilot may involve coordination with third-party energy efficiency program administrator or community action agency to develop a process that would facilitate connecting participants in energy efficiency programs with Illinois Solar for All Approved Vendors or provide initial site suitability screening.~~

⁷⁵⁹ ~~20 ILCS 3855/1-56(b)(2).~~

⁷⁶⁰ ~~20 ILCS 3855/1-56(b)(4).~~

Evaluation

Section 1-56(b)(6) requires that ~~this~~the Plan include an approach for independent evaluation of the Illinois Solar for All Program:

At least every 2 years, the Agency shall select an independent evaluator to review and report on the Illinois Solar for All Program and the performance of the third-party program administrator of the Illinois Solar for All Program. The evaluation shall be based on objective criteria developed through a public stakeholder process. The process shall include feedback and participation from Illinois Solar for All Program stakeholders, including participants and organizations in environmental justice and historically underserved communities. The report shall include a summary of the evaluation of the Illinois Solar for All Program based on the stakeholder developed objective criteria. The report shall include the number of projects installed; the total installed capacity in kilowatts; the average cost per kilowatt of installed capacity to the extent reasonably obtainable by the Agency; the number of jobs or job opportunities created; economic, social, and environmental benefits created; and the total administrative costs expended by the Agency and program administrator to implement and evaluate the program.

In January 2019, the Agency held a workshop and took stakeholder feedback to assist in the development of the scope and process for the evaluation.⁷⁶¹ The Agency then issued a Request for Qualifications/Request for Proposals to select an independent evaluator to conduct the evaluation.⁷⁶² This selection process is expressly exempted from the Illinois Procurement Code.⁷⁶³ On August 7, 2019, the Commission approved the contract for the Agency's selected evaluator, APPRISE, Inc.

~~The Act calls for an evaluation "at least every 2 years," but the Agency notes that Illinois Solar for All did not launch for project applications until May 2019.~~ The Phase I Evaluation Report, released in October 2019, focused on the stakeholder outreach process, development of program materials and guidelines, initial Illinois Solar for All Approved Vendor registration, initial project applications, and the development of Grassroots Education efforts, and was included in Appendix G of the First Revised Plan. Four Phase II Evaluation Reports were completed in 2020 and 2021, which detail the first two years of ILSFA activities through program year 2021-2022 and provide recommendations for program improvement. The Illinois Solar for All Evaluation Summary Report was also created to provide a succinct overview of program design, metrics, and recommendations found in the Phase I and Phase II evaluation reports.⁷⁶⁴

~~Recommendations from the Phase II Final Evaluation Report are summarized below.~~ The Phase II Final Evaluation Report ~~is~~was included as Appendix H to ~~this~~the 2022 Plan. Generally, these recommendations ~~do~~did not require specific changes to the Plan but rather ~~can be~~were considered and ~~potentially~~ implemented through the Approved Vendor Manual and ongoing program administration, process improvement and coordination with other entities such as community action

⁷⁶¹ See: <https://www.illinoissfa.com/announcements/2019/01/written-comments-on-illinois-solar-for-all-third-party-program-evaluation/> and <https://www.illinoissfa.com/announcements/2019/02/public-comments-on-third-party-evaluation/>.

⁷⁶² See: <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/ilsfa-evaluator-19-rfp-02-5-10-19.pdf> and <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/ilsfa-evaluator-19-rfp-02-5-10-19.pdf>

⁷⁶³ 20 ILCS 3855/1-56(f).

⁷⁶⁴ See: <https://www.illinoissfa.com/evaluation/>.

agencies, project financing institutions, and minimizing changes to the Program. The Agency and Program Administrator has ~~or will be~~ been implementing many of these recommendations. Where applicable, changes proposed in this 2022 Plan reflect these recommendations.

Recommendations

~~Low Income Distributed Generation Sub-program Project Barriers: Continue to reduce barriers to development of DG projects. This may include exploring where program requirements can be reduced, reducing or removing the waiting period between disclosure and contract execution, and reducing the batch requirement for the first set of projects. Also increase outreach to Illinois Solar for All Approved Vendors to encourage them to develop more standard offers for the list provided to and working to build potential participants, and work with the Chicago Porch and Roof Replacement Program and similar programs to target households that may have already had roof repair collaborations.~~

- ~~• Utility Screening: Future legislation could be considered that specifies how utilities engage with ILSFA and provides funding to support other aspects of project development.~~
- ~~• Limit Program Changes: Program design changes should focus on refinements that reduce barriers to participation in the Low Income Distributed Generation sub-program. This will allow the Program Administrator to focus on streamlining project development and implementation processes.~~
- ~~• ILSFA Website: The ILSFA website design can be improved to make it easier to find information and understand the program.~~
- ~~• ILSFA Portal: The portal has been adapted as the program has grown, and there are opportunities to streamline, reduce redundancies and increase user friendly design elements.~~
- ~~• Green Bank: Develop plans for how a Green Bank can aid Illinois Solar for All Approved Vendors in project financing if enabling legislation is enacted.~~
- ~~• Stakeholder Outreach: Implement proactive outreach to stakeholders beyond current email blasts, and engage community action agencies and other organizations that serve low-income households.~~
- ~~• DG Screening: Develop and implement a process to work collaboratively with the community action agencies that administer LIHEAP and IHWAP.~~
- ~~• Part II Process: Reduce challenges with document and photo uploading, job training document collection, and documentation redundancies.~~

~~The Agency plans to begin the process of selecting an Evaluator for the next two-year period starting in the fall of 2022. The Evaluator selection process will include opportunities for stakeholder input in the evaluation design. The next phase of evaluation of the Illinois Solar for All Program will include evaluation of pilot programs proposed in this Chapter.~~

~~The Agency released a Request for Feedback about the next cycle of ILSFA Evaluation on July 1, 2022, to seek guidance on an approach to Program evaluation beyond its initial years based on annual Program evaluation reports, and shorter, topic-focused mid-year reports with a particular focus, such as uptake in the Residential (Small) sub-program. The Agency is prioritizing providing meaningful information and metrics for Program stakeholders in a usable format.⁷⁶⁵ The Agency then issued a Request for Qualifications/Request for Proposals to select the independent evaluator to conduct this next cycle of Program evaluation.⁷⁶⁶ On February 23, 2023, the Commission approved the contract for the Agency's selected evaluator, ILLUME Advising, Inc. The Agency anticipates ILLUME's work to include producing an annual evaluation for the 2021-2022, 2022-2023, and 2024-2025 program years, as well as shorter, focused mid-year reports that focus on particular relevant topics, such as maximizing uptake in the Residential Solar (Small) sub-program.~~

8.15 Grassroots Education Funding

Section 1-56(b)(3) of the IPA Act as amended by Public Act 102-0662 also requires that the Agency "direct that up to 5% of the funds available under the Illinois Solar for All Program to community-based groups and other qualifying organizations to assist in community-driven education efforts related to the Illinois Solar for All Program, including general energy education, job training program outreach efforts, and other activities deemed to be qualified by the Agency."⁷⁶⁷ ~~For the initial program years, the Agency interpreted the "funds available under the [Program]" to be the annual contribution of approximately \$11.7 million from the Renewable Resources Budget under Section 1-75(c)(1)(O) of the Act, plus \$16.5 million allocated annually from the RERF for the three non-competitive sub-programs, plus \$2.5 million allocated annually from the RERF for the Low Income Community Solar Pilot Projects.⁷⁶⁸ Therefore, the maximum available annual budget for grassroots education was \$1.53 million for these two program years; the Agency awarded \$449,464 for community grassroots education campaigns in the 2019-2020 program year, \$499,094 in the 2020-2021 program year, and \$500,000 in the 2021-2022 program year.~~

~~Yearly grassroots education allocations and number of campaigns funded each program year are detailed in the chart below.~~

Figure 8-6: Total Grassroots Education Campaign Allocations by Program Year

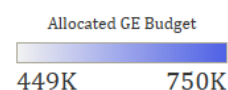
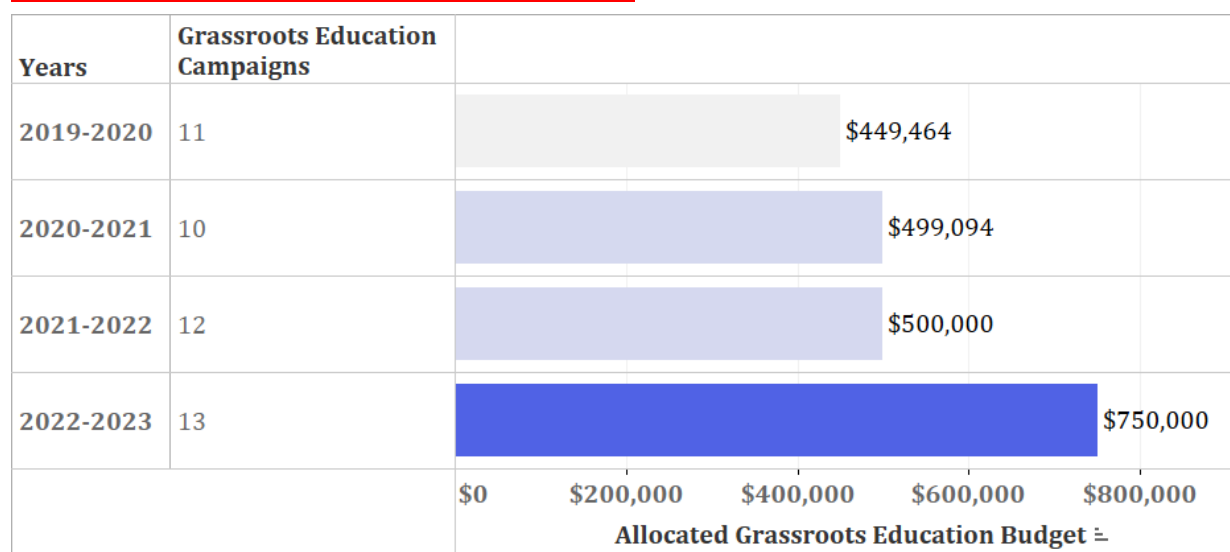
⁷⁶⁵ See "Illinois Solar for All Evaluation Request for Stakeholder Feedback."

<https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/ILSFA-Evaluation-Stakeholder-Feedback-Request-Final-06302022-Final.pdf>.

⁷⁶⁶ See State of Illinois Request for Qualifications, <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/ilsfa-evaluator-23-rfq-02-updated-0914.pdf>; and State of Illinois Request for Proposals, <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/ilsfa-evaluator-23-rfp-02.pdf>

⁷⁶⁷ 20 ILCS 3855/1-56(b)(3).

⁷⁶⁸ While for three of the sub-programs there are defined program year funding levels available, that concept did not apply cleanly to the Low Income Community Solar Pilot Project sub-program. For simplicity, the Agency proposed to allocate the total available funding for that sub-program (\$37.5 million) over 15 years, which is the length of time that projects from the sub-program would be delivering RECs to the Solar for All Program.



With the utility funding available for Illinois Solar for All increasing to \$50 million per year in addition to funding from the Renewable Energy Resources Fund, funding for grassroots education is potentially very substantial and the Agency will continue to assess what is an appropriate funding level. With expanded budgets allowed by CEJA, up to \$3.325 million (5% of \$66.5 million) would be available to support grassroots education funding.

For the purposes of grassroots education, community-based organizations must be registered non-profit entities, excluding trade or political non-profits. It is recognized that the definition of community-based organizations or non-profit is very broad and may include a variety of organization types. It is not required that non-profit organizations have federal 501(c)(3) status, and collaborative or fiscal sponsorship should be encouraged to ensure that very small, hyper-local organizations can participate. Qualified organizations should work within the communities in which they will be providing grassroots education. Grassroots educator entities will be chosen through competitive RFPs issued periodically and selected grassroots educators will be subcontractors of the ILSFA Program Administrator. Pursuant to the Initial Plan, the first selection of grassroots educators was made in June 2019.⁷⁶⁹

As noted in Section 8.12.4, grassroots education funding will be prioritized towards Environmental Justice Communities to help meet this goal. Up to 60% of the funding (or 3 percentage points of the 5%) will be used for this purpose. Grassroots education topics could include solar basics, program requirements, consumer protection, program benefits and opportunities, job training opportunities, environmental justice community issues, or community engagement, among many others. One objective of the grassroots education strategy will be to ensure that campaigns collectively reach a diversity of households and communities, topics, and geographies over time.

⁷⁶⁹ See: <https://www.illinoisfa.com/announcements/2019/06/announcing-grassroots-organizations>.

Public Act 102-0662 ~~updated language directing grassroots education efforts to clarify, “Grassroots clarified that “[g]rassroots~~ education funding shall not be used to support the marketing by solar project development firms and organizations, unless such education provides equal opportunities for all applicable firms and organizations.” Non-profit organizations providing grassroots education to communities must ensure that outreach and education provided does not serve the interest of any Approved Vendor or other solar developer above any other. When grassroots education events are open to Illinois Solar for All Approved Vendors, all Approved Vendors should have an equal opportunity to participate in a transparent manner. No organization providing grassroots education services should have a current financial relationship with an Illinois Solar for All Approved Vendor where the grassroots education organization receives payment for such services, and any past relationships should be clearly disclosed when submitting proposals. Community-based organizations may work with Illinois Solar for All Approved Vendors in the capacity of developing a solar project for their own property. Community-based organizations receiving grassroots education funding are also permitted to provide referrals to Illinois Solar for All Approved Vendors who request assistance in identifying either community organizations or property owners that are interested in seeing community solar projects developed in their communities, provided there are no financial payments or other benefits received by the grassroots education funding recipient in exchange for such referrals.

The ~~Agency will conduct 2022 Plan proposed~~ a special request for proposals to contract a community organization with experience in job placement services to conduct an educational campaign to connect Illinois Solar for All Approved Vendors with interested trainees. ~~This will, which was planned to~~ supplement (not replace) the job trainee clearinghouse to be maintained by the Program Administrator discussed in Section ~~8.6–8.6. Transitions of job training program administration and development of new job training programs created by Public Act 102-0662 are ongoing at the time of this Draft 2024 Plan, and thus are not yet ready to promote to potential trainees. The Agency is still considering this campaign and hopes to coordinate with these job training programs and further develop this educational initiative in future program years.~~

Section 1-56(b)(2) directs the Agency to coordinate ILSFA program administration “with similar initiatives, including ... energy efficiency programs, job training programs, and community action agencies.”

Community action agencies and other entities offer the Illinois Home Weatherization Assistance Program and other energy efficiency services to ~~low-income-eligible~~ households in Illinois. Their work offers a synergistic opportunity to engage with the same households that are eligible for the Illinois Solar for All program.

The Agency and the Program Administrator have made progress in coordinating with CAAs and utility-run energy efficiency programs, and individual Approved Vendors can and have developed partnerships with specific CAAs. Of particular note is the coordination with DCEO’s Office of Community Assistance and local LIHEAP providers on the US Department of Energy’s Low-Income Clean Energy Connector tool, as described above in Section 8.8.3.1.

~~Public~~The IPA Act ~~99-0906~~ instructs the Agency to support “grassroots education efforts related to the Illinois Solar for All Program.” To date, funded grassroots education campaigns have specifically focused on community education by local community organizations. The Agency and Program Administrator have experienced challenges engaging community action agencies and other ~~low-~~

income-~~eligible~~ energy efficiency service providers that could potentially incorporate a solar assessment because the Agency does not believe these services can be considered “community education,” and thus not eligible for grassroots education funding, although such activities could potentially promote and simplify ILSFA participation. The Agency believes the updated language of 1-56(b)(2) in Public Act 102-0662, which adds “and other activities deemed to be qualified by the Agency,” expands the kinds of activities covered by this funding to include non-educational activities, such as costs for ~~low-income-eligible~~ energy efficiency providers to perform preliminary site suitability assessments, and other activities and services that can be performed by community organizations to drive and facilitate ILSFA participation. The Agency will continue to explore expanding the types of activities campaigns support by grassroots education funding, or perform a separate targeted RFP for specific activities to drive ILSFA participation- beyond education, and will explore ways it can further support ILSFA outreach activities, which may include compensation for LIHEAP providers’ activities connecting LIHEAP households with ILSFA Community Solar projects through the Department of Energy’s Low-Income Clean Energy Connector pilot and compensation of community, participant or job trainees participating in a Grassroots Education public presentation, and resident stakeholders for their time and efforts providing perspective and feedback for program improvement.

Specific opportunities for this expanded use of grassroots education funding could include finding ways to coordinate customer enrollment, assist with income verification, and program promotion. Any new activities supported by grassroots education funding that involve or impact existing state energy efficiency programs will seek input from the advisory groups, utilities, and stakeholders associated with those programs.⁷⁷⁰

At a minimum, the Agency will work with DCEO’s Office of Community Assistance, and the Program Administrator will seek to work with Approved Vendors and CAAs to develop materials that can be shared with customers to cross-promote the programs.

Customers who have already received income-qualified energy efficiency or health and safety repairs can be referred to the ILSFA program, once protocols have been established for sharing customer information. CAAs could be supported in part for the costs associated with site assessment and referrals to the ILSFA program. Weatherization and solar marketers could offer combined efficiency and solar products, or CAAs could register as Approved Vendors for ILSFA.

The Agency will convene parties interested in this collaboration and develop ideas that improve program delivery.

—Ongoing Research and Education

~~The Illinois Solar for All Program aims to bring the benefits of solar power to low-income, non-profit, and public sector customers, environmental justice communities, and Illinois workers.~~

~~Illinois Solar for All takes place in the context of a wide range of energy, social, and economic policies and programs from federal, state, and local governments. Moreover, business and social entrepreneurs are developing innovative approaches to deployment. Both of these factors lead to a~~

⁷⁷⁰ See Final Order, ICC Docket No. 22-0231, ~~Final Order dated July at 126 (Jul. 14, 2022 at 126).~~

~~complicated and shifting landscape for the role of solar energy in addressing social and environmental inequities.~~

~~Many states are exploring policy approaches that combine climate action and equity, with a strong focus on low-income solar development. The Agency believes that Illinois stakeholders and practitioners would benefit from ongoing study of opportunities and best practices in other states that would improve the execution of the Illinois Solar for All Program.~~

~~While the Act establishes a number of working groups and advisory councils to provide input on clean energy programs, no such formal process has been established for Illinois Solar for All. A number of stakeholders commented on the need for ongoing public input and dialogue around Illinois Solar for All. The Agency strongly supports such a process, and points to the Community Solar Energy Sovereignty Grant Program, established in Section 5-60(e) of the Energy Transition Act enacted through Public Act 102-0662, managed by the DCEO, which may be used "to support the development of programs and entities to assist in the long-term governance, management, and maintenance of community solar projects, such as community solar cooperatives." Examples of eligible tasks include "development of cooperative or community ownership model; and development of project models that allocate benefits to equity investment eligible communities." The Agency will explore avenues to collaborate with the DCEO on the execution of such an initiative.~~

8.16. Illinois Solar for All Advisory ~~Group~~Committee

~~The~~In the 2022 Plan, the Agency ~~will convene~~proposed convening an Illinois Solar for All Advisory ~~Group~~Committee, to develop and explore ideas and advise the Agency on the ILSFA program. The ~~group~~Committee will meet regularly, and representatives will be invited from the Agency, the Illinois Commerce Commission, the ILSFA Program Administrator, Approved Vendors, Approved Vendor Aggregators, Equity-Eligible Contractors, industry participants, grassroots educators or local organizations, the public, and other interested stakeholders. The ~~Stakeholder—~~Advisory ~~Group~~Committee may also engage with other State agencies coordinating activities with ILSFA, such as DCEO and IFA.

The Advisory ~~Group~~Committee meetings are intended to foster meaningful and informed conversation between all program stakeholder and agencies, provide education or information regarding participation in the program, encourage stakeholder and public feedback, and develop and propose incremental improvements to the ILSFA program. Ultimate decisions on if or how to implement Advisory Group recommendations will remain with the Agency.

Meetings will be held online ~~and in-person, if possible,~~ on a regular basis, with a target of once a month. The Program Administrator will also provide additional educational opportunities for Committee members to provide additional context to details of the program. The Agency will create an email list for interested parties to keep informed of Advisory Group activities and will post the schedule and materials for meetings on the IPA and Illinois Solar for All websites.⁷⁷¹ These meetings will be in addition to public stakeholder engagement sessions, which the Agency holds on an as-needed basis and are open to the public.

⁷⁷¹ See Docket No. 22-0231, Final Order dated July 14, 2022 at 128. See Final Order, ICC Docket No. 22-0231 at 128 (Jul. 14, 2022); Illinois Solar for All, "Advisory Committee," <https://www.illinoissfa.com/advisory-committee/>.

9. Consumer Protection

~~In prior iterations of the Long-Term Plan, terms, conditions, and requirements for participation in the Adjustable Block Program and the Illinois Solar for All Program were located in the chapters outlining program requirements for each. This chapter consolidates discussion of those consumer protection program requirements applicable across both programs, while expanding the Plan's discussion of consumer protection in light of revisions made to Section 1-75(c)(1)(M) of the Act through P.A. 102-0662.~~

Chapter 9 discusses consumer protection issues and related requirements across both Illinois Shines and Illinois Solar for All. Consumer protection documents, including the Consumer Protection Handbook, Contract Requirements, and sample Disclosure Forms, will be attached to the Plan that is filed with the Commission in October 2023.

9.1. Consumer Protection Requirements under Prior Long-Term Plans

~~The Since the beginning of the Illinois Shines and Illinois Solar for All programs, the Agency has considered the development of safeguards for consumers to be a vital component in ensuring to ensure the success of the Adjustable Block Program and Illinois Solar for All. these two programs. A project that successfully applies to one of these programs stands to receive a financial benefit from the programProgram in the form of a REC delivery contract and by extension from the ratepayers who fund it. RequiringEnsuring that customers receive clear and consistentaccurate information onabout the relationships among the end customer, the installer/developer,Program and the Approved Vendorspecific solar offers is critical to ensuring that the fiscal risksempowering customers to make prudent and controls of these programs are properly and prudently managededucated decisions regarding going solar.~~

As explained in prior ~~plansPlans~~, installation of a photovoltaic system is a significant financial commitment on behalf of ~~that system'sthe system~~ host (and potential owner). A system that has been sold (or leased) to a customer using incorrect, inaccurate, or deceptive information could put the financial security of Illinois residents or businesses at risk and poison the ongoing viability of the Illinois solar market.

While subscribing to a community renewable generation project, such as a community solar project, is not the same as choosing to purchase, lease, or otherwise host a system located on one's own property, it bears similarities to signing up to take supply service from an Alternative Retail Electric Supplier ("ARES") and includes a binding contractual commitment. —The Agency ~~has observedbelieves~~ that the history of questionable marketing practices of some ~~Alternative Retail Electric Suppliers gives reason to ensure~~ARES emphasizes the need for significant safeguards ~~are in place~~—around the marketing of community renewable generation subscriptions.⁷⁷²—The troubling

⁷⁷² See, e.g., ICC Docket No. 14-0512, Consumer Services Division and Office of Retail Market Development Staff Report to the Commission dated August 20, 2014, <https://www.icc.illinois.gov/downloads/public/edocket/384622.pdf> (detailing misleading and noncompliant marketing tactics employed by one ARES); ICC Docket No. 15-0438, Consumer Services Division and Office of Retail Market Development Staff Report to the Commission dated July 20, 2015, <https://www.icc.illinois.gov/docket/files.aspx?no=15-0438&docId=232481> (detailing several misleading telephone marketing tactics employed by a different ARES); ICC Docket No. 15-0512, First Notice Order, September 22, 2016, at 55 (expressly relying on information submitted with the ICC Staff Initial Comments dated November 5, 2015 (<https://www.icc.illinois.gov/downloads/public/edocket/417068.pdf>), which detailed trends in allegations of ARES wrongdoing including unauthorized switching, misrepresentation of the nature of the transaction, misrepresentation of identity of the ARES,

practices observed from alternative gas and electric suppliers include: improperly associating the supplier with the local utility or a government agency or program; implying that a customer must choose to enroll; inflating the price of green energy offers far beyond the actual incremental cost of procuring renewable resources; and targeting elderly, non-English speaking, and low-income customers who may have less access to quality information about energy prices.

The ~~Initial and Revised Plans thus featured consumer protection requirements developed~~ Agency was mindful of the ~~state's~~ State's experience with the retail energy supply market and the marketing and sale of energy-related products. ~~As such, the IPA originally sought to tap into the experience and institutional knowledge reflected in requirements applicable to alternative retail electric suppliers. While Approved Vendors would not necessarily be Alternative Retail Electric Suppliers, and thus as Approved Vendors are not governed as a matter of law by the Commission's Rules applicable to ARES, the IPA found that the in developing its foundational consumer protection requirements. The IPA found that the Illinois Commerce~~ Commission's Title 83, Part 412 rules provided a workable blueprint for expectations of Approved Vendors. ~~Therefore, as a condition of ongoing approval, Approved Vendors are and have been expected to comply with~~ The Programs' initial marketing standards generally equivalent to guidelines were modeled on the Commission-approved rules for marketing practices by ~~alternative retail electric suppliers.~~⁷⁷³ Alternative Retail Electric Suppliers,⁷⁷⁴ and have since been modified to address consumer protection issues that have arisen in the specific context of Illinois Shines and Illinois Solar for All.

The Agency recognizes that it is not a regulatory agency and does not have jurisdiction over all distributed generation installations or community solar projects across the ~~state.~~ State. However, the Agency can and ~~did~~ does create common sense provisions to ensure that entities developing projects seeking to participate in the ~~Adjustable-Block~~ Illinois Shines and Illinois Solar for All Programs ~~programs~~ are held to high standards for consumer protection. As the entities tasked by law with determining participation eligibility and enforcing program terms, conditions, and requirements on participant firms, ~~those~~ the programs' respective Program Administrators enforce consumer protection provisions through ~~disciplinary actions, responses to program violations, beginning with directing corrective action and compliance plans, up to and including issuing formal warnings, placing entities on probation, and when necessary, suspending non-compliant entities and suspensions~~ from further participation in these state-administered incentive programs. As the Program Administrators operate at the direction of and as an extension of the Agency ~~itself, those, the~~ Program Administrators share all disciplinary action decisions with the Agency, and ~~suspension from participation~~ responses to program violations can be appealed to the IPA ~~itself~~, who provides a final determination on ~~program status~~ the matter.

In approving the Agency's Initial Plan through Docket No. 17-0838, the Commission recognized the necessity for consumer protection requirements and authorized the Agency to develop requirements via program-related forms and documents outside of the Commission's approval proceeding. Consistent with the Commission's Order in that proceeding, the IPA developed initial consumer

misrepresentation of price or savings, failure to disclose cancellation fees or right to cancel, and more); ICC Docket No. 17-0273, Order, dated August 15, 2017, at 4-5 (denying a certificate of service authority to an ARES that, previously operating in Illinois under a prior corporate structure, had amassed numerous complaints related to sales and marketing).

⁷⁷³ See 83 Ill. Adm. Code Part 412 for administrative rules outlining those practices.

⁷⁷⁴ See 83 Ill. Adm. Code Part 412 for administrative rules outlining those practices.

protection policies and procedures as terms and conditions of participation in these programs.⁷⁷⁵ In order to ensure transparency in the development of these guidelines, the IPA and its Program Administrators held a series of stakeholder feedback sessions and solicited written stakeholder feedback in 2018 before producing program brochures, standard ~~disclosure forms~~ Disclosure Forms, contract requirements, requirements for marketing behavior and marketing materials, and the ABP Program Guidebook⁷⁷⁶ and ILSFA Approved Vendor Manual upon opening of the programs.

After deliberation, the Agency decided not to seek Commission approval of those specific documents through approval of its Revised Plan in Docket 19-0995. ~~The~~ Agency believed then that the ability to adjust such documents and the requirements embodied within them based on market experience, without further Commission approval, outweighed the certainty associated with having an administrative order from a quasi-adjudicatory body affirming the specific contents contained therein. ~~Instead, the~~ The Commission affirmed the following through its Order approving the Revised Plan:

- The Agency maintains flexibility to adjust its program requirements, and the documents and forms through which they are expressed, without further Commission approval as warranted; and
- Any significant adjustments to those requirements should be preceded by a process to receive stakeholder feedback;~~;~~

The principle that Approved Vendors may be held accountable for the conduct of their agents, subcontractors, or designees under the Agency's marketing guidelines and other program requirements is a reasonable requirement consistent with a) the Commission's determination in Docket No. 17-0838 and b) the Agency's statutory authority to develop terms, conditions, and requirements applicable to the programs it implements.

~~In accordance with the Commission's Order in Docket 19-0995 approving the Revised Plan, the Adjustable Block Program Marketing Guidelines and related documents were updated through a stakeholder process to reflect changes approved by the Commission, including updating the requirements to align with requirements placed on alternative retail suppliers through the enactment of Public Act 101-0590.⁷⁷⁷ These requirements and related documents underwent minor modifications once again in October 2021 to reflect changes in program requirements surrounding the opening of additional capacity for the Adjustable Block Program on December 14, 2021.⁷⁷⁸~~

9.2. Consumer Protection Provisions Arising from Public Act 102-0662

Changes in law under Public Act 102-0662 ~~require~~ required the Agency, along with its Program Administrators for both the ~~Adjustable Block~~ Illinois Shines Program and the Illinois Solar for All Program, to propose various program terms, conditions, and requirements applicable to participating entities and project applications. ~~In large part, the requirements, codified at 20 ILCS 3855/1-75(c)(1)(M), mirror consumer protections put into place by the Agency and approved by the~~

⁷⁷⁵ See, e.g., ICC Docket 17-0838, Final Order dated April 3, 2018.

⁷⁷⁶ "ABP" is an abbreviation for "Adjustable Block Program," which is the statutory name for the Illinois Shines program. While the IPA endeavors to reference "Illinois Shines" in most external communications, certain documents and resources, including historical documents, still refer to the "ABP" or "Adjustable Block Program."

⁷⁷⁷ See: <https://illinoisabp.com/wp-content/uploads/2020/06/ABP-M-GIs-Request-for-Feedback-4.3.20-Updated-Due-Date.pdf>

⁷⁷⁸ <https://illinoisabp.com/wp-content/uploads/2021/10/DG-Marketing-Guidelines-With-CEJA-Update-10.19.21-Redline.pdf>

Commission under the Initial and Revised Plans. ~~Pursuant to the P.A. 102-0662, the Agency is required to:~~

- ~~i. Establish a registration process for entities seeking to qualify for program administered incentive funding, maintain a list of such entities, and revoke an entity's ability to receive funding based on the failure to comply with contract terms, the law, or other program requirements;~~
- ~~ii. Establish program requirements and minimum contract terms to ensure projects are properly installed and produce their expected amounts of energy;~~
- ~~iii. Direct program participants and their agents to provide standardized disclosure to a customer prior to the customer's execution of a contract in order to discourage deceptive marketing and bad faith business practices;~~
- ~~iv. Establish Consumer Complaint Centers to accept complaints regarding entities that participate in or otherwise benefit from State administered incentive funding through Agency administered programs, and maintain a public database of complaints;~~
- ~~v. Provide an annual written report to the Commission documenting the frequency and nature of complaints as well as any enforcement actions taken in response;~~
- ~~vi. Convene regular meetings with representatives of the Office of the Attorney General, the Commission, consumer protection groups, and other interested stakeholders to share information regarding consumer protection, project compliance, and complaints received; and~~
- ~~vii. Refer complaints that implicate the jurisdiction of the Office of the Attorney General, the Commission, or local, State, or federal law enforcement to the appropriate entity as necessary.~~

As ~~revisions to~~ Section 1-75(c)(1)(M) now expressly state~~states~~ that the IPA "shall propose the Adjustable Block program terms, conditions, and requirements . . . through the development, review, and approval of the Agency's long-term renewable resources procurement plan," the Agency understands this ~~new~~ language as a directive from the General Assembly to include these requirements within the Long-Term Plan, subject to approval from the Commission, where practicable to do so.⁷⁷⁹ Notably, the Agency still retains authority to modify consumer protection requirements, and the documents that contain these requirements, outside of the Plan proceeding process. The Agency has committed to using stakeholder feedback processes to inform the development of material or significant new requirements made between Long-Term Plans (except in the case of emergency changes, such as the type necessitated by the COVID-19 global health pandemic).⁷⁸⁰

As noted in Section 9.1, the Agency lacks plenary regulatory authority over developers of distributed generation or community solar projects. ~~However, the changes in law to Section 1-75(c)(1)(M)~~

⁷⁷⁹ The Agency does not interpret this provision of the IPA Act to allow it to promulgate administrative rules related to terms and conditions of program participation. While the Administrative Procedure Act applies to all its administrative rules and procedures (20 ILCS 3855/1-30.1), the Agency "shall not adopt any rules that infringe upon the authority granted to the Commission" under Section 1-35 of the IPA Act. As the Commission has the authority to approve this Long-Term Plan under Section 1-75(c)(1)(A) of the IPA Act and Section 16-111.5(b)(5) of the PUA, the Agency cannot adopt any administrative rules regarding the terms, conditions, and requirements for participation in the Adjustable Block Illinois Shines and Illinois Solar for All ~~Programs~~programs under Section 1-75(c)(1)(M) of the IPA Act—or, indeed, for any other requirement related to the programs. The promulgation of such administrative rules would plainly infringe upon the authority granted to the Commission through its role reviewing and approving the Long-Term Renewable Resources Procurement Plan.

⁷⁸⁰ The Commission approved this approach in its Final Order in ICC Docket No. 22-0231, affirming "the IPA's ability to make modifications" between Plan proceedings and rejecting the argument that "every modification, no matter how minor, must be vetted through the stakeholder process." Final Order, ICC Docket No. 22-0231 at 137 (Jul. 14, 2022).

pursuant to the enactment of Public Act 102-0662 reinforce the IPA's understanding that consumer protections are a vital part of its programs through new express statutory requirements necessitating that the Agency develop "terms, conditions and requirements for program participation" that discourage deceptive marketing practices and bad faith business practices. ~~A description of the Agency's requirements for both programs~~ Programs and proposed changes thereto are outlined below; ~~existing and proposed new consumer. Consumer protection program materials are contained within Appendix I documents will be attached to this~~ the Plan. ~~– filed with the Commission in October 2023.~~ Consistent with past practice, the Agency ~~sought~~ will seek the approval of the underlying requirements while retaining the flexibility to modify these materials as needed. Material or significant modifications to these requirements between approval of this and future iterations of the Long-Term Plan would be conducted through a stakeholder feedback process (except in the case of emergency changes, ~~such as the type necessitated by the COVID-19 global health pandemic~~). ~~The Commission approved this approach in its Final Order in ICC Docket No. 22-0231. The Commission affirmed "the IPA's ability to make modifications" between Plan proceedings and rejected the argument that "every modification, no matter how minor, must be vetted through the stakeholder process."~~⁷⁸¹].

~~Appendix I-1 to this Plan includes the Consumer Protection Handbook and ABP and ILSFA Contract Requirements, which have been updated from the versions filed on March 21, 2022 to reflect the Final Order in Docket No. 22-0231. Consistent with this Plan and past approved practice, Approved Vendors and Designees are given 45 days of lead time to become fully compliant with new requirements in these documents. Compliance is therefore required by August 28, 2022, 45 days after the Commission's July 14, 2022 Final Order. Appendix I-2 to this Plan includes the Disclosure Forms, which have not yet gone into effect. The Agency intends to hold a stakeholder feedback process to further update these forms, and expects to launch the final updated Disclosure Forms through the online Program portals for the June 1, 2023 start of the next Program years.~~

9.3. Registration for Program Participants

~~The~~ Under Section 1-75(c)(1)(M), the Agency is required to establish a registration process for entities that wish to qualify for program-administered incentive funding, establish baseline qualifications for approval of these entities, and maintain a list on each program's website. Additionally, the Agency may revoke the ability for these registered entities to receive program-administered incentive funding upon a determination that the entity failed to comply with program requirements or the law. ~~While these statutory requirements are newly enacted pursuant to P.A. 102-0662, those provisions hew closely to the requirements already in place under both programs, as detailed below.~~

9.3.1. Registration Requirements

Registration requirements for Approved Vendors and Designees under ~~the Adjustable Block Program~~ Illinois Shines are laid out in Sections 7.7 and 7.8 of this Plan, respectively, and further detail on those processes is contained within the Program Guidebook. ~~– Approved Vendors seeking to participate in the Illinois Solar for All Program must first satisfy the requirement of being an Approved Vendor in good standing with the Adjustable Block Program.~~ Illinois Shines. Registration requirements for Approved Vendors under the Illinois Solar for All Program are laid out in Section

⁷⁸¹ Docket No. 22-0231, Final Order dated July 14, 2022 at 137.

8.9 of this Plan, and further detail on the Approved Vendor application process and Designee registration process is contained within the program's Approved Vendor Manual.

The Agency ~~experienced an increased number~~ has noted that the majority of complaints ~~within received by~~ the Adjustable Block Program in 2021, predominately surrounding actions of Administrators have been against Designees, rather than Approved Vendors. ~~Investigations into these complaints have shown that more often than not, Approved Vendors are unaware of their Designees' violative conduct. The~~ In the 2022 Plan, the Agency previously sought stakeholder feedback ~~on considered~~ whether Illinois Shines Designees ~~in the Adjustable Block Program~~ should be subject to an application process similar to Approved Vendors (as opposed to the current process, where Designees simply register with the program ~~rather than applying~~). ~~The Agency decided to the program seeking the ability to participate as an Approved Vendor does~~. The Agency received feedback indicating that this proposal was not supported, as ~~thenot~~ apply a more stringent application process for Designees, in light of stakeholder feedback that this would be burdensome to Designees and ~~may would~~ create barriers to program participation for new and emerging businesses.

Instead, the Agency ~~will decided to~~ require that Approved Vendors ~~that utilize Designees to~~ develop plans and processes for ~~the vetting, management, and training of their Designees. As the Approved Vendor is ultimately responsible for the actions of its Designees, the Agency believes that this will ensure that both Approved Vendors and Designees are well-informed of the requirements of the managing their Designees. This requirement was incorporated in the 2023~~ Consumer Protection Handbook ~~(outlined in Section 9.4.1) and other relevant program documents, and that this in turn may help reduce the volume and type of consumer complaints, ultimately leading to greater success both in individual projects and the programs overall. Approved Vendors will be, and current Approved Vendors are required to submit these plans and process to the Agency and/or Program Administrators upon request and may be subject to disciplinary action for the failure to develop and implement internal policies and procedures for the management of Designees.~~⁷⁸²

~~follow a Designee Management Plan by September 1, 2023. The Agency will also require~~ stated in its 2022 Plan that ~~it would begin requiring~~ Designees to go through an annual process to renew their registration, similar to the current renewal process for Approved Vendors. As part of this process, Designees will submit their training materials and certifications showing that their agents have been trained in accordance with program requirements. ~~The development of this process is slated to begin by late 2023.~~

~~In an initial stakeholder feedback request published May 26, 2023, the Agency again raised the idea of additional registration or application requirements for Designees, and again received feedback that the burdens (both on Designees and on the Program Administrator) would outweigh the benefits. The Agency proposes to wait and evaluate the impact of Designee Management Plans, and the annual Designee renewal process, before implementing additional Designee requirements. The Agency does not wish to create additional administrative burdens or hurdles for new and emerging businesses if the existing requirements, once implemented, are adequate to address the underlying consumer protection concerns.~~

⁷⁸² ~~The Agency notes that it intends to develop additional details regarding the requirements for Designee management plans through a stakeholder process and incorporate these requirements into the next version of the Consumer Protection Handbook.~~

9.3.2. Listing of Approved Entities

Both ~~the Adjustable Block Program~~ Illinois Shines and Illinois Solar for All ~~Program~~ provide lists of Approved Vendors and Designees on each program's website. ~~For the Adjustable Block Program, this information is published both on the consumer-facing branded~~ The Illinois Shines website, ~~Illinois Shines, and the website designed for participating entities. Both of these websites also provide~~ provides information regarding whether the entity has been disciplined by the Program Administrator for violations of program requirements, including information on suspensions and recent warning letters. The Illinois Solar for All ~~website likewise provides a listing of Approved Vendors and registered Designees on its website; however, no disciplinary actions have been taken~~ Program Administrator has not yet issued any warning letters, and the single suspension issued was against ~~Approved Vendors or Designees in an entity~~ that ~~program to date.~~⁷⁹³ was not registered with the Program. For more information on the public database of disciplinary actions and customer complaints, see Section 9.6 of this Plan.

9.3.3. Disciplinary Determinations

~~The Adjustable Block Program~~ Illinois Shines and ~~the~~ Illinois Solar for All ~~Program~~ are ~~ultimately~~ state-administered incentive programs leveraging state- or utility-collected funds to provide ~~additional~~ incentives for photovoltaic project development. ~~These programs do not constitute the Illinois solar market generally; an Approved Vendor, agent, or Designee, or other solar vendor could simply choose to operate outside of the Agency's consumer protection requirements by not benefitting from incentive funding. Consequently, the Agency's disciplinary determinations are simply determining ongoing eligibility for state-administered incentives. No general conduct is being restricted through the suspension or revocation of Approved Vendor status; all that is being restricted is an Approved Vendor's eligibility for incentive funding through the Agency's incentive programs. Similarly, when the Program Administrator requires that an entity take corrective action or follow a compliance plan, these are requirements that the entity must follow if it wishes to remain eligible for participation in the Program.~~

~~Changes~~ Express language found in ~~law through Public~~ the Illinois Power Agency Act 102-0662 ~~supports~~ supports the Agency's prior position on disciplinary determinations for violations of program requirements. ~~Section 1-75(c)(1)(M)(i) now of the IPA Act~~ provides that the Agency may "revoke a vendor's ability to receive program-administered incentive funding status upon a determination that the vendor failed to comply with contract terms, the law, or other program requirements." ~~The Agency believes that revocation of the ability to receive incentive funding may involve Approved Vendors as direct recipients of incentive funding as well as Designees as indirect recipients or beneficiaries of that funding. Additionally, the Agency believes that a reasonable interpretation of the changes in law would include~~ includes both a temporary revocation (i.e., suspension) and permanent revocation (i.e., termination of program registration) of the ability to receive program-administered incentive funding.

The Agency appreciates that certain procedural safeguards should accompany its disciplinary determinations. ~~Through its Revised Plan As an initial matter, the Agency proposed (and the Commission approved) procedural requirements applicable to such determinations. Specifically,~~

⁷⁹³ ~~The ILSPA Program Administrator has only sent one suspension letter to date, and it was to an entity that was not registered as an ILSPA Approved Vendor or Designee. On August 3, 2022, the ILSPA Program Administrator suspended an entity that had misrepresented the availability of ILSPA incentives to a customer and completed the project in a manner that made it ineligible for ILSPA.~~

~~mirroring and expanding on the process found in the Adjustable Block Program Guidebook, the Agency's Revised Long-Term Plan provided that Approved Vendors, Designees, agents, or other third parties potentially subject to program discipline for a violation of program requirements generally be afforded the following:~~

~~A provides 45 calendar daydays of lead time will be provided to Approved Vendors and Designees in order before new program requirements go into effect, to allow entities to prepare for and implement general changes to consumer protection requirements. their business practices (except in the case of emergency situations).~~ Unless otherwise specified, the lead time granted will not prohibit Approved Vendors and Designees from taking earlier steps towards compliance. ~~In situations where the Agency determines that emergency adoption of a new or modified consumer protection is necessary, no lead time will apply; however, the Agency commits to enforce any such requirements with an eye toward the practical challenges inherent in immediate implementation.~~⁷⁸⁴

~~In its 2023 Consumer Protection Handbook, the eventAgency published a Program Violation Response Matrix and updated its discussion of steps taken in response to potential program violations.~~

~~The Matrix lays out several types of responses that the Program Administrator believes an Approved Vendor, Designee, may take to a customer complaint or other entity participating in its programs potential program violation:~~

- ~~• **Informal Mediation** is provided if a customer files a complaint but there does not acting appear to be a program violation;~~
- ~~• **A Corrective Action** or has not acted, in compliance with program requirements, **Compliance Plan** is required for program violations that are less serious in nature;~~
- ~~• **A Warning** is issued for recurring and/or more serious violations; and~~
- ~~• **A Suspension or Revocation of Approved Vendor or Designee Status** is issued for the appropriate most egregious violations.~~
- ~~• **Restricted Portal Access** is used when an entity is non-responsive to a Program Administrator will notify inquiry or investigation.~~

~~The Matrix also sets out, for each response type: (a) the participating entity (and its Approved Vendor, in process provided before the case of an agent or Designee) through an e-mail that response is taken, (b) how the action is communicated and what records are kept, (c) whether the response is published online, and (d) whether the response may be appealed. The Matrix also sets out various factors that the Program Administrator may consider in determining which response is appropriate, such as the number of customers affected; the breadth, scope, and/or duration of the issue, etc.~~

~~Outlines~~

~~For all responses where it appears that a program violation has occurred (that is, all responses besides informal mediation), the Program Administrator starts by issuing a Notice of Potential Violation ("NOPV") that:~~

- ~~• **Identifies** the problematic behavior;~~
- ~~• Explains how the behavior is or may be non-compliant with program requirements;~~
- ~~• Requests more information about the issue; and~~

⁷⁸⁴ See Docket No. 19-0995, Final Order dated February 18, 2020 at 56, 62. For an example of emergency adoption of a consumer protection, see: <http://illinoisabp.com/2020/03/20/ipa-covid-19-announcement/>; <https://illinoisshines.com/ipa-covid-19-announcement/>.

- ~~Provides~~Includes information on ~~any possible~~ penalties ~~that might result from the behavior.~~⁷⁸⁵.

For Designees, a copy of the NOPV will be sent to the Designee's Approved Vendor(s). For nested Designees,⁷⁸⁶ a copy will also be sent to the Designee under which the entity receiving the NOPV is nested. With the limited exception of emergency situations requiring immediate action (as determined at the discretion of the IPA), ~~no disciplinary determination (such as the suspension or revocation of the ability to participate in the Agency's programs) will be made by the appropriate Program Administrator without the allegedly offending party having the opportunity to offer a written or oral explanation of the problematic behavior for review and analysis by the Program Administrator.~~ the Program Administrator will allow a reasonable time for the entity to respond before determining what action to take.

- ~~All disciplinary determinations are made by the Program Administrator in consultation with the Agency and will be communicated through a written explanation of the determination with at least the following:~~

All formal warning letters for consumer protection violations will include the following:

- A brief explanation of the infractions for which the ~~Approved Vendor and/or Designee~~entity is being ~~disciplined; warned;~~
- A timeline of communications between the offending entity and the Program Administrator;
- ~~Specific reference~~Reference to which specific program requirement(s) the ~~offending~~ entity violated; and
- ~~In the case of a warning, an~~An explanation ~~of the concerning behavior that, if continued, may lead to a suspension from the program regarding how the Approved Vendor and/or other conditions that Designee can appeal the formal warning to the IPA and the deadline for an appeal.~~

For Designees, a copy of the warning letter will be sent to the Designee's Approved Vendor(s). For nested Designees, a copy will also be sent to the Designee under which the entity may be required to satisfy to ensure compliance with receiving the warning letter is nested.

All formal disciplinary actions (suspensions or revocation of Approved Vendor/Designee status) taken by the Program requirements; Administrator for consumer protection violations will be communicated through a written explanation of the determination that includes the following:

- ~~In the case of a probation, an~~A brief explanation of the ~~probation terms, including infractions for which the entity is being disciplined;~~
- A timeline of communications between the offending entity and the Program Administrator;
- Reference to which specific program requirement(s) ~~must be explicitly followed during the probation period, the penalty for failure to strictly comply during that period, and other conditions that the entity may be required to satisfy prior to the probation being lifted~~violated;
- ~~In the case of a suspension, an~~An explanation of ~~the suspension terms~~any disciplinary action, including what specific conduct is no longer permitted in connection with the Program through the length of the suspension ~~and other conditions that the entity may be required to satisfy prior to resuming participation in the program;~~ and

⁷⁸⁵ The Commission Order in the Long Term Plan proceeding stated that this notice should include information on possible penalties. See Docket No. 22-0231, Final Order dated July 14, 2022 at 139.

⁷⁸⁶ "Nested Designees" refers to Designees of Designees. These Designees are "nested" under another Designee, rather than registered directly under an Approved Vendor.

- ~~An explanation for regarding how to the Approved Vendor and/or Designee can appeal the Program Administrator's disciplinary determination that a suspension is warranted to the Agency IPA and the deadline for submission of the appeal. Unless an appeal.~~

~~A copy of the letter will be sent to all Approved Vendors and Designees that are linked in the Portal to the entity, or otherwise indicated, appeals must be submitted to the IPA within two weeks of the suspension determination, but registered as acting in partnership with, the entity that is suspended or whose status is revoked.~~

- ~~An deadline Approved Vendor or Designee may be extended by the IPA upon request by the disciplined entity for good cause.~~

~~The IPA will endeavor to address any appeals of disciplinary determinations within two weeks of receiving an appeal (although the need to receive additional documents or information may extend that timeline). The Consumer Protection Handbook clarifies that a decision or action of the Program Administrator. An appealing Approved Vendor or Designee may also submit a request to the Agency for a stay of any disciplinary action or decision pending a resolution of its appeal. The Agency may grant or deny this request and will consider, among other factors, the likelihood of customer harm from such a stay, whether the conduct that resulted in the suspension is ongoing, and the likelihood that the appealing entity may prevail. As part of its appeal, an Approved Vendor or Designee may also suggest alternative resolutions or means to address violations (other than the disciplinary action that is being appealed).~~

- ~~Any appeal determination made by the IPA will include, at minimum, a clear statement of the Agency's decision, the consequences of that decision, and a supporting explanation as to why that decision was made.~~

~~The Agency plans to develop additional guidelines to ensure that, as the Programs continue to expand and address a growing number of complaints, disciplinary responses continue to be carried out in a fair and consistent manner. Using a transparent stakeholder feedback process, the Agency plans to develop a matrix⁷⁸⁷ laying out the types of consumer protection issues and program violations that have arisen or may arise and progressive disciplinary responses, including the process provided to the alleged offender and whether an appeal is available.⁷⁸⁸~~

~~The Agency does not believe that the authority to "revoke a vendor's ability to receive program-administered funding status" is the same as authority to revoke a vendor's ability to receive program-administered funding—such as through the suspension of REC delivery contract payments—which the counterparty utility is contractually obligated to provide for REC deliveries, unless that consequence follows as a violation of certain REC delivery contract terms.~~

~~The Agency is proposing in this draft Plan a new element in the disciplinary process. The Agency is aware that there are instances of close affiliate companies participating in the Programs as Approved Vendors and Designees. For example, sometimes a "parent" company owns multiple single-project~~

⁷⁸⁷ New Jersey's Clean Energy Program uses a similar approach to address issues with contractors violating program requirements. See Order at p.7, *In the Matter of the Clean Energy Programs and Budget for Fiscal Year 2017: Contractor Remediation Procedures*, N.J. Bd of Pub. Util. Docket No. Q016040353 (Jan. 25, 2017), available at https://www.state.nj.us/bpu/pdf/boardorders/2017/20170125/1_25_17-8C.pdf.

⁷⁸⁸ The Agency initially expected that this stakeholder feedback process would commence in September 2022; the Agency now plans to begin stakeholder discussions on this topic in the October or November meetings of the Consumer Protection Working Group.

limited liability companies (“LLCs”), each of which serves as the Approved Vendor for a different community solar project, and the same management and/or staff runs each LLC. In these cases, if the Program Administrator discovers significant program violations related to one LLC, it may be likely that the same conduct is present in the other LLCs. In other instances, the Agency has seen new companies attempt to enter the Program after a close affiliate company has been suspended from participation. The Agency wants to (a) eliminate any loophole where a bad actor may be suspended and then re-enter the Program through a new company, and (b) ensure that if a company is disciplined for program violations, that the discipline also applies to close affiliates already participating in the Program, if appropriate.

The Agency is therefore proposing that when the Program Administrator formally disciplines a program entity (that is, suspends or permanently revokes the entity’s Approved Vendor or Designee status), that the Program Administrator may—in its discretion—apply the discipline to affiliate companies that share at least 25% ownership or have at least 50% common managers or staff.⁷⁸⁹ The discipline may apply to existing Approved Vendors or Designees, or to future applicants (such that they may not enter the Program). The Agency does not intend that the discipline would be applied to affiliates that are only linked by a common third-party financing company that is entirely uninvolved in the management of the companies. The ability to appeal the discipline would be available to the primary entity being disciplined, as well as to any affiliates to whom the discipline is also applied. The Agency invites feedback on this proposal.

9.4. Program Requirements and Contract Requirements

As discussed in Section ~~9.1, 9.1,~~ pursuant to the Commission’s Order approving the Initial Plan in Docket No. 17-0838, the Agency and its Program Administrators developed program requirements, including marketing requirements, standard ~~disclosure forms~~ Disclosure Forms, contract requirements, and program brochures. ~~The~~ Through P.A. 102-0662, the Agency is now required under Section 1-75(c)(1)(M)(ii) to establish program requirements and minimum contract terms “to ensure projects are properly installed and produce their expected amounts of energy.”

~~While the~~ The Agency ~~sought approval~~ attached copies of ~~program~~ its consumer protection documents to the 2022 Plan, including the Consumer Protection Handbook, Contract Requirements, and example Disclosure Forms. In Docket 22-2031, the Commission confirmed the Agency’s position that the Agency retains the authority to update Program requirements ~~in the past through the Long-Term Plan, the actual content has been developed, including the Consumer Protection Handbook, Contract Requirements, and other documents,~~ outside of the Plan approval process.⁷⁹⁰ The Agency continues to believe that the ability to adjust consumer protection ~~program~~ requirements, including marketing requirements and contract requirements, based upon observations of the market and complaints regarding customer experiences, is necessary to provide adequate consumer protections that can readily adapt to changes in the marketplace or other conditions. ~~For example, in March 2020, the Agency issued emergency requirements related to in-person marketing during the onset of the~~

⁷⁸⁹ A 25% ownership requirement is proposed to ensure application to EECs that may be substantially owned by established Approved Vendors, but majority-owned by one or more Equity Eligible Persons.

⁷⁹⁰ See Final Order, ICC Docket No. 22-0231 at 137 (Jul. 14, 2022).

~~COVID-19 global health pandemic.⁷⁹¹ These emergency provisions were modified as the pandemic progressed through 2020, 2021, and into 2022.⁷⁹²~~

~~Documents outlining marketing requirements⁷⁹³ and other requirements have now been included with this Plan as directed by Section 1-75(c)(1)(M). The IPA once again requested that the Commission affirm through approval of this Plan that the Agency maintains the flexibility to adjust the Adjustable Block Program and Illinois Solar for All consumer protection program requirements (including related documents and forms) between various iterations of the Long-Term Plan without further Commission approval. As with the updates to the consumer protection requirements that arose from the Commission's approval of the Revised Long-Term Plan in Docket No. 19-0995, the IPA commits to conducting a stakeholder feedback process prior to implementing significant adjustments to those requirements and related documents between plan proceedings. The Commission approved this approach in the Final Order in Docket No. 22-0231.⁷⁹⁴ The commencement of any such revision process will be announced on the respective program website and communicated to Approved Vendors, registered Designees, and other interested stakeholders. Following a significant, non-emergency change in program requirements adopted through a stakeholder process, program participants will have 45 calendar days to comply with the updated provisions.~~

~~9.1.1. Consumer Protection Handbook~~

~~Appended to this 2022 Long-Term Plan in Appendix I-1, the Agency provides a new document, the The Agency is not attaching consumer protection documents, such as the Consumer Protection Handbook, to this draft 2024 Plan. At this time, the Plan includes several proposals, some of which remain under development and will be refined through the public comment period. The Agency will review and consider public comments before finalizing the proposals and incorporating them into the consumer protection documents. The Agency intends to attach draft updated versions of the consumer protection documents to the version of the Plan that is filed with the Commission in October 2023, which will reflect new proposals as necessary.~~

9.4.1. Consumer Protection Handbook

~~The Consumer Protection Handbook was first published in 2022 and replaced Consumer Protection Handbook, which updates and consolidates the ABP Community Solar Marketing Guidelines and Distributed Generation Marketing Guidelines, as well as the ILSFA Low-Income Community Solar Consumer Protection Requirements and the Low-Income Distributed Generation Consumer Protection Requirements. -The Consumer Protection Handbook was updated in the spring of 2023, and Approved Vendors and Designees in both programs ~~are~~were required to ~~adhere to~~comply with the updated Consumer Protection Handbook ("CP Handbook")~~-")~~ by June 1, 2023.~~

⁷⁹¹ ~~<https://illinoisabp.com/covid-19-related-marketing-guidelines-and-updates/>~~

⁷⁹² For example, in March 2020, the Agency issued emergency requirements related to in-person marketing during the onset of the COVID-19 global health pandemic. These emergency provisions were modified as the pandemic progressed. See <https://illinoisshines.com/ipa-covid-19-announcement/>.

⁷⁹³ The new Consumer Protection Handbook, which includes marketing requirements for the Adjustable Block Program and the Illinois Solar for All Program, is contained in Appendix I-1.

⁷⁹⁴ See Docket No. 22-0231, Final Order dated July 14, 2022 at 137.

~~There was considerable overlap in the requirements in each of the documents previously in use, but also some important differences, requiring Approved Vendors and Designees that offered multiple types of projects to read each separate applicable document in full and keep track of differences between them. The Agency believes that a consolidated CP Handbook that highlights differences between ABP and ILSFA, and between community solar and distributed generation projects, will be more useful to Approved Vendors and Designees, especially those who offer multiple types of projects or subscriptions. The Agency also believes a consolidated handbook is consistent with the legislative directive to implement ILSFA “in a manner that seeks to . . . maximize efficiencies and synergies available through coordination with similar initiatives, including the Adjustable Block program.” 20 ILCS 3855/1-56(b)(2).~~

~~The CP Handbook reflects significant formatting changes, organizational updates, and clarifications, but retains most of the same substantive requirements. For example, to reduce redundancy, unlike the ABP DG and Community Solar Marketing Guidelines, the document is not separated into marketing “materials” and marketing “activities.” The final CP Handbook, modified consistent with the Commission’s Final Order in Docket No. 22-0231, is attached to this Plan in Appendix I-1. While the creation of a red-lined version of the CP Handbook was impractical due to the nature and extent of the changes, the Agency posted a copy of the CP Handbook to its website which includes comments in the margins of the CP Handbook flagging major changes in substantive requirements between the previous documents (ABP Community Solar and Distributed Generation Marketing Guidelines, and ILSFA Low-Income Community Solar and Distributed Generation Consumer Protection Requirements) and the initial draft CP Handbook filed on March 21, 2022. Approved Vendors and Designees should not rely exclusively on these comments and should review the new document in full.~~

~~The CP Handbook includes several new requirements, clarified requirements, and provisions that explicitly lay out existing requirements, including but not limited to:~~

- ~~• Explanations of what would make an act or practice unfair or abusive~~
- ~~• A requirement that Approved Vendors and Designees be responsive to customer questions and concerns and respond as promptly as possible, but no later than within seven business days~~
- ~~• Requirements regarding compliance with contractual obligations, conducting business in a professional manner, and providing services in a workmanlike manner~~
- ~~• Requirements regarding cooperation with investigations and truthfulness to the Program Administrator and Agency~~
- ~~• Required disclosures for all marketing channels~~
- ~~• Required disclosures and record retention requirements for telemarketing~~
- ~~• Requirement that the relevant utility account holder must be the signatory on the Disclosure Form (or, if the if the account holder is a company or organization, an individual authorized to sign on behalf of the account holder)~~
- ~~• Requirements regarding the use of third-party commercially available e-signature platforms~~
- ~~• Requirements regarding how Disclosure Forms should be completed~~

~~The Agency has seen a rise in the number of complaints from customers regarding additional or increased payments that are scheduled to begin before the customer receives an anticipated pass-through of the state-administered incentives under the REC delivery contract. The CP Handbook~~

~~includes a new requirement that to address this issue. For DG contracts where the Approved Vendor will make a direct payment or payments to the customer to pass through some or all of the REC incentive payment, the CP Handbook requires the Approved Vendor to (1) invoice for the incentive payment in a timely fashion, (2) pay the incentive to the customer after receipt in a timely fashion, and (3) not use the customer's share of the incentive payment to meet other financial obligations of the Approved Vendor.~~

Chapter I of the CP Handbook sets out requirements for conducting business in a fair, honest, and legal manner, including requirements regarding statements about RECs and the nature of energy received, statements about customer savings and the nature of offers, representations about marketers' identity and affiliates, and use of testimonials. Chapter II provides requirements that apply regardless of the marketing channel.

Chapter III ~~then~~ sets out additional requirements that apply to specific marketing channels, such as in-person sales or telemarketing. Chapter IV explains requirements for marketing to non-English speakers. Chapter V discusses Disclosure Forms and the process for executing customer contracts. Approved Vendors must provide each customer with a completed Disclosure Form prior to the customer's execution of the customer contract. Each Disclosure Form ~~will have~~ has the relevant ~~Informational Brochure~~ informational brochure attached as the first two pages. The brochures are available in either print or electronic form and have been prepared by the Program Administrator, approved by the Agency, and may not be modified by the Approved Vendor or Designee. ~~The brochure informs consumers of their rights, procedures for filing complaints, and points to more information on the Program website. The Agency has prepared the brochures in English and Spanish and will produce versions in additional languages should the need arise. The Agency is also updating the Illinois Shines Timeline, which is required to be provided to ABP DG customers who are purchasing a system. The revised~~ A document is titled "Going Solar: Your Guide to Illinois Shines," and is reworded and redesigned, while providing substantively the same information as is also pre-pended to Illinois Shines Disclosure Forms for DG projects when the customer is purchasing the project and will be receiving a direct pass-through of part or all of the original timeline. One change in content is that REC incentive. The document sets out the Going Solar flyer includes a link to steps in the new project look-up tool, which allows customers to check Illinois Shines process, from the status of their DG project.⁷⁹⁵ customer signing the Disclosure Form and contract, through the Part I and Part II applications, to invoicing and incentive payment.

Chapter VI sets out substantive requirements for offers. Chapter VII explains requirements for sales agent training, and Chapter VIII discusses requirements related to bundled Alternative Retail Electric Suppliers offers. Chapter IX sets out recordkeeping requirements. Chapter X discusses complaint and disciplinary processes ~~and designee management.~~

Chapter XI sets out additional requirements that apply to ILSFA. The applicable requirements for the Illinois Solar for All Program include additional protections beyond those of ~~the Adjustable Block Program, as to account for the Illinois Shines. These~~ additional risk of deceptive marketing requirements minimize risks to ILSFA participants, guarantee savings on energy costs, and ensure that vulnerable consumers are protected against unsafe and unfair business practices and behaviors targeted towards low-income customers.

⁷⁹⁵ Find the project look-up tool for Distributed Generation projects here: <https://illinoisshines.com/project-status/>

~~Pursuant to the Commission's Final Order in Docket No. 22-0231, the CP Handbook has been updated to clarify requirements around the use of the utility name in marketing,⁷⁹⁶ as well as to include the requirement that notices of potential violation to Approved Vendors and Designees must include information regarding possible penalties.⁷⁹⁷ This updated version of the CP Handbook is attached in Appendix I-1 and has been published on both Program websites.~~

~~ABP~~The Agency intends to attach an updated draft version of the CP Handbook to the version of the 2024 Long-Term Plan filed with the Commission in October 2023.

9.4.1.9.4.2. Illinois Shines Program Requirements

In addition to being outlined in this Plan, program requirements for participants in ~~the Adjustable Block Program have also in the past been Illinois Shines are~~ detailed in the ~~Program Guidebook, Contract Requirements, and Guidelines⁷⁹⁸ for Marketing Materials and Marketing Behavior ("Marketing Guidelines"), of which there were separate versions for marketing of community solar subscriptions and distributed generation installations. As explained above in Section 9.4.1, the Marketing Guidelines are among several documents now consolidated into the new Consumer Protection Handbook. (discussed above), Program Guidebook, and Contract Requirements.~~ Approved Vendors and Designees ~~alike~~ are required to be familiar with and comply with all program requirements in order to remain in good standing with the ~~program.~~ Program.

While Chapter 7 of this Plan outlines the primary goals and requirements for ~~the Adjustable Block Program~~ Illinois Shines, detail regarding the implementation of those requirements is explained in the ~~ABP~~ Illinois Shines Program Guidebook. ~~Developed by the Agency in conjunction with the Program Administrator, the Program Guidebook provides necessary detail on program requirements across all program categories and processes. As such, some items related to the consumer protection provisions in Public Act 102-0662 (for example, the processes for Approved Vendor applications and Designee registration or project inspections) are outlined in the Program Guidebook. The Agency, along with the Program Administrator, work to update the Program Guidebook on a regular basis to ensure that requirements are in step with the program.~~ Program as it develops.

In addition to the Program Guidebook, there are several other documents that either set forth program requirements or are essential for compliance with those requirements, including:

- Distributed Generation Standard Disclosure Form: available in English and Spanish, with separate versions available dependent upon whether the system is leased, purchased, or financed through a PPA. ~~Instead of a separate Disclosure Form for DG project over 25 kW in size, the streamlined, uniform form for each financing type—once finalized—should be used regardless of project size. The new DG forms for lease, purchase, and PPA will be used for all ABP DG projects, regardless of size. The Agency plans to release Spanish versions of the Distributed Generation Disclosure Forms as soon as practicable.~~
- Community Solar Standard Disclosure Form: available in ~~both~~ English and Spanish.

⁷⁹⁶ See Docket No. 22-0231, Final Order dated July 14, 2022 at 143.

⁷⁹⁷ See id. at 139.

⁷⁹⁸ While titled as "Guidelines," this document constitutes firm requirements for continued program participation.

- Informational Brochures:⁷⁹⁹ available in both English and Spanish, with separate brochures providing detail on distributed generation and community solar technologies and offers.
- ~~Consumer Protection Handbook: updates and consolidates the previously used Guidelines for Marketing Materials and Marketing Behavior.~~ Consumer Protection Handbook: provides consumer protection requirements, including those related to marketing, Disclosure Forms, substantive requirements, sales agent training, and record-keeping, as well as information about responses to program violations.
- Contract Requirements: different contract requirements exist for installation of a distributed generation system and a community solar subscription.⁸⁰⁰

These supporting documents ~~as listed above and attached hereto in Appendix I~~ work in concert with the Program Guidebook to ensure that program participants (Approved Vendors and Designees) are fully informed on program requirements. Approved Vendors must document to the IPA through the application process that the minimum ~~contract requirements~~ Contract Requirements for distributed generation systems were met (~~outlined~~ discussed below in Section 9.4.2.1~~2~~), that the customer received the ~~Informational Brochure~~ informational brochure, and that the customer received and executed a standard (i.e., unmodified) Disclosure Form prior to the execution of the contract with the program participant (as explained in more detail in Section 9.5).

It is the Agency's hope that through development of these requirements, customers who encounter the Programs are educated about the benefits and costs of ~~photovoltaic distributed generation project~~ installation and/or community solar subscriptions. The Agency firmly believes that a well-informed Approved Vendor/Designee can ensure that customers have a positive experience and understand both the ~~program~~ Program and their offer, ~~so goes to great lengths to ensure Approved Vendors/Designees are well informed, while simultaneously maintaining a focus. The Agency therefore not only focuses on direct~~ consumer education and protection, but also provides resources to support Approved Vendors and Designees participating in the Programs.

9.4.2.1. Illinois Shines DG Consumer Protection Concerns

The Agency has observed some specific consumer protection concerns for Illinois Shines distributed generation customers. These issues, and proposals to address the concerns, are discussed below.

9.4.2.2. Economic Incentive for Stranded Customer Projects

The first issue is an increasing trend of customers becoming "stranded"—that is, the situation when a customer has already signed a contract with a solar company, and then the Approved Vendor (and sometimes also the Designee) goes out of business or is prevented from moving forward with the project for other reasons, such as disciplinary action. The stranded customer may be left without an Approved Vendor to advance their application through the review process, or to pass through promised REC payments from the contracting utility. ABPFor distributed generation solar projects that are purchased (as opposed to projects that are leased or financed with a PPA), many Approved Vendors use a model where the Approved Vendor passes through some of the REC incentive lump

⁷⁹⁹ See: <https://illinoisabp.com/brochures/>. See <https://illinoisshines.com/brochures-and-other-resources/>.

⁸⁰⁰ Updated versions of the Contract Requirements, which reflect the Final Order in Docket No. 22-0231, are attached in Appendix I-1.

sum payment. This “pass through” occurs after the Approved Vendor receives the incentive, which is generally several months (or even longer) after installation of the solar project.

Customers can be stranded in different stages of their project and in different situations. In many cases, it is difficult for a customer to find a new company to take on their project, especially if the project has been partially installed but not completed. In other situations, assisting a customer in moving a project forward is less complex, such as when the project is complete and operational, and the customer just needs a new Approved Vendor to submit project application materials (and potentially pass through part of the REC incentive payment). Even in this case, however, there may be additional hurdles, such as obtaining the correct application materials from a Designee that has dissolved its business or is unknown to the new Approved Vendor. The Agency has repeatedly heard that assisting stranded customers is often unattractive to Approved Vendors and Designees because the work and risk can outweigh the benefits.

In its 2022 Long-Term Plan, the Agency explained that its primary concern is a positive resolution for the customer, including a path forward for their project to be completed, approved as part of Illinois Shines, and for the customer to receive promised REC payments, if applicable. The Agency explained its current approach of referring customers to a designated aggregator Approved Vendor that is willing to take on stranded customers, and noted that it would explore other solutions if appropriate.

Since the Agency drafted its 2022 Plan, the stranded customer issue has grown beyond the scope that a single Approved Vendor could address. The Illinois Shines Program Administrator published an announcement soliciting additional companies that could assist stranded customers and established a “short list” of these companies that met heightened eligibility requirements. The Agency believes that a high level of customer service and familiarity with program requirements and operations is especially important when assisting stranded customers, and therefore set out extra requirements for companies to be included on this “short list.” As of mid-July 2023, there are nine companies on the short list, several of which only work in specific geographic areas. With the estimated number of stranded customers over 200, the Agency is concerned that these companies will not have capacity to assist all stranded customers, and that customers in particularly difficult or unusual circumstances may have an especially hard time finding a new Approved Vendor (and possibly also Designee).

The Agency is therefore proposing that the Program provide an economic incentive for companies that assist stranded customers, especially for customers in situations that are the least attractive for new Approved Vendors. The Agency is proposing that the incentive be provided through a “REC adder”—that is, an increased REC price in the REC Contract for RECs generated by projects that were stranded and then “unstranded.” An outline of the Agency’s proposal is provided here, and the Agency encourages comments on all aspects of the proposal.

Funding: The Agency proposes that the REC adder would be paid out of the general RPS collections held by the public utilities.

Project Eligibility: Projects would be eligible for the REC adder when a new Approved Vendor takes on a customer that had been “stranded”—that is, the original Approved Vendor (and possibly also the Designee) that had contracted with the customer has gone out of business, ceased operations, or there is otherwise no reasonable likelihood that the Approved Vendor will follow through on its contractual obligations to the customer or continue to act as the Approved Vendor for the project.

The Program Administrator maintains an internal list of stranded customers. The Agency proposes that an Approved Vendor or Designee who is considering taking on a customer may ask for a determination from the Program Administrator on whether the customer is “stranded.”

Process: Using a stakeholder process, the IPA and the Illinois Shines Program Administrator would begin by developing categories of stranded customers, based on the specific types of situations in which customers are stranded. The Agency would determine a specific REC “adder” amount for each category of customer. The REC adder might be very small when the additional risk and work of taking on a type of stranded customer is minimal (such as when the project is built and functioning properly, and the application materials are available, and the customer just needs a new AV to actually submit the application). The REC adder might be much higher when a customer is in a complicated situation or where there could be more risk or work for the new Approved Vendor (and/or Designee), such as when a project is partially installed and the original installer is bankrupt and/or unresponsive. The Agency believes that developing categories of types of stranded customers and associated REC adder values will help ensure consistency in the value of the REC adder across different projects (as compared to a project-by-project REC adder determination) and will provide transparency to Approved Vendors who may be interested in helping stranded customers.

If an Approved Vendor takes on a stranded customer, the Approved Vendor will submit a form to the Program Administrator with information about the customer, the project status, how the customer was stranded, and which category and REC adder value the Approved Vendor believes the project is eligible for. The Program Administrator would review the documentation and determine whether the project is eligible for a stranded customer REC adder and, if so, what category and value. If the Approved Vendor disagreed with the determination, it could appeal to the IPA.

If the customer is stranded in a situation where it needs a new Designee as well as a new Approved Vendor, the Approved Vendor would still be responsible for submitting the form to the Program Administrator and the Approved Vendor and Designee would determine between themselves how to allocate the REC adder value.

The Agency proposes to request that the Commission approve an approach where the possible REC adder is available even for REC Contracts that pre-date the Agency’s 2024 Plan; this will allow the proposal to assist current stranded customers, not just future stranded customers whose projects are under future REC Contracts. The Agency also proposes that the REC adder be available *even after* the original or “base” REC incentive payments were made. This would be relevant, for example, if an Approved Vendor went bankrupt several years into the REC Contract—after the REC incentive was paid—but the project still needs an Approved Vendor to ensure REC delivery and file annual reports (and the customer may potentially have put up the collateral that is at risk in the case of underperformance), or the customer needs a new Approved Vendor or Designee to provide maintenance or warranty coverage.

There are some customers who become partially “stranded” when a Designee goes out of business, but the intended Approved Vendor for the project is still available. The Agency believes that in many cases, it is appropriate in those circumstances for the Approved Vendor—who is ultimately responsible for its Designees—to assist the customer. However, the Agency is aware that there are varying models and approaches to the division of roles between Approved Vendors and Designees. Some Approved Vendors serve only as “aggregators.” Aggregators do not sell or install solar projects, and may not even interact much or at all with the customer; aggregators generally submit the project

application to the Program and serve as the Seller of RECs under the REC Contract (and pass through any promised REC incentive payment). The Agency's understanding is that aggregators may not even learn about specific customers or projects until the seller Designee submits application materials to the Approved Vendor. While aggregator Approved Vendors, like all Approved Vendors, are ultimately responsible for the conduct of their Designees, the Agency understands that there are pragmatic differences in the roles and business practices of the entities involved.

The Agency proposes that if a customer becomes stranded by its Designee becoming unavailable, that the stranded customer REC adder is available *only if* the Designee is the entity with which the customer entered into the installation contract. If the customer signed an installation contract with the Designee, and the Designee subsequently became unavailable, the customer's project would be considered an eligible stranded project. However, the Agency notes that it would expect the value of the REC adder to be primarily retained by the new Designee, and not the Approved Vendor aggregator.

If the customer's installation contract was with the Approved Vendor (and for example, the Designee was a subcontracted installer), the Approved Vendor would be responsible for following through with its contractual commitments to the customer, regardless of whether the Designee installer went out of business, and the REC adder would not be available.

The Agency also notes that there may be synergies between this proposal and the proposed restitution fund (see Section 9.9). Stranded customers may be able to use payments from the restitution fund to fix installation or other system issues, such that their solar project is then in a better position to be "unstranded."

The Agency is interested in public comment on all aspects of the above proposal, and poses the following specific questions:

- Should there be any restrictions on the terms of the new contract between the new Approved Vendor (or Designee) and the stranded customer?
- Should the new Approved Vendor be required to pass through the originally promised amount of the REC incentive in order for the project to be eligible for the REC adder?
- What categories of stranded customers would be appropriate? What would an appropriate REC adder value be for each category?
- Are there alternative approaches to setting the value of the REC adder for specific projects?
- Are there alternative ways to incentivize Approved Vendors and/or Designees to take on stranded customers?
- Should the Agency consider case-by-case requests for exceptions to any of the generally applicable requirements and restrictions for an economic incentive?

9.4.2.3. Escrow Process for Approved Vendors that Do Not Pass Through Promised Incentive Payments

Another consumer protection concern that has arisen specifically in the context of Illinois Shines DG customers is the situation where some Approved Vendors have told the customer that they would pass through some or all of the REC incentive payment, and then have not actually passed through that money. While the Agency can take disciplinary action against Approved Vendors who fail to comply with contractual requirements and marketing statements, the Agency is not a party to the

REC Contract and generally does not have authority to interfere with the flow of money for projects that are under contract between the utility and the Approved Vendor. This means that an Approved Vendor may be suspended from the Program for not passing through promised REC incentives, but may still receive REC incentive payments from the utility for projects under REC Contracts in the Program that predate the Approved Vendor's suspension.

The Agency is proposing to develop an escrow process to be activated in situations where an Approved Vendor is very likely not going to pass through promised incentive payments to customers. An outline of the Agency's proposal is provided here, and the Agency encourages comments on all aspects of the proposal.

Funding: The Agency proposes that the necessary administrative costs would be paid out of the general RPS collections fund held by the public utilities. The Agency proposes that either the Program Administrator or a third-party professional escrow service act as the escrow agent.

Activation of Escrow Process: The escrow process would be activated when all of the following requirements have been met:

- The Approved Vendor at issue has promised to directly pass through part or all of the REC incentive payment to one or more customers;
- The Approved Vendor has projects participating in the Program where some or all of the REC incentive payment(s) have not yet been paid to the Approved Vendor by the utility;
- The IPA has determined that the Approved Vendor has a pattern and practice of not passing promised REC incentive payments through to customers and that there is substantial risk that the Approved Vendor will not pass through future promised REC incentives to customers; and
- The contracting utility agrees with the IPA determination to implement the escrow process for the specific Approved Vendor.

In determining whether the Approved Vendor has a pattern and practice of not passing through REC payments, the IPA would *not* consider delays in application processing by the Program Administrator. The Agency's determination would be based only upon the Approved Vendor *receiving the incentive payment* and then *not passing it through* to the customer as promised in a reasonable amount of time, or based on the Approved Vendor *failing to invoice* for the REC payment in a reasonable amount of time. The Agency is not proposing that the Program Administrator must take disciplinary action against the Approved Vendor before the escrow process can be triggered. The Agency wants to be able to swiftly implement the escrow process when appropriate, and expects that in some situations, the disciplinary and escrow processes will be triggered simultaneously.

Once the above requirements have been met, the escrow process would be used for all REC incentive payments for the Approved Vendor at issue, until and unless the IPA determines in its discretion that there is no longer a substantial risk that the Approved Vendor will not pass through promised REC incentives.

Proposed Escrow Process: Once the escrow process has been activated, the Agency or Program Administrator would notify the Approved Vendor and the affected customers. The Approved Vendor would continue invoicing as normal, and the utility would make the payment to the escrow agent instead of directly to the Approved Vendor. For each of the Approved Vendor's projects that is still receiving REC payments (for Small DG, this would mean the payment had not been made; for Large

DG, this would mean at least one payment was remaining), the Program Administrator would determine the proper disbursement of the payment. The Program Administrator would review the Disclosure Form (if generated on or after June 1, 2023) and any contracts and other relevant documentation submitted by the Approved Vendor or customer to determine how much of the REC incentive payment should be disbursed to the customer, and how much (if any) should be disbursed to the Approved Vendor. The Program Administrator would provide its recommendation to the Agency, which would review and consult with the applicable utility, and the Agency would approve or modify the disbursement proposal. Upon final determination, the escrow agent would make the disbursement.

The Agency is interested in comments on all aspects of the above proposal, and poses the following specific questions:

- Should the Program Administrator serve as escrow agent, or should a third-party escrow service be used? What are the benefits and drawbacks of each?
- What is the appropriate activation point for the escrow process? Are there other situations when an escrow process would be appropriate? If so, what are they?
- Should customers be able to request the use of an escrow process in other situations if the customer pays the escrow fee?
- Are there situations where the Approved Vendor should be responsible for paying the escrow fee?
- Should the IPA institute a minimum percentage of REC delivery contract payments always required to be passed through to customers? If Disclosure Form incentive allocations are used to determine the payment amount due to the customer, how can the IPA best avoid that disclosed allocation being underestimated?
- If an Approved Vendor stops invoicing for REC payments, but has promised the REC incentive payments to customers, how would the escrow process be used to provide the money to the customers? Would another entity submit the invoice information to the utility?
- What opportunity (if any) should be available to the Approved Vendor to object to the triggering of the escrow process?
- Should the escrow process be activated for closely affiliated Approved Vendors, pursuant to the proposal described in Section 9.3.3?
- Should there be a defined event for ending the use of the escrow process for an Approved Vendor and, if so, what should that be?

The Agency previously held the position that it did not have authority to interfere with the flow of REC incentive payments to Approved Vendors under existing REC Contracts. The Agency's 2022 Long-Term Plan explained,

The Agency does not believe that the authority to “revoke a vendor’s ability to receive program-administered funding *status*” is the same as authority to revoke a vendor’s ability to receive program-administered *funding*—such as through the suspension of REC delivery contract payments—which the counterparty utility is contractually obligated to provide for REC deliveries, unless that consequence follows as a violation of certain REC delivery contract terms.⁸⁰¹

⁸⁰¹ 2022 Long-Term Plan at 9.3.3 (emphasis in original).

The Agency therefore seeks explicit Commission approval for the proposed escrow process. The Agency notes that under the escrow process, the Approved Vendor would still receive any REC payment amount beyond the amount promised to the customer.

9.4.2.4. Flexibility in Batching to Facilitate Project Reassignment

The Agency is also proposing flexibility to “unbatch” projects after Commission approval of REC Contracts in limited situations as needed to assist harmed customers, in both Illinois Shines and ILSFA. In both Programs, solar projects must be “batched” into groups before they are sent to the Commission for approval. The individual projects or “product orders” remain in their “batches” for purposes of the REC Contract. The current REC Contract does not allow individual projects to be reassigned to a new Approved Vendor.

The IPA has observed situations where the ability to “unbatch” and reassign individual projects after REC Contract execution could help address consumer protection concerns or resolve a customer complaint. For example, an Approved Vendor could have a batch that includes projects in both the Small DG and Large DG categories. If that Approved Vendor has promised that it will pass through REC incentive payments to customers, but has financial troubles and stops passing through payments, the mix of small and large projects creates complications because they have different pay-out schedules. The customers in the Large DG category may want to have their project assigned to a new Approved Vendor who can pass through the next several years of incentive payments. The Programs already allow for the reassignment of projects, but currently the REC Contract allows for reassignment only at the batch level. Because Small DG category customers may have already received their payments, and have no future REC incentive payments, there is no incentive for a new Approved Vendor to take on the assignment of stranded Small DG projects.

Therefore, the Agency proposes to allow batches to be split apart in limited circumstances, so that individual projects are available to be reassigned to a new Approved Vendor. The Agency proposes that batching flexibility be available when:

- the Agency, in its discretion, determines that “unbatching” of projects would provide material benefits to one or more consumers who have been (or absent the rebatching, will be) harmed through their participation in Illinois Shines or ILSFA;
- the Approved Vendor agrees to the “unbatching;” and
- the contracting utility agrees to the “unbatching.”

In order for unbatched projects to be reassigned to a new Approved Vendor, both the current and new Approved Vendor would have to agree and would follow the normal reassignment process (except that only one or more specific projects from the original batch would be reassigned, rather than the entire batch).

The Agency requests feedback on all aspects of this proposal, including on what situations would be appropriate for “unbatching.”

9.4.2.5. Other Illinois Shines DG Consumer Protection Issues

Prior to drafting the 2024 Long-Term Plan, the Agency also asked for stakeholder feedback on the idea of prohibiting or restricting the model where Approved Vendors directly pass through the REC incentive to customers as a lump sum payment, after the Approved Vendor receives the REC incentive

payment from the utility. (This is in contrast to the model where an Approved Vendor indirectly passes through the value of the incentive through an *up-front discounted purchase price, lease payments, or PPA pricing.*) The lump-sum delayed pass-through model can raise consumer protection concerns, and it is the primary model where stranded customers are seen. The delayed pass-through model shifts the risk of late REC incentive payments, or of a project not being approved by the Program, to the customer. For example, if an Approved Vendor passes through the value with an up-front discounted purchase price, then if the project does not comply with program requirements and fails to be approved, it is the Approved Vendor who suffers the loss of the incentive payment. With the *delayed* pass-through model, it is likely that the customer would bear the loss if the incentive payment is never made. While the Agency sees consumer protection drawbacks in the delayed pass-through model, the Agency is concerned that prohibiting or restricting this model may be disruptive to many companies' business. At this time, the Agency is therefore proposing the REC adder for "rescued" projects and the development of an escrow process to address consumer protection concerns, rather than limiting the delayed pass-through business model.

Another consumer protection issue that the Agency is aware of, but is not currently proposing any Program modifications to address, deals with whether and how Approved Vendors pass through project underperformance risks to customers. Under the REC Contract between the Approved Vendor and the utility, the Approved Vendor is responsible for underperformance of solar projects (i.e., if the solar project generates fewer RECs than stated in the REC Contract.) The IPA's understanding is that some Approved Vendors essentially pass through collateral drawdown liability to customers. That is, the Approved Vendor's contract with its customer may require the customer to pay for collateral drawdown if the customer's project does not generate the expected number of RECs. There are many reasons why a project might underperform; some may be in the control of the customer (such as disconnecting or removing the project for roof repairs), but projects might also underperform if they were improperly designed or improperly installed. If the Approved Vendor passes through obligations for underperformance, the customer bears the risk but may not be in the best position to manage this risk. However, the Agency wishes to better understand the benefits and drawbacks of restrictions on passing through the underperformance risk before proposing changes to Program requirements.

9.4.1.1.9.4.2.6. Illinois Shines DG Contract Requirements

The Initial Long-Term Plan stated that, for distributed generation installations, the ~~Illinois Power Agency~~IPA and its Program ~~Administrator~~Administrators would develop "a list of contract requirements" to be provided to Approved Vendors for the system purchase contract, lease, or power purchase agreement ("PPA") between the Approved Vendor (or its agent) and the customer. -After approval of the Initial Plan through Docket No. 17-0838, the Agency (through a stakeholder comment process) developed minimum contract requirements applicable to ~~photovoltaic systems~~solar project sales, ~~photovoltaic systems~~solar project installations, and community solar subscriptions. -These ~~contract requirements~~Contract Requirements were developed and released for program participants on January 23, 2019, and have applied to transactions supported by the Program since the onset of ~~the Adjustable Block Program~~Illinois Shines.

Public Act 102-0662's changes to 1-75(c)(1)(M) reinforce the Agency's authority for developing these requirements as a condition of participation in its incentive programs. ~~-Specific minimum contract requirements are outlined in the subsections below.-~~To date, ~~these requirements~~the Illinois

Shines Contract Requirements have generally taken the approach of a minimum set of items ~~which that~~ need to be expressly addressed through the contract, rather than minimum baseline terms intended to benefit customers (such as customer savings requirements, O&M Operations & Maintenance terms, PV system capacity factor/efficiency, etc.). The current Contract Requirements are published on the Program website and include terms that apply for all financing models (such as a right of rescission, design specifications, and details of warranties and guarantees), as well as terms specific to purchases, leases, and PPAs.⁸⁰²

~~The minimum requirements for installation contracts utilized for projects that participate A draft version of the Adjustable Block Program are as follows:~~⁸⁰³

~~1. Common Contract Requirements for All Business Models~~

- ~~• Right of rescission within three or more calendar days (only for systems <=25kW)~~
- ~~• System design specification:~~
 - ~~i. Site plan or equivalent drawing (this may be incorporated by reference, in which case the site plan or equivalent drawing must be completed and provided, updated as appropriate to the customer within 30 days of the contract execution and must be substantially consistent with the specifications contained in the contract and Disclosure Form)~~
 - ~~ii. Size of system~~
 - ~~iii. Estimated first year production and annual degradation~~
- ~~• If performance guarantee is provided:~~
 - ~~i. Host or owner's remedy in case of underperformance~~
 - ~~ii. Host or owner's procedure to lodge a claim under the performance guarantee~~
- ~~• Change in pricing or other terms, if reflect any, in the event of non-selection for an Adjustable Block Program REC contract. As an example, a condition precedent clause would satisfy this requirement.~~
- ~~• Responsibility for interconnection application~~
- ~~• If warranty is provided:~~
 - ~~i. Term of warranty~~
 - ~~ii. Defects covered (e.g., faulty installation, malfunctioning components beyond manufacturer's warranty, roof damage)~~
 - ~~iii. Financial limits on warranty~~
 - ~~iv. Warranty provider~~
 - ~~v. Host or owner's procedure to lodge a claim under warranty~~
- ~~• Allocation of maintenance obligations between host or owner & installer~~
- ~~• Allocation of responsibility for entering meter data (this provision could be in a separate contract)~~
- ~~• All possible fees (other than those mentioned in #2, #3, and #4 below)~~
- ~~• Events of default~~
 - ~~i. Remedies of both host or owner & installer in case of default~~
- ~~• Dispute resolution procedures~~
- ~~• Governing law~~

~~2. Contract Requirements Specific to Purchase Transactions~~

⁸⁰² See <https://illinoisshines.com/wp-content/uploads/2023/06/IL-Shines-DG-Contract-Requirements-Final-4.17.23.pdf>.

⁸⁰³ See: <https://illinoisabp.com/wp-content/uploads/2020/05/dg-contract-requirements-2019-01-23.pdf>

- ~~Total price:~~
 - i. ~~Down payment, if any~~
 - ii. ~~Schedule of subsequent payments~~
- ~~Type of panels~~
- ~~When title transfers to owner~~
- ~~Provisions for owner's transfer of RECs to Approved Vendor (this provision could be in a separate contract)~~
- ~~Owner's rights and obligations upon selling the property~~
- ~~When mechanic's lien waiver(s) will be provided~~
- 3. ~~Contract Requirements Specific to PPA Transactions~~
 - ~~Frequency of periodic (e.g., monthly) payments~~
 - ~~Method of invoicing and payment~~
 - ~~Pricing terms (including escalation)~~
 - ~~Date of first payment~~
 - ~~Term of PPA arrangement~~
 - ~~Early termination fee, if any~~
 - ~~Whether system removal is (i) mandatory or (ii) at the host's election or (iii) not possible upon contract termination~~
 - ~~System removal fee, if any~~
 - ~~Whether PPA offtaker has right to purchase the system~~
 - ~~before end of lease term; or~~
 - ~~upon end of lease term~~
 - ~~In either case, economic terms for purchase~~
 - ~~PPA term renewal: automatic? At host's option? Not at all? What are the economic terms?~~
 - ~~System owner's right to file UCC-1 statement~~
 - ~~Allocation of responsibility to maintain insurance on system, and the required insurance terms~~
 - ~~Allocation of risk of loss in case of damage to system~~
 - ~~Host's rights and obligations upon selling the property~~
 - i. ~~Requirements for transferring the PPA agreement to the new property owner~~
- 4. ~~Contract Requirements Specific to Lease Transactions~~
 - ~~Initial payment~~
 - ~~Frequency of periodic (e.g., monthly) payments~~
 - ~~Method of invoicing and payment~~
 - ~~Pricing over time (including escalations)~~
 - ~~Date of first payment~~
 - ~~Term of lease~~
 - ~~Early termination fee, if any~~
 - ~~Type of panels~~
 - ~~Whether system removal is (i) mandatory or (ii) at the host's election or (iii) not possible upon contract termination~~
 - i. ~~System removal fee, if any~~
 - ~~Whether lessee has right to purchase the system~~
 - i. ~~before end of lease term; or~~

- ~~ii. — upon end of lease term~~
- ~~iii. — In either case, economic terms for purchase~~
 - ~~• Lease term renewal: automatic? At lessee’s option? Not at all? What are the economic terms?~~
 - ~~• Lessor’s right to file UCC-1 statement~~
 - ~~• Allocation of responsibility to maintain insurance on system, and the required insurance terms~~
 - ~~• Allocation of risk of loss in case of damage to system~~
 - ~~• Lessee’s rights and obligations upon selling the property~~
 - ~~i. — Requirements for transferring the lease to the new property owner~~

~~The Agency proposed an adjustment to the “site plan or equivalent drawing” requirement. The Agency’s understanding is that site plans are often completed by an engineer after the installation contract is signed and that it may be burdensome to require the site plan to be completed prior to contract execution. Therefore, the Agency will allow Approved Vendors and Designees to incorporate the site plan or equivalent drawing in the contract by reference, as long as the site plan or drawing is completed and provided to the customer within 30 days and is substantially consistent with the system specifications in the contract and Disclosure Form. This will ensure that the customer is still provided with the site plan in a reasonably timely fashion and not subjected to a bait-and-switch. requirements, will be appended to the 2024 Plan filed with the Commission.~~

9.1.1.1. — Special Considerations for Illinois Shines Community Solar

9.4.2.7. — Approved Vendors and Designees involved in acquiring subscribers for community solar projects receiving incentives under the Adjustable Block Program must adhere to the requirements set forth in the Consumer Protection Handbook, which incorporates requirements previously found in the Guidelines for Community Solar Marketing Materials and Marketing Behavior (“CS Marketing Guidelines”). Concerns

There are additional consumer protection concerns specific to community solar. While a subscription to a community renewable generation project is not the same as the installation of a distributed generation system, it does bear similarities to taking supply service from an Alternative Retail Electric Supplier.

Based on ARES practices, the Agency recognizes that ~~door-to-door, telemarketing, or online sales marketing~~ of community ~~renewable generationsolar~~ subscriptions may be ~~marketing channels~~ of particular concern because of the information asymmetry between the salesperson and the consumer. ~~The Agency believes an informed consumer is a wise consumer and the potential for high-~~ pressures sales tactics. Consumers may feel put “on the spot” by in-person sales agents on their doorstep, and may be pressured into signing an agreement before the customer has an opportunity to fully review the program brochure, Disclosure Form, subscription agreement, and any other relevant documents. An “on the spot” sign-up process also discourages customers from doing their own research or from comparing offers from multiple providers. The Agency strongly encourages marketing channels that respect the opportunity for consumers to have complete and accurate information about the decisions they may support the customer’s ability to fully understand the offer

~~and make regarding subscriptions, particularly those an informed decision in an unrushed process without pressure from a sales agent.~~

~~Illinois Shines has seen an increase in complaints related to upfront payments, the net price community solar, from only one complaint in 2021 to 22 complaints in 2022, eight of energy, and termination fees and conditions which were primarily about misleading marketing. The Agency has received several complaints in 2023 about door-to-door marketing of community solar, including complaints that sales agents have made misrepresentations to consumers and failed to comply with restrictions on marketing in multi-family buildings. The Agency and/or its Program Administrators may conduct additional monitoring of Approved Vendors and their Designees (and/or their partners/affiliates) that utilize door-to-door, telemarketing, and online sales, other in-person marketing and reserve the right to request the Approved Vendor or Designee provide additional documentation of those marketing channels including, but not limited to, access to call center recordings for either sales or third-party verifications. door-to-door sales agent tracking information and third-party verifications. The Program Administrators may also direct community solar providers who have repeated or egregious violations of program requirements to take specific corrective action or follow a compliance plan, or the Program Administrators may issue a warning or take disciplinary action, such as a suspension.~~

~~The CP Handbook sets out provisions for marketing community solar subscriptions, including requirements for providing documents to customers, the process for contract execution, sales agent training and recordkeeping, and complaint and disciplinary processes. Approved Vendors and Designees are unequivocally prohibited from engaging in unfair, deceptive, or abusive business practices in their involvement with the programs.~~

~~As described in the IPA's Initial and Revised Plans, there are a number of state and federal consumer protection laws, regulations, and enforcement agencies that apply to all forms of marketing, including marketing of subscriptions to Community Renewable Generation Projects.⁸⁰⁴~~

Table 9-1: Federal Statutes that Apply to Community Solar

Statute	Topic
CAN-SPAM Act	Electronic marketing
Consumer Leasing Act	Leasing disclosures
Electronic Funds Transfer Act	Consumer rights in electronic fund transfers
Equal Credit Opportunity Act	Discrimination in credit transactions
Fair Credit Reporting Act	Collection and use of consumer information
Federal Trade Commission Act	Unfair and deceptive trade practices
Magnuson-Moss Warranty Act	Consumer product warranties
Right to Financial Privacy Act	Financial privacy from government intrusion
Truth in Lending Act	Lending disclosures and standardization
Telephone Consumer Protection Act	Telemarketing and automated telephone

⁸⁰⁴ Diana Chace and Nate Hausman, Clean Energy States Alliance, *Consumer Protection for Community Solar: A Guide for States*, June 8, 2017, <http://cesa.org/resource-library/resource/consumer-protection-for-community-solar-a-guide-for-states>.

Unfair Deceptive Practices Act (UDAAP)	Misleading financial products and services
Uniform Commercial Code	Sales and commercial transactions

Source: CESA, *Consumer Protection for Community Solar: A Guide for States*, 2017.

Table 9-2: Illinois Statutes that Apply to Community Solar

Statute	Topic
Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505)	Enrollment, marketing, billing, and collection by electric service providers
Electronic Mail Act (EMA) (815 ILCS 511)	Regulates e-mail solicitations
Telephone Solicitations Act (815 ILCS 413) and the Restricted Call Registry Act (815 ILCS 402)	Regulates telemarketing practices
Personal Information Protection Act (815 ILCS 530)	Requires companies that collect personal information to take reasonable measures to protect it and report unauthorized access to consumer's personal information.

~~These laws and regulations provide a starting point for protecting consumers, but their enforcement agencies typically only track and enforce violations if triggered by consumer complaints. The Agency will collaborate with the Office of the Attorney General, the Commission, and law enforcement as applicable in accordance with the provisions of Section 9.8, below, to ensure compliance with these requirements. The CP Handbook details the use of the standard disclosure forms, and further requirements surrounding the use of these forms are included below in Section 9.5. Additionally, in order to ensure that subscribers are well informed and thus afforded adequate consumer protections, the Agency requires that all projects also adhere to the minimum contract requirements outlined in Section 9.4.2.3, below.~~

~~ABPAnother set of community solar consumer protection concerns revolves around a model (currently only seen in Illinois Shines) under which the customer must sign an agency agreement giving authority to the community solar provider to take over management of the customer's utility account. The community solar provider sends one bill to the customer each billing cycle, which includes the community solar subscription charge, and the customer's utility charges. The community solar provider in turn then pays the customer's utility bill. Under this agency model, the community solar provider often has broad authority to manage and make changes to the customer's utility account. The community solar provider also may not be contractually required to pass on information from the utility to the customer and may change the customer's online utility account log-in information. The customer may lose access to details from their utility bill and other important information or notices about their utility service. If a customer cancels the community solar subscription, it may be difficult for them to regain access to their utility account if the log-in credentials have been changed.~~

~~The Agency is proposing to establish requirements for what information community solar providers who use this agency model must provide to customers. Specifically, the IPA proposes that community solar providers who take over management of the customer's utility account and provide a single bill to the customer (that includes utility and community solar charges) must:~~

- ~~• Provide a link in the community solar billing statement to a copy of the customer's utility bill, or include an attached copy of the utility bill;~~

- Include language in the community solar billing statement along the lines of, “[Name of community solar provider] is your community solar provider and also manages your [name of utility] electric utility account. You may view your electric utility bill, which [name of community solar provider] will pay on your behalf, by [insert instructions for viewing electric utility bill].”
- Include the following information in each community solar billing statement:
 - The customer’s kWh usage for the billing period;
 - The customer’s kWh rate, or if the rate varies throughout the billing period, the average kWh rate during that billing period;
 - The name of the customer’s electric supplier (utility or Alternative Retail Electric Supplier);
 - The kWh generation from the community solar subscription and dollar value of the credits; and
 - The amount of the accumulated community solar credits (if any) that will roll over to the next month; and
- Provide the customer with the new electric utility account log-in information if the community solar provider changes the customer’s utility account log-in credentials.

The Agency proposes that it would retain the authority to adjust the specific information requirements, if appropriate, between Long Term Plan proceedings. The Agency seeks feedback on all aspects of this proposal.

9.4.1.2.9.4.2.8. Illinois Shines CS Minimum Contract Requirements

The Agency requires that Approved Vendors and/or their Designees seeking or receiving REC delivery contracts to support community solar projects through ~~the Adjustable Block Program~~ Illinois Shines must comply with minimum Contract Requirements. The current Community Solar Contract Requirements are available on the Illinois Shines website and include ~~each of the following in any contracts entered into with subscribers:~~

- ~~(a) A plain language disclosure of the subscription, including:~~
 - ~~(i) The terms under which the requirements such as pricing will be calculated over the life of information and all recurring and nonrecurring charges, the contract and a good faith estimate of the subscription price expressed as a monthly rate or on a per kilowatt-hour basis;~~
 - ~~(ii) Whether any charges may increase during the course of service, and, if so, how much advance notice is provided to the subscriber.~~
- ~~(b) Contract provisions regulating the disposition or transfer of a subscription;~~
- ~~(c) All nonrecurring (one-time) charges;~~
- ~~(d) All recurring (monthly, yearly) charges;~~
- ~~(e) A statement of contract duration, including the initial time period and any rollover provision;~~
- ~~(f) Terms and conditions for early termination, including:~~
 - ~~(i) Any penalties that the Project Developer may charge to the subscriber; and~~
 - ~~(ii) The process for unsubscribing and any associated costs.~~
- ~~(g) If a security deposit is required:~~
 - ~~(i) The amount of the security deposit;~~

- ~~(ii) A description of when and under what circumstances the security deposit will be returned;~~
- ~~(iii) A description of how the security deposit may be used; and~~
- ~~(iv) A description of how the security deposit will be protected.~~
- ~~(h) A description of any fee or charge and the circumstances under which a customer may incur a fee or charge;~~
- ~~(i) A statement explaining any conditions under which the Project Developer may terminate the contract early, including:~~
 - ~~(i) Circumstances under which early cancellation by the Project Developer may occur;~~
 - ~~(ii) Manner in which the Project Developer shall notify the customer of the early cancellation of the contract;~~
 - ~~(iii) Duration of the notice period before early cancellation; and~~
 - ~~(iv) Remedies available to the customer if early cancellation occurs;~~
- ~~(j) A statement that the customer may terminate the contract early, including:~~
 - ~~(i) Amount of any early cancellation fee;~~
- ~~(k) A statement describing contract renewal procedures, if any, including any automatic renewal provisions;~~
- ~~(l) A dispute procedure;~~
- ~~(m) The Agency's and Commission's phone number and Internet address;~~
- ~~(n) A billing procedure description;~~
- ~~(o) The data privacy policies of the Project Developer;~~
- ~~(p) A description of any compensation to be paid for underperformance;~~
- ~~(q) Evidence of insurance;~~
- ~~(r) A description of the project's long-term maintenance plan;~~
- ~~(s) Current production projections and a description of the methodology used to develop production projections;~~
- ~~(t) Contact information for the Project Developer for questions and complaints;~~
- ~~(u) A statement that the Project Developer does not make representations or warranties concerning the tax implications of any bill credits provided to the subscriber;~~
- ~~(v) The method of providing notice to the subscribers when the project is out of service for more than three business days, including notice of:~~
 - ~~(i) The estimated duration of the outage; and~~
 - ~~(ii) The estimated production that will be lost due to the outage.~~
- ~~(w) Any other terms and conditions of service.~~

~~In addition, to ensure, The document also explains requirements related to the portability and transferability of subscription contracts, as required by Section 1-75(c)(1)(N) of the Act, any such contract should provide that the subscriber (i) may retain the subscription (or at least a downsized version of the subscription relative to the subscriber's new load) as long as the subscriber changes addresses for utility service within the same utility service territory, and (ii) may assign or sell the subscription to another person within the same utility service territory, without any fee owed to the subscription counterparty, subject to reasonable terms and conditions including matching the subscription size to the new subscriber's load. Section 1-75(c)(1)(N) states that requirements that community solar subscriptions be "portable and "transferable" can be "[s]ubject to reasonable limitations," and the Agency believes this approach fits that standard. The Agency understands that~~

~~the community renewable net metering tariffs for Ameren Illinois and ComEd approved by the Commission are consistent with these principles.~~⁸⁰⁵

A copy of these requirements (updated if necessary to be consistent with proposals in the 2024 Plan) will be attached to the Plan filed with the Commission in October 2023.

9.4.2.9.4.3. ILSFA Program Requirements

Like ~~the Adjustable Block Program~~ Illinois Shines, Illinois Solar for All ~~Program~~ requirements are outlined in this Plan and through additional documents developed by the Agency and the Program Administrator to facilitate the administration of the program. ~~Program requirements for participants in ILSFA are laid out in Chapter 8 of this Plan and detailed in the Approved Vendor Manual (“AV Manual”),~~ customer contract provisions Contract Requirements for ~~both low-income community solar and low-eligible Community Solar as well as for income distributed generation sub-programs-eligible Residential Solar and Non-Profit and Public Facilities,~~ and the ~~Consumer Protection Handbook (“CP Handbook”), which incorporates requirements previously set out in the Consumer Protection Guidelines for Low-Income Distributed Generation and Low-Income Community Solar.~~ Approved Vendors and Designees ~~alike~~ are required to be familiar with and comply with all program requirements in order to remain in good standing with the ~~program~~ Program.

While Chapter 8 of this Plan outlines the primary goals and requirements for ILSFA, detail regarding the implementation of those requirements is explained in the AV Manual, which provides necessary detail on ~~program~~ requirements across all program categories and processes. ~~As such, some items related to the consumer protection provisions in~~ Public Section 1-75(c)(1)(M) of the IPA Act 102-0662 (for example, such as the processes for Approved Vendor applications, Designee registrations, and project inspections) are outlined in the AV Manual. ~~The Agency, along with the Program Administrator,~~ works to update updates the AV Manual on a regular basis to ensure that requirements are in step with the program as it develops. ~~Most recently, the AV Manual was updated in~~ April/June of 2021 to outline program requirements for the 2021-2022 program year 2023.

When discussing consumer protection ~~program~~ requirements applicable to the ILSFA program, it is important to consider the communities that the ~~program~~ Program was designed to serve. ~~Low-income communities have been historically underserved by programs that offer resources and incentives for energy, housing, and access to capital, and as a result have had very low participation in the clean energy economy generally. This low participation level has created a significant information gap within such communities. At the same time, low-income communities have often been targeted with false or deceptive marketing practices, predatory sales, unfair contracts, and low-quality workmanship. The requirements for consumer protections within the Illinois Solar for All~~ Program program are designed to address these realities.

In addition to the AV Manual, there are several other consumer protection documents ~~necessary to the topic of consumer protections~~ within ILSFA, ~~as they that~~ set forth ~~program~~ requirements or are essential for compliance with those requirements, including:

⁸⁰⁵ ~~As noted in Section 7.9.6.3, both Ameren Illinois and Commonwealth Edison currently have tariffs related to community solar net metering open before the Commission; neither utility has proposed to change the portability and transferability provisions of its tariffs. See <https://illinoisshines.com/wp-content/uploads/2023/06/IL-Shines-CS-Contract-Requirements-Final-4.17.23.pdf>.~~

- CP Handbook (~~found in Appendix I-1 to this Plan~~), which ~~incorporates~~ replaced requirements previously found in Consumer Protections for Low-Income Distributed Generation and Consumer Protections for Low-Income Community Solar;
- Program brochures, available in both English and Spanish, for the following subcategories: ~~Low-Income Distributed Generation~~,⁸⁰⁶ ~~Low-Eligible Residential Solar~~,⁸⁰⁷ ~~Income-Eligible Community Solar~~,⁸⁰⁸ and Non-Profits and Public Facilities⁸⁰⁹;
- Contract Requirements – minimum contract terms for ~~both distributed generation and community solar technologies~~ subcategories as well as for Residential Solar and Non-Profits and Public Facilities; and
- Standard Disclosure Forms, ~~some of which are currently available in both English and Spanish~~, for ~~the various distributed generation forms~~ projects, differentiated by financing type, as well as for community solar; ~~instead of a separate the new Disclosure Form~~ Forms for residential projects were launched in July 2023, new forms for Non-Profit/Public Facility projects, the Agency will require that the new streamlined, uniform forms for each financing type once finalized be used regardless of project size. launched in August 2023, and community solar subscriptions are expected to be available in late summer to early fall.

The supporting documents as listed above ~~and attached hereto in Appendices I-1 and I-2~~ work in concert with the AV Manual to ensure that program participants (Approved Vendors and Designees) are aware of all program requirements. ~~These documents were developed and informed in part by the program requirements for the Adjustable Block Program~~ Illinois Shines and include specific additional requirements to ensure protections for higher-risk communities that are served by the Illinois Solar for All ~~Program~~ program. It is the Agency's hope that through development of these requirements, customers who encounter the ~~program~~ Program are educated about the benefits and costs of photovoltaic installation and/or community solar subscriptions. ~~The Agency firmly believes that a well-informed Approved Vendor/Designee can ensure that customers have a positive experience and understand the program~~ Program and their offer, ~~so, Therefore, the Agency~~ goes to great lengths to ensure Approved Vendors/Designees are well informed, while simultaneously maintaining a focus on consumer education and protection.

9.1.1.2. ILSFA DG and NP/NF Contract Requirements

As discussed above in Section 9.4.2.1, in limited circumstances, the Agency is proposing to allow "unbatching" projects for which there is already a Commission-approved REC Contract in both Illinois Shines and ILSFA. As explained above, the Agency is proposing that this flexibility would only be available when necessary to assist harmed customers.

9.4.3.1. ILSFA Residential Solar and NP/NF Contract Requirements

The Illinois Solar for All ~~Program~~ program provides incentives to ~~low-income-eligible~~ customers and communities ~~and therefore includes a set of considerations around minimum~~. As compared to Illinois Shines, the ILSFA contract requirements that is different from the Adjustable Block Program

⁸⁰⁶ <https://www.illinoissfa.com/app/uploads/2019/05/0419-ILSFA-infosheet-distributed-generation-v10.pdf>

⁸⁰⁷ <https://www.illinoissfa.com/app/uploads/2019/05/0419-ILSFA-infosheet-distributed-generation-v10.pdf>

⁸⁰⁸ <https://www.illinoissfa.com/app/uploads/2019/10/0919-ILSFA-infosheet-low-income-community-solar-v11.pdf>

⁸⁰⁹ <https://www.illinoissfa.com/app/uploads/2019/05/ILSFA-brochure-non-profits-public-facilities.pdf>

~~to~~ provide additional protections and guarantees ~~for in light of the Program serving~~ more vulnerable populations. ~~For the Illinois Solar for All Program, the~~ The Agency requires that Approved Vendors seeking REC delivery contracts ~~associated with the Low-Income Single-Family and Small Multifamily for ILSFA Residential Solar Incentive, the Low-Income (Small and Large Multifamily Solar Incentive,) projects and the Incentives for Non-Profits Profit and Public Facilities must Facility projects must ensure that the customer contract complies with the published Contract Requirements.~~
⁸¹⁰ ~~Contract Requirements are available on the ILSFA website⁸¹¹ and include each of the following in any contracts entered into with participants:~~⁸¹²

- ~~• Contract must be in requirements for all business models, such as a prohibition on upfront payments for Residential Solar (Small) projects, the language requested by the customer.~~
- ~~• 1-4 unit Low-income Distributed Generation customers cannot be required to provide an upfront payment prior to energization.~~

~~Once energization begins, any ongoing payments (on an annualized basis) by customer requirement that costs cannot exceed 50% of expected first-year net metering the value. This requirement applies to two distinct time periods: (1) of the first year of the contract as well as (2) a calculated annual average for (a) the life of the customer's contract or (b), in the case of a purchase transaction or a lease/PPA with a buyout option, a 25-year period. For these calculations, the following assumptions must hold: electricity generated, warranty requirements, and right of rescission. Additional requirements are provided for purchases, leases, and PPAs.~~

- ~~○ A standard annual production degradation rate Copies of 0.5% must be used;~~
- ~~○ An annual energy price escalation rate of up to 1.7% can be used;~~
- ~~○ The annual customer payment rate escalation cannot exceed the energy escalation rate used.~~
- ~~○ For Low-Income Distributed Generation projects, the first-year net metering value used in the savings calculation must be based on either (i) the rate listed on the Disclosure form, or (ii) an average of the customer's 12 most recent monthly bills.~~
- ~~○ For Non-profit/Public Facility projects, the first year net metering value used in the savings calculation must be based on an average of 12 consecutive months of customer bills within the last two years.~~
- ~~• Full system warranty, as well as operations and maintenance guarantees for the duration of the REC Contract or 15 years, at no additional cost to participants.~~
- ~~• Financing amounts, terms, and conditions for a purchase or lease of a system must be based on an assessment of the Program participant's ability to repay the debt, as defined by Regulation Z, which is a federal rule that implements aspects of the Truth in Lending Act and the Dodd-Frank Act.⁸¹³~~

⁸¹⁰ These requirements also apply to contracts between Designees and participants.

⁸¹¹ <https://www.illinoisfa.com/app/uploads/2023/04/ILSFA-DG-Contract-Requirements-Final-4.17.23.pdf>

⁸¹² These requirements also apply to contracts between Designees and participants.

⁸¹³ See Consumer Financial Protection Bureau, April 10, 2013. *Ability to Repay and Qualified Mortgage Rule, Small Entity Compliance Guide*, http://files.consumerfinance.gov/f/201304_cfpb_compliance_guide_atr_qm_rule.pdf. Under the regulation (12 C.F.R. § 1026.43, issued under authority of 15 U.S.C. § 1639e), creditors generally must consider eight underwriting factors: (1) current or reasonably expected income or assets; (2) current employment status; (3) the monthly payment on the covered transaction; (4) the monthly payment on any simultaneous loan; (5) the monthly payment for mortgage-related obligations; (6) current debt obligations, alimony, and child support; (7) the monthly debt-to-income ratio or residual income; and (8) credit history.

- ~~• Right of rescission within fourteen⁸¹⁴ business days after contract execution (only for Low-Income Distributed Generation; not for Non-profits/Public Facilities)~~
- ~~• System design specification:~~
 - ~~• Site plan or equivalent drawing (this may be incorporated by reference, in which case the site plan or equivalent drawing must be completed and provided to the customer within 30 days of the contract execution and must be substantially consistent with the specifications contained in the contract and Disclosure Form)~~
 - ~~○ Size of system~~
 - ~~○ Type of panels~~
 - ~~○ Estimated first year production and annual degradation~~
- ~~• Change in pricing or other terms, if any, in the event of non-selection for an ILSFA REC contract. As an example, a condition precedent clause would satisfy this requirement.~~
- ~~• Allocation of responsibility for securing municipal permits and approvals~~
- ~~• Installer will be responsible for completing interconnection application if customer requests it.~~
- ~~• Allocation of responsibility for harm to property, materials, and workers during construction~~
- ~~• Installer commits to not pass on any costs related to curing problems found in project inspections conducted by the Illinois Power Agency or its designees.~~
- ~~• Installer commits to provide name of any subcontractor to customer before work begins.~~
- ~~• Requirement that any change order, including scope and price, must be confirmed in writing~~
- ~~• Allocation of responsibility for entering meter data (This provision could be in a separate contract.)~~
- ~~• Solar for All possible fees (other than those mentioned in the requirements for particular business types)~~
- ~~• Dispute resolution procedures~~
- ~~• Governing law~~
- ~~• No prepayment penalties (only for Low Income Distributed Generation; not for Non-profits/Public Facilities)~~
- ~~• When mechanic's lien waiver(s) will be provided~~

~~As with the ABP Distributed Generation Contract Requirements, the Agency also proposed an adjustment to the "site plan or equivalent drawing" requirement. The Agency's understanding is that site plans are often completed by an engineer after the installation contract is signed and that it may be burdensome to require the site plan to be completed prior to contract execution. Therefore, the Agency will allow Approved Vendors and Designees to incorporate the site plan or equivalent drawing in the contract by reference, as long as the site plan or drawing is completed and provided to the customer within 30 days and is substantially consistent with the system specifications in the contract and Disclosure Form. This will ensure that the customer is still provided with the site plan in a reasonably timely fashion and not subjected to a bait-and-switch will be appended to the draft Plan filed with the Commission in October 2023.~~

⁸¹⁴The Final Order in Docket No. 22-0231 approved the Agency's proposal to (1) eliminate a required waiting period between presentation of the Disclosure Form to an ILSFA DG customer and the signing of the installation contract, and (2) extend the rescission period from seven to fourteen days. Docket No. 22-0231, Final Order dated July 14, 2022 at 127.

9.4.2.1.9.4.3.2. ILSFA LICSCCommunity Solar Contract Requirements

Similar to the additional considerations for ~~low-income-eligible~~ distributed generation projects, the Agency requires that Approved Vendors seeking REC delivery contracts associated with Community Renewable Generation Facilities participating in the Illinois Solar for All ~~Program~~program must ~~include each of the following in any contracts entered into~~comply with ~~subscriber~~the Contract Requirements.⁸¹⁵ The ~~requirements regarding security deposits (formerly in section (g)) have been eliminated, as no upfront payments are permitted under ILSFA.~~

- ~~(a) A plain language disclosure of Community Solar Contract Requirements are available on the subscription, including:~~
 - ~~(i) The ILSFA webpage⁸¹⁶ and require terms under which the such as information on pricing will be calculated over the life of the contract and a good faith estimate of the subscription price expressed as a monthly rate or on a per kilowatt-hour basis;~~
 - ~~(ii) Whether any charges may increase during the course of service, and, if so, how much advance notice is provided to the subscriber.~~
- ~~(b) Contract provisions regulating the disposition or transfer of a subscription, as well as the costs or potential costs associated with such a disposition or transfer;~~
- ~~(c) All all recurring and nonrecurring (one-time) charges, early termination information, the requirement that charges;~~
- ~~(d) All recurring (monthly, yearly) charges;~~
- ~~(e) A statement of contract duration, including the initial time period and any rollover provision;~~
- ~~(f) Terms and conditions for early termination, including:~~
 - ~~(i) Any penalties that the Project Developer may charge to the subscriber; and~~
 - ~~(ii) The process for unsubscribing and any associated costs.~~
- ~~(g) A description of any fee or charge and the circumstances under which a customer may incur a fee or charge;~~
- ~~(h) A statement explaining any conditions under which the Project Developer may terminate the contract early, including:~~
 - ~~(i) Circumstances under which early cancellation by the Project Developer may occur;~~
 - ~~(ii) Manner in which the Project Developer shall notify the customer of the early cancellation of the contract;~~
 - ~~(iii) Duration of the notice period before early cancellation; and~~
 - ~~(iv) Remedies available to the customer if early cancellation occurs;~~
- ~~(i) A statement that the customer may terminate the contract early, including:~~
 - ~~(i) Amount of any early cancellation fee;~~
- ~~(j) A statement describing contract renewal procedures, if any;~~
- ~~(k) A dispute procedure;~~
- ~~(l) The Agency's and Commission's phone number and Internet address;~~
- ~~(m) A billing procedure description;~~
- ~~(n) The data privacy policies of the Project Developer;~~
- ~~(o) A description of any compensation to be paid for underperformance;~~
- ~~(p) Evidence of insurance;~~
- ~~(q) A description of the project's long-term maintenance plan;~~

⁸¹⁵ These requirements also apply to Designees managing community solar subscriptions for an Approved Vendor.

⁸¹⁶ <https://www.illinoisfa.com/app/uploads/2023/04/ILSFA-CS-Contract-Requirements-Final-4.17.23.pdf>

- ~~(r) Current production projections and a description of the methodology used to develop production projections;~~
- ~~(s) Contact information for the Project Developer for questions and complaints;~~
- ~~(t) A statement that the Project Developer does not make representations or warranties concerning the tax implications of any do not exceed 50% of the value of bill credits provided to the subscriber;~~
- ~~(u) The method of providing notice to the subscribers when the project is out of service for more than three business days, including notice of:
 - ~~(i) The estimated duration of the outage; and~~
 - ~~(ii) The estimated production that will be lost due to the outage.~~~~
- ~~(v) Any other terms and conditions of service.~~
- ~~(w) Once energization begins, any ongoing subscription payments (on an annualized basis) by customer cannot exceed 50% of expected first-year net metering value. This requirement applies to two distinct time periods: (1) the first year of the contract as well as (2) a calculated annual average for (i) the life of the customer's subscription contract or (ii) in the case of a system share purchase, for 25 years. For these calculations, the following assumptions must hold:
 - ~~○ A standard annual production degradation rate of 0.5% must be used;~~
 - ~~○ An annual energy price escalation rate of up to 1.7% can be used;~~
 - ~~○ The annual customer payment rate escalation cannot exceed the energy escalation rate used.~~
 - ~~○ The first-year net metering value used in the savings calculation must be based on either (i) an average statewide supply rate of \$0.06 per kilowatt hour or (ii) an average of the customer's 12 most recent monthly utility bills.~~~~
- ~~(x) The contract must be in the language requested by the customer.~~
- ~~(y) Financing amounts, terms, and conditions for a purchase of a system share or a lease-based subscription must be based on an assessment of the program participant's ability to repay the debt, as defined by Regulation Z, which is a federal rule that implements aspects of the Truth in Lending Act and the Dodd-Frank Act.⁸¹⁷~~
- ~~(z) Right of rescission within three days after contract execution~~
- ~~(aa) The subscriber cannot be required to provide an upfront payment prior to energization.~~
- ~~(bb) No prepayment penalties (for a lease or a loan for purchasing a project share) are allowed.~~
- ~~(cc) For situations where a low-income residential customer is taking a loan to finance purchase of particular panels or a share of the community solar project from a lender affiliated with an Approved Vendor:~~

Financial instrument must include, and forbearance terms.

- ~~▪ Forbearance terms must encompass one of the following:
 - ~~• Suspension of total payments for up to 3 months; or~~
 - ~~• Suspension of interest payments for up to 6 months; or~~
 - ~~• Reduction of interest payments for up to 12 months~~~~

⁸¹⁷ See Consumer Financial Protection Bureau, April 10, 2013. *Ability to Repay and Qualified Mortgage Rule, Small Entity Compliance Guide*, http://files.consumerfinance.gov/f/201304_cfpb_compliance_guide_atr_qm_rule.pdf. Under the regulation (12 C.F.R. § 1026.43, issued under authority of 15 U.S.C. § 1639e), creditors generally must consider eight underwriting factors: (1) current or reasonably expected income or assets; (2) current employment status; (3) the monthly payment on the covered transaction; (4) the monthly payment on any simultaneous loan; (5) the monthly payment for mortgage-related obligations; (6) current debt obligations, alimony, and child support; (7) the monthly debt-to-income ratio or residual income; and (8) credit history.

- ~~Missed revenues may be recovered later in the contract life, but no interest may be applied.~~
- ~~Loan may not be secured by home or home equity~~
- ~~Loan documents must indicate the following:~~
 - ~~Principal loan amount~~
 - ~~Schedule of loan disbursements~~
 - ~~Schedule and due dates of repayments~~
 - ~~Order of allocating payments (to principal, interest, fees, etc.)~~
 - ~~Interest rate~~
 - ~~Borrower(s), lender, servicer~~
 - ~~Nature of lender's security interest (e.g., UCC-1 financing statement)~~
 - ~~Events of default and lender's remed(ies) upon default (including forbearance as discussed above)~~
 - ~~All fees and penalties~~

~~In addition, to ensure portability and transferability of subscription contracts, as required by Section 1-75(c)(1)(N) of the Act, any such contract should provide that the subscriber (i) may retain the subscription (or at least a downsized version of the subscription relative to the subscriber's new load) as long as the subscriber changes addresses for utility service within the same utility service territory, and (ii) may assign or sell the subscription to another person within the same utility service territory, without any fee owed to the subscription counterparty, subject to reasonable terms and conditions including matching the subscription size to the new subscriber's load. The Agency understands that the community renewable net metering tariffs for Ameren Illinois and ComEd approved by the Commission are consistent with these principles.⁸¹⁸~~

9.5. Standard Disclosure Form Requirements

Since the inception of the ~~Adjustable Block~~ Illinois Shines and Illinois Solar for All ~~Programs~~ programs, the Agency has required that ~~standard disclosure forms~~ standardized Disclosure Forms be provided to customers for their signature, with those customer-executed forms then submitted to the appropriate Program Administrator. The customer must sign their completed Disclosure Form prior to signing their contract. ~~In its Order approving the Agency's Revised Long-Term Plan, the Commission provided analysis reinforcing the requirement that every individual subscriber to a community solar project participating in the Adjustable Block Program~~ Illinois Shines or ILSFA must receive and execute an individualized standard ~~disclosure form~~ Disclosure Form.⁸¹⁹ The Final Order in Docket No. 22-0231 reiterates this approval of requiring customer signature on individualized Disclosure Forms.⁸²⁰ The specific provisions regarding ~~disclosure forms~~ Disclosure Forms, including how they are to be generated and executed, are outlined in the ~~ABP~~ Illinois Shines Program Guidebook, ILSFA Approved Vendor Manual, and the Consumer Protection Handbook ~~contained in Appendix I to this Plan.~~

Section 1-75(c)(1)(M)(iii) of the IPA Act ~~now expressly provides~~ states that the Agency may "require direct program participants, including agents operating on their behalf, to provide standardized

⁸¹⁸ ~~As noted in Section 7.9.6.3, both Ameren Illinois and Commonwealth Edison currently have tariffs related to community solar net metering open before the Commission; neither utility has proposed to change the portability and transferability provisions of its tariffs.~~

⁸¹⁹ Final Order, ICC Docket No. 19-0995, ~~Final Order dated February at 7 (Feb. 18, 2020 at 7.)~~

⁸²⁰ Final Order, ICC Docket No. 22-0231, ~~Final Order dated July 14, 2022 at 149-150. (Jul. 14, 2022).~~

disclosures to a customer prior to that customer's execution of a contract for the development of a distributed generation system or a subscription to a community solar project." -Materials for each ~~program~~Program specify that the customer must receive, review, and execute that ~~disclosure form~~Disclosure Form before, ~~or no later than in conjunction with,~~ that customer's execution of ~~its~~their contract for the distributed generation system or the community solar subscription. ~~If executed in conjunction with a contract, the disclosure form must be signed prior to the contract.~~

In response to stakeholder feedback, the Agency developed new, streamlined Disclosure Forms. The Agency filed example forms with the 2022 Plan, and further refined the forms through a stakeholder process in late 2022 and early 2023. The new Illinois Shines Disclosure Forms were launched on June 1, 2023. The Illinois Solar for All Residential Solar Disclosure Forms were launched in July 2023; the Non-Profit / Public Facility forms were launched in August 2023, and Community Solar forms will be launched in late summer or early fall. All Disclosure Forms have the relevant informational brochure attached as the first two pages.

To support customer education, the Agency developed Disclosure Form supplementary guides that offer details and explanations specific to the type of solar project (distributed generation or community solar), financial arrangement (subscription, lease, PPA, purchase), and utility provider. The guides, referred to as Disclosure Form "Deep Dives," walk through the document, section by section, providing clear information and context to aid customers in understanding their Disclosure Forms. Additionally, there is a glossary of terms provided at the end of each Deep Dive. Each Disclosure Form includes hyperlinks to the Deep Dives.

The Disclosure Forms and Deep Dives are currently provided in English. The Agency plans to produce versions of all of the Disclosure Forms in Spanish and any other languages in which the informational brochures are provided.

Approved Vendors and Designees are not permitted to develop their own version of ~~disclosure forms~~Disclosure Forms in lieu of the standard ~~Adjustable Block Program~~Illinois Shines or Illinois Solar for All forms, nor may Approved Vendors or Designees modify any portion of the form's standardized content. When the ~~programs~~Programs first launched, Disclosure Forms could be generated only through the Program Administrator's ~~portal~~Portal. This portal-only process facilitated the Program Administrators' reviews of project applications by ensuring that no Approved Vendors or Designees modified the standard ~~disclosure form prior to obtaining a customer signature on the forms.~~Disclosure Form. In response to requests from program participants, the Program Administrators have developed application programming interfaces ("APIs") that can now be utilized by Approved Vendors and Designees to generate ~~disclosure forms~~Disclosure Forms outside of the ~~program portals~~Program Portals so long as the content ~~remains the standard content is unchanged.~~ This process may be utilized by Approved Vendors/Designees only after obtaining permission from the Program Administrator(s) following a test of the ~~disclosure form~~Disclosure Form generated through the API. - In this way, the Program Administrators can ensure that program requirements are being met and that customers receive the required standardized (i.e., unmodified) forms.

~~The Disclosure Forms are currently provided in English, with the ABP Community Solar Disclosure Form and the ILSFA DG lease, DG PPA, and Community Solar Disclosure Forms also provided in Spanish. After the finalization of the new streamlined Disclosure Forms following a stakeholder~~

process, the Agency plans to produce versions of all of the Disclosure Forms in Spanish and any other languages that the Informational Brochures are provided in.

The Agency, through its ABP Program Administrator, has seen voluminous examples of companies sending Disclosure Forms to email addresses associated with the sales representative, or other company email addresses. This behavior is extremely troubling, as the forms are sent to the customer for execution using an email address that does not belong to the customer, making it difficult for the Program Administrator to verify the identity of the signor. In some cases, the Agency, through its Program Administrator, has seen examples of agents creating false customer email addresses, which are then used to generate customer disclosure forms. These situations are brought to the attention of the Program Administrator in part through customer complaints, as well as a review of the disclosure forms that are submitted with project applications (at Part I of the application process for distributed generation, and at Part II of the application process for community solar). Program Administrator investigations into the use of incorrect or false email addresses have shown that on some occasions, agents are assisting customers who do not have email addresses, while at other times agents are acting outside of program requirements surrounding disclosure forms. In order to prevent Approved Vendors, Designees, subcontractors, and/or other agents from engaging in this deceptive practice, and to avoid the possibility of so-called "bad actors" from executing disclosure forms on the behalf of customers, the Agency requires that all customer disclosures be sent to an email address belonging to the customer for e-signature. If the customer does not have an email address, or does not wish to share it, an email address waiver form is available, and the customer will need to wet sign a hard copy of the Disclosure Form.

The Agency requires that all Disclosure Forms executed outside of the ABP portal The Agency requires that all Disclosure Forms generated outside of the Illinois Shines Portal (which is only permitted through the API process described above) must utilize a commercially-available third party e-signature platform in order to provide an independent audit trail of the customer's signature. Commercially available third-party signature platforms are systems that are available to the public under standard terms and conditions or are available at list prices offered to the public. ~~Such commercially available platforms are widely available through well-known providers such as DocuSign and Acrobat, though at a charge to the user. Approved Vendors and Designees that do not wish to incur the charges for use of these commercially available third-party signature verification platforms may use the signature features available within the ABP portal without incurring additional charges. While the Agency understands that some entities participating in the programs may have their own internal e-signature platforms, the Agency believes that it is imperative to require a commercially available e-signature verification tool to ensure that bad actor agents cannot disrupt and/or circumvent the Agency's consumer protection process. This requirement is not new to the program requirements, but recently has gained attention as community solar subscriptions became more widely available in Illinois. The IPA thus sought that the Commission affirm this specific requirement through its Plan, such as DocuSign and Acrobat.~~

The Agency has received feedback that the Disclosure Forms for both the ABP and ILSFA should be streamlined and shortened. As part of this 2022 Plan, the Agency is submitting updated and revised Disclosure Forms for ABP and ILSFA, and for both distributed generation projects and community solar subscriptions. The forms are designed to be shorter, to focus on the key information while flagging other issues of which the customer should be aware, and to increase consistency in

~~Disclosure Form design and content across all offers. Additional details on the new proposed forms are discussed below. The Agency is open to further modifications to these Disclosure Forms through a stakeholder process, which it plans to commence in the fall of 2022; however, the Agency felt it was important to provide new, redesigned documents as a starting place for further adjustments. As with other program documents and materials, the Agency requested Commission approval of the Disclosure Form requirement and the general approach in the attached proposed new Disclosure Forms, while allowing adjustments to be made outside of the Long Term Plan process prior to the next Plan filing. The Commission specifically approved the requirement for customer specific Disclosure Forms and the requirement that the customer sign their Disclosure Form, as well as the Agency's proposal to continue to update Program documents, as appropriate, outside of the Plan proceeding.⁸²¹~~

~~Various versions of the new Disclosure Forms are included in Appendix I-2, including forms for ABP DG purchases, leases, PPAs; ABP community solar subscriptions; ILSFA purchases, leases, PPAs; and ILSFA community solar subscriptions. The Agency will initiate a stakeholder process to consider additional modifications to these new Disclosure Forms before finalizing them and requiring their use. Because the forms now all look very similar, and there have already been instances of AVs or Designees filling out and having customers sign the wrong type of form (e.g., a DG form instead of a community solar form), different form types will now have different color schemes: blue for ABP DG forms, green for ABP community solar forms, and yellow for ILSFA forms.~~

~~The Disclosure Forms incorporate dynamic elements, which allow for information that is only relevant for some offers to only appear on the Disclosure Form for those offers where it is relevant, and not be shown when not relevant. This allows the forms to include all important information while not cluttering up and lengthening the forms with unhelpful text. Appendix I therefore includes multiple versions of some of the same Disclosure Forms to show the dynamic elements and how the form would appear when different inputs are given.~~

~~The Agency received feedback from stakeholders surrounding the requirements for customers to execute an additional disclosure form when the terms of their agreement have changed. Specifically, if the size of a customer's distributed generation system or community solar subscription changes beyond the allowable size bands (greater of 5% or 1 kW AC for DG; greater of 2kW or 10% for Community Solar subscriptions), or—in the in the case of community solar—if the customer's subscription is moved from one project to another, they must be presented with a new, updated disclosure form, which must be executed by the customer prior to changes in the customer's agreement with the Approved Vendor/Designee. Stakeholders have requested that the Agency lift this requirement for changes to community solar subscriptions in order to ensure that customers' subscription sizes can be right-sized to the customers' needs or changes in usage.⁸²² Previously, the IPA was unwilling to accept these changes without guardrails in order to reduce the possibility for gaming by Approved Vendors seeking to maximize payments under REC Contracts by adjusting subscription sizes or switching customers to undersubscribed projects at the end of an invoicing period. In order to facilitate right-sizing of community solar subscriptions, the Agency proposed a~~

⁸²¹ See Docket No. 22-0231, Final Order dated July 14, 2022 at 137, 149-150.

⁸²² While not specifically referenced, the Agency understands that these comments are only applicable to customers subscribed to a project within the Traditional Community Solar category, rather than the Community-Driven Community Solar category.

~~modified approach: (1) for subscriptions where the customer pays a set percentage of their community solar bill credits as their subscription fee (guaranteeing a set percentage level of savings), subscriptions may be increased or decreased by up to 5 kW or 25% without requiring a new Disclosure Form; however, the Approved Vendor or Designee must notify the customer for adjustments more than 2 kW or 10%; (2) for all other offer structures, the existing size restrictions (the greater of 2 kW or 10%) will continue to apply.~~

~~In the 2022 Plan approval proceeding (Docket No. 22-0231), in response to parties' arguments, the Agency proposed additional flexibility with respect to moving customers between community solar projects. Specifically, the Agency proposed to allow Approved Vendors/Designees to switch a customer from one community solar project to another without the execution of a new Disclosure Form in two situations: (1) when the customer requests the switch, or (2) when the customer requests a subscription size increase that cannot be accommodated by their current project. The Agency's updated proposal was approved by the Commission in its Final Order.⁸²³~~

9.5.1. ~~AB~~Illinois Shines Disclosure Forms

The Agency, in conjunction with its Program Administrator, developed standardized ~~disclosure forms~~ Disclosure Forms to be completed and provided to each program participant for signature prior to contract execution. ~~The standard disclosure form~~ Disclosure Form must be presented without modification to all customers who host a distributed generation project ~~which that~~ will participate in the ~~program~~ Program, as well as all customers who enroll as subscribers to community solar projects participating in the ~~program~~ Program. In its Order approving the Agency's Revised Plan in Docket 19-0995, the Commission provided analysis reinforcing the requirement that every individual subscriber to a community solar project participating in ~~the Adjustable Block Program~~ Illinois Shines must receive and execute an individualized standard Disclosure Form.⁸²⁴ The Commission reiterated its approval of this requirement in the Final Order in Docket 22-0231.⁸²⁵ ~~This requirement extends across all six distinct categories of the~~ program Program.

For distributed generation projects, there are standard Disclosure Forms for project purchases, leases, and PPAs. ~~The Agency is synthesizing the Disclosure Form for projects over 25 kW in size with the streamlined form also applicable to projects under 25 kW in size, as it believes these projects are better addressed with the Disclosure Forms specific to the DG offer type (purchase, lease, or PPA).~~ ~~The DG~~ The distributed generation Disclosure Forms provide important information in a standardized format, including:

- contact information;
- information on pricing, payment amount and timing, and fees (including collateral fees, if relevant);
- information on REC incentive payments, including amount of the expected payment and how much is passed on to the customer;

⁸²³ See Docket No. 22-0231, Final Order dated July 14, 2022 at 150.

⁸²⁴ See Final Order, ICC, Docket No. 19-0995, ~~Final Order dated February at 7 (Feb. 18, 2020 at 7).~~ In the event that the Commission or another authoritative adjudicatory body determines that an opt-out municipal aggregation may legally include community solar subscription aggregation for a project participating in ~~the Adjustable Block Program~~ Illinois Shines or ILSFA, individually executed standard ~~disclosure forms~~ Disclosure Forms would still be required for each individual subscriber.

⁸²⁵ See Final Order, ICC, Docket No. 22-0231, ~~Final Order dated July at 150 (Jul. 14, 2022 at 150).~~

- information on the solar project itself, including installation, design, and ~~efficiency~~ project performance;
- information on net metering ~~(and the utility distributed generation rebate, if applicable)~~;
- information on maintenance, warranties and guarantees;
- information on what happens if the customer moves;
- information on early termination or completion of the contract (for lease and PPA)); ~~and~~
- estimates of the value of electricity produced by the project and estimated savings.

~~The proposed new DG Disclosure Forms for both ILSFA and ABP incorporate a dynamic element to address offers that rely on the project using the smart inverter rebate. When the Approved Vendor or Designee indicates that the project will use the rebate, the section on net metering will be retitled “Net Metering and Smart Inverter Rebate” and will explain the rebate with related disclosures and explain how it affects the net metering rate. In the “Value of Electricity and Savings Estimates” section, the form will state that the estimated value of electricity from the project includes the smart inverter rebate (if the rebate is retained by the customer), and the value of the electricity calculations will be adjusted to reflect that electricity estimated to be used directly by the customer will be valued at the full retail rate, whereas the excess net metered electricity will be valued at the generation rate. There will also be a new, automatically generated disclosure section if the Approved Vendor holds a collateral payment that is later refunded.~~⁸²⁶

The Agency provides standard electricity prices (and other inputs) to be used for the estimates of the value of electricity generated and savings ~~so as~~ to allow customers to make equivalent comparisons across multiple offers from developers. ~~Standard disclosure forms~~ Disclosure Forms must be presented to customers for review and signed by customers confirming that review prior to the execution of the underlying sales contract to ensure that customers understand the terms and conditions of their installation.

For community solar subscribers, the Disclosure Form includes:

- contact information;
- information on the community solar project (if known at the time of ~~form~~ Disclosure Form generation and execution));
- information on the subscription, including size, term, and estimated production;
- subscription rate and payment information, including fees;
- information on early termination;
- estimates of total community solar bill credits, along with savings estimates or information on how to understand overall savings (this varies by rate structure));
- ~~An additional disclosure is automatically generated if the Approved Vendor or Designee indicates that disclosures about offers where the customer must provide agency authorization to~~ the community solar provider to manage the customer’s utility account; and
- ~~additional disclosures if the offer requires the subscriber to sign up with customer to take electricity supply from~~ an Alternative Retail Electric Supplier ~~for their energy supply.~~

As with the ~~DG~~ distributed generation Disclosure Form, to acknowledge and demonstrate receipt and review, customers must execute the community solar ~~disclosure form~~ Disclosure Form prior to

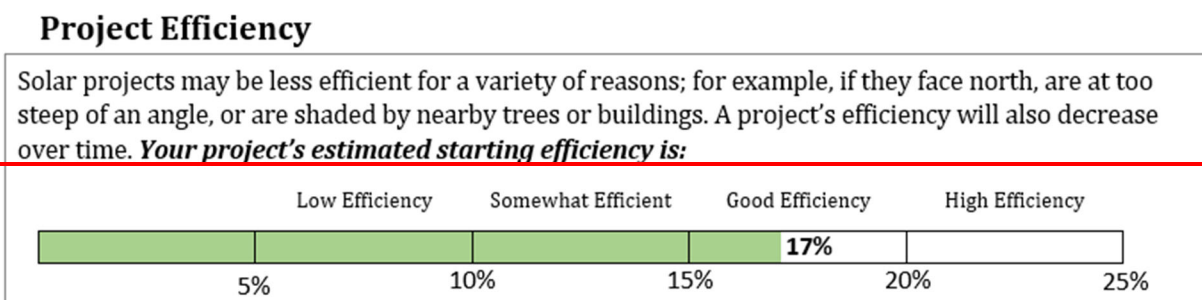
⁸²⁶ ~~The discussion regarding a new section in Disclosure Forms to address the smart inverter “DG” rebate is expanded in the Final Plan as compared to the initial filed Plan pursuant to the Final Order in Docket No. 22-0231, at 150.~~

execution of the underlying subscription contract; ~~e.~~ E-signatures are acceptable (and widely utilized given that community solar subscriber ~~onboard~~onboarding often occurs through online transactions), but to ensure the integrity of customer execution, only using the Portal e-signature platform or commercially available third-party e-signature systems.

~~In 2020, the Agency updated the Community Solar Disclosure Form in response to feedback received in stakeholder comments, and the revised Community Solar Disclosure Form was shortened and streamlined. At that time, the Community Solar Informational Brochure was attached to the disclosure form. This approach will now be taken for all Disclosure Forms—the applicable Informational Brochure will automatically be attached as the first two pages. For ABP DG purchases, the Going Solar flyer (formerly the Illinois Shines Timeline) will also be attached.~~

~~The Agency previously sought stakeholder feedback on whether there should be a threshold for system efficiencies in the program to ensure inefficient or suboptimal systems were not sold, leased, or financed through a PPA to customers unknowingly. Feedback received noted this proposal was not supported, as it would create barriers to development for customers who desire to install a sub-optimal system. Rather, stakeholder feedback indicated a need for increased customer education surrounding system production, and suggested that it be addressed on the disclosure form. As explained above, the Agency submitted revised Disclosure Forms as part of this 2022 Plan filing, which will be finalized after a stakeholder process. The Disclosure Forms for distributed generation projects incorporate a proposed new section that discloses the efficiency of the project using the format shown in Figure 9-1:~~

Figure 9-1: Disclosure Form Project Efficiency Graphic



~~This disclosure briefly discusses reasons that a system might be less efficient and provides the specific efficiency of the customer's project on a bar from 0% to 25%. For projects with "good" (15%-20%) or "high" efficiency (20%-25%), the bar would be colored green. For "somewhat" efficient projects (10%-15%), the bar would be yellow. For lower efficiency projects (0%-10%), the bar would be colored red. The Agency believes that this graphic will help customers quickly and easily understand what efficiency levels are typical for solar projects (e.g., an efficiency between 20% and 25% might seem very low to someone unfamiliar with solar projects, while in fact, that would be a quite high efficiency for a solar project) and what the efficiency of their specific project would be (both as an efficiency percentage for their project, as well as in comparison to other projects). The Agency remains open to alternative ways to present this information, including a disclosure graphic that would show the customer their project's capacity factor in comparison to other ABP and ILSFA distributed generation projects.~~

The Agency maintains that it is vital for customers to be provided with resources that explain both the ~~State~~state-administered incentive program in which the customer is participating as well as the agreement the customer is entering into with their Approved Vendor or Designee (whether that be a community solar subscription or the installation of a behind-the-meter distributed generation system). As such, the Agency intends to continue to provide educational materials through the ~~program's~~Program's informational ~~brochure~~brochures (which ~~will now be~~ attached to the Disclosure Forms) as well as the Illinois Shines website (~~including the Disclosure Form "Deep Dives"~~) and will continue to ~~develop~~evaluate the need for additional ~~robust~~educational materials ~~that will address information stripped from the current disclosure forms, and develop new resources as appropriate.~~

9.5.2. ILSFA Disclosure Forms

As with ~~the ABP~~Illinois Shines, the Agency proposed a new set of redesigned ILSFA Disclosure Forms ~~as part of the 2022 Plan~~ to address general feedback that the forms need to be simplified and streamlined, as well as to address more detailed comments on specific disclosures. The ~~new~~ forms are designed to maximize consistency between ~~ABP~~Illinois Shines and ILSFA, while still tailoring the ILSFA Disclosure Forms to reflect program-specific elements. There are three new ILSFA ~~distributed generation~~Disclosure Forms for ~~Residential Solar for~~ the three financing types (purchase, lease, and PPA). Instead of having a separate ~~single~~ form for Non-Profits and Public Facilities, ~~dynamic options are incorporated into (for all financing types), the three DG forms to allow for disclosures specific to new Non-Profits~~Profit and Public Facilities: ~~("NP/PF") Disclosure Form is based on the Residential Solar forms, with three different forms, adjusted for the NP/PF category.~~ There is also a redesigned ILSFA ~~community solar~~Community Solar Disclosure Form ~~that will be launched in late summer or fall 2023.~~ The Agency expects that additional ILSFA forms, or modified versions of these forms, ~~will~~may need to be developed ~~through the Fall 2022 stakeholder process, or subsequent stakeholder processes,~~ to accommodate new ownership models that may emerge with the encouragement of energy sovereignty. ~~The Agency also intends to develop a Disclosure Form for "no cost" Illinois Solar for All offers (offers where the customer does not pay any charges or fees).~~

The applicable ILSFA standard ~~disclosure form~~Disclosure Form must be presented without modification to all customers who host a distributed generation project that will participate in the program, as well as all customers who enroll as subscribers to community solar projects participating in the program. ~~Standard disclosure forms~~Disclosure Forms must be presented to customers for review and signed by customers confirming that review prior to the execution of the underlying sales contract to ensure that customers understand the terms and conditions of their ~~purchase transaction.~~ In its Order approving the Agency's Revised Plan in Docket 19-0995, the Commission provided analysis reinforcing the requirement that every individual subscriber to a community solar project participating in the Agency's programs must receive and execute an individualized standard Disclosure Form.⁸²⁷ ~~The Commission reiterated its approval of this requirement in the Final Order in Docket 22-0231.⁸²⁸ This requirement extends across all four ILSFA categories.~~

⁸²⁷ See Final Order, ICC Docket No. 19-0995, ~~Final Order dated February at 7 (Feb. 18, 2020 at 7).~~ In the event that the Commission or another authoritative adjudicatory body determines that an opt-out municipal aggregation may legally include community solar subscription aggregation for a project participating in ~~the Adjustable Block Program~~Illinois Shines or ILSFA, individually executed standard ~~disclosure forms~~Disclosure Forms would still be required for each individual subscriber.

⁸²⁸ Final Order, ICC Docket No. 22-0231, ~~Final Order dated July 14, 2022 at 149-150. (Jul. 14, 2022).~~

The ILSFA ~~distributed generation~~ Residential Solar and NP/PF Disclosure Forms include:

- contact information;
- information on pricing, payment amount and timing, and fees;
- information on REC incentive payments;
- information on the solar project itself, including installation, design, and efficiency project performance;
- information on net metering (and the utility distributed generation rebate, if applicable);
- information on maintenance, warranties and guarantees;
- information on what happens if the customer moves;
- forbearance requirements in the case of default;
- information on early termination or completion of the contract (for lease and PPA)); and
- estimates of the value of electricity produced by the project and estimated savings, including a calculation of savings as a percentage of the value of energy generated by the solar project.

~~The agency received a comment on the need for ILSFA distributed generation Disclosure Forms to address the possibility of projects that use the smart inverter rebate (also known as the DG rebate). Both the ILSFA and ABP proposed new DG Disclosure Forms incorporate a dynamic element to address offers that rely on the project using the smart inverter rebate. When the Approved Vendor or Designee indicates that the project will use the rebate, the section on net metering will be retitled “Net Metering and Smart Inverter Rebate” and will explain the rebate with related disclosures and explain how it affects the net metering rate. In the “Value of Electricity and Savings Estimates” section, the form will state that the estimated value of electricity from the project includes the smart inverter rebate (if the rebate is retained by the customer), and the value of the electricity calculations will be adjusted to reflect that electricity estimated to be used directly by the customer will be valued at the full retail rate, whereas the excess net metered electricity will be valued at the generation rate.~~

~~As discussed in Section 8.11, the Agency proposed to eliminate the seven-day waiting period between when an ILSFA customer signs the Disclosure Form and when they can sign their contract, and proposed to increase the rescission period from seven days to fourteen. The Commission approved this approach⁸²⁹ and these changes are reflected in the new ILSFA distributed generation Disclosure Forms.~~

~~The ILSFA community solar subscription Disclosure Form includes:~~

The ILSFA Community Solar Disclosure Form includes:

- contact information;
- information on the community solar project;
- information on the subscription, including size, term, and estimated production;
- subscription rate and payment information, including fees;
- information on early termination, transferring the subscription, and subscription renewal; and
- estimates of total community solar bill credits, along with savings estimates, including savings as a percentage of the value of energy generated by the subscription.

⁸²⁹ See Docket No. 22-0231, Final Order dated July 14, 2022 at 127.

~~An additional disclosure is automatically generated if the Approved Vendor or Designee indicates that the community solar offer requires the subscriber to sign up with an Alternative Retail Electric Supplier for their energy supply.~~

To acknowledge and demonstrate receipt and review, customers must execute the community solar Disclosure Form prior to execution of the underlying subscription contact; e-signatures are acceptable (and widely utilized given that community solar subscriber onboard often occurs through online transactions), but to ensure the integrity of customer execution, only using the Portal e-signature platform or commercially available third-party e-signature systems.

The Agency maintains that it is vital for customers to be provided with resources that explain both the ~~State~~state-administered incentive program in which the customer is participating as well as the agreement the customer is entering into with their Approved Vendor or Designee (whether that be a community solar subscription or the installation of a behind-the-meter distributed generation system). As such, the Agency intends to continue to provide educational materials through the program's informational brochures (which ~~will now be~~are attached to the Disclosure Forms) as well as on the Illinois Solar for All website (including the Disclosure Form "Deep Dives") and will continue to ~~develop~~evaluate the need for additional ~~robust~~ educational materials specifically designed to meet the needs of the communities served by the Illinois Solar for All ~~Program~~program.

9.6. Consumer Complaint Center and ~~Complaint Database~~Related Reports

Section 1-75(c)(1)(M)(iv) of the IPA Act requires the Agency to establish one or ~~multiple~~more Consumer Complaint Centers to accept complaints regarding businesses that participate in, or otherwise benefit from, State-administered incentive funding through Agency-administered programs. ~~Section 1-75(c)(1)(M)(iv) further requires that the Agency maintain a public database of complaints with any confidential or particularly sensitive information redacted from public entries.~~

In March 2020, the ~~ABP~~Illinois Shines Program Administrator launched an online consumer complaint database⁸³⁰ ~~which that~~ lists all consumer complaints received by the Program Administrator in an abridged format, identifying the entity about whom the complaint was filed, the entity's role in the program (i.e., Designee, Approved Vendor), and the date, subject, type, and status of the complaint. ~~The database also identifies Approved Vendors and Designees that have been suspended from the program; additional.~~ Additional information related to suspensions and warnings for ~~program~~Illinois Shines participants is outlined in ~~a disciplinary actions report~~the Program Violations Report,⁸³¹ which is also available on the consumer protection section of the Illinois Shines webpage. The Illinois Solar for All Program Administrator began publishing a similar consumer complaint database webpage in 2022, which is also available online.⁸³² The Illinois Solar for All Program Administrator has not yet issued any warning letters, and the only ILSFA suspension issued to date was against an entity that was not registered with the Program.

~~The Program Administrators for both programs will continue to provide consumer protection materials on a program website and through printed materials. The Adjustable Block Program~~

⁸³⁰ ~~This database is hosted on both the Adjustable Block Program website (designed for use by program participants) as well as on the customer-facing Illinois Shines branded website. See <https://illinoisabp.com/consumer-complaint-database/>; <https://illinoisshines.com/consumer-complaint-database/>. See <https://illinoisshines.com/wp-content/uploads/2023/07/Consumer-Protection-Database-2023-07-03.xlsx>.~~

⁸³¹ See <https://illinoisshines.com/wp-content/uploads/2023/07/2023.07.14-IPA-ABP-Program-Violations-Report-for-publication.pdf>.

⁸³² See <https://www.illinoisfsa.com/app/uploads/2022/03/ILSFA-Consumer-Protections-Database.pdf>.

~~Administrator has developed its customer-facing IllinoisShines.com website and program branding in part to accomplish this end. The Illinois Solar for All Program website highlights information for Illinois Residents on its homepage, making all such information clearly available to customers. The Program Administrators will continue to work to develop these websites with materials for customers as future needs are identified.~~

~~The ABP~~The Illinois Shines Program Administrator also provides a toll-free consumer protection telephone hotline and web-based complaint forms, and the Program Administrator receives, responds to, and documents complaints about marketing practices, sales practices, installations, and other aspects of installing solar or subscribing to community solar. ~~The Illinois Solar for All Program also maintains a toll-free customer telephone line for questions and complaints from program participants (i.e., customers and subscribers).~~ If Approved Vendors and/or Designees are not responsive to the Program Administrator during a ~~complaint~~complaint investigation or respond unsatisfactorily to the Program Administrator during the investigation of a complaint, that Program entity's ~~ABP portal~~Portal access ~~will~~may be shut off and the entity will be prohibited from generating Disclosure Forms or submitting Part I applications. Restricted ~~ABP portal~~Portal access may be lifted once the entity begins responding in a satisfactory manner ~~or once the investigation concludes, whichever comes first.~~

~~The Illinois Solar for All Program, perhaps as a result of its limited size in comparison to the Adjustable Block Program, receives significantly fewer customer complaints. As of the date of this 2022 Long-Term Plan, no ILSFA Approved Vendors or Designees have been disciplined for action arising from consumer complaints specific to the ILSFA Program,⁸³³ and accordingly, there is no customer complaint database that exists on the ILSFA website, though the Agency plans to develop a database in compliance with the requirements of P.A. 102-0662.~~

9.7. Annual Complaint Report

Section 1-75(c)(1)(M)(v) of the IPA Act requires the Agency to provide an annual written report to the Commission documenting the frequency and nature of complaints arising from its programs, as well as any enforcement actions taken in response to those complaints. ~~This new statutory requirement mirrors an existing administrative requirement, as it was a provision of the Initial and Revised Long-Term Plans. The first such report, covering calendar year 2019, was provided to the Commission through a filing in Docket No. 17-0838 on March 2, 2020.~~ The second ~~and third reports, covering calendar years 2020 and 2021, were filed in Docket No. 19-0995. The fourth report, covering calendar year 2020~~2022, was filed in Docket No. ~~19-0995~~22-0231 on ~~February 9, 2021~~March 31, 2023.

The Agency will continue to provide an annual written report to the Commission documenting the frequency and nature of complaints and any enforcement actions taken. As the ~~programs~~Programs have grown and changed since their inception, this annual report has consequently changed as well. Low numbers of complaints associated with the Illinois Solar for All Program have resulted in past reports titled as an "Adjustable Block Program" report, despite the fact that the report includes information on Illinois Solar for All complaints. ~~For example, in 2020, only five complaints were filed with the Illinois Solar for All Program Administrator. These complaints were relatively minor in~~

⁸³³ The ILSFA Program Administrator has only sent one suspension letter to date, and it was to an entity that was not registered as an ILSFA Approved Vendor or Designee. On August 3, 2022, the ILSFA Program Administrator suspended an entity that had misrepresented the availability of ILSFA incentives to a customer and completed the project in a manner that made it ineligible for ILSFA.

~~comparison to the Adjustable Block Program complaints, but nonetheless were briefly explained in the Agency's report filed in 19-0995. The Agency has not found that it is necessary to develop a separate annual report at this time but will assess this need as the program matures. Additionally, the Agency will ensure that future reports will fully detail complaints received under both programs. The title of the 2022 report was updated to indicate the inclusion of Illinois Solar for All; the report itself was modified to include a separate section for each Program.~~⁸³⁴

~~The third annual For both Programs, the report, covering calendar year 2021, was filed with the Commission in Docket No. 19-0995 on February 25, 2022. The 2021 report cataloged the catalogs complaints received by the Adjustable Block Program across 2021, provides complaint data visualization through numerous charts and thegraphs, and lists disciplinary actions taken by the Program Administrators. The 2022 report noted that delays in project application processing led to a significant number of complaints, and that non-responsiveness on the part of Approved Vendors and Designees was also an element of many complaints. The report also describes various challenges the program faced identified a trend of increased complaints related to community solar offers. While the total Illinois Shines complaints had an overall increase of 57% from 2021 to 2022, the community solar sector saw an increase from one complaint in 2021 and the impact of those challenges on customer experiences, including but not limited to, the lack of funding to open additional blocks of capacity prior to the enactment of Public Act 102-0662 and strains on the program caused by the COVID-19 global health pandemic. to twenty-two in 2022.~~⁸³⁵

Future reports will be published on the program ~~website~~websites and filed in the Commission docket approving the Agency's most-recently approved Long-Term Plan.

~~This report is a vital way that the Agency ensures transparency with the public concerning complaints received regarding program participants. Continuous monitoring of complaints and maintenance of the program's Consumer Protection Database, which documents all complaints received and suspensions from the program, ensures that resolution and corrective action can be taken with each specific complaint, and/or the program at large prior to the filing of this public report each calendar year.~~⁸³⁶

9.8. Consumer Protection Working Group

Pursuant to the provisions of Section 1-75(c)(1)(M)(vi) of the IPA Act, the Agency shall schedule regular meetings with representatives of the Office of the Attorney General, the Illinois Commerce Commission, consumer protection groups, and other interested stakeholders to share relevant information about consumer protection, project compliance, and complaints received. ~~The IPA has already developed an ad hoc "Consumer Protection Working Group" and will continue to convene meetings on a monthly basis. To date, participation in the Working Group has been mostly limited to the Agency, Program Administrators, Commission staff, Office of the Attorney General, and Citizens Utility Board, and the meetings have primarily focused on observed consumer protection issues and violations of program requirements, and disciplinary responses to violations. The Agency received comments about the openness of these meetings to other interested parties, including the solar~~

⁸³⁴ See <https://illinoisshines.com/wp-content/uploads/2023/03/IPA-ABP-and-ILSFA-Consumer-Complaint-Report-2022.pdf>.

⁸³⁵ It is worth noting that consumer complaints, submitted during any year, could be connected to an application submitted during a prior year. For example, a complaint received in 2020 could be connected to an application submitted in 2019.

⁸³⁶ See: <https://illinoisabp.com/consumer-complaint-database/>.

~~industry. On August 18, 2022, the Agency announced the expansion of the Consumer Protection Working Group.⁸³⁷ The Agency will recalibrate the meetings as a forum for discussing market trends, best practices, consumer education, and other consumer protection issues generally with a broader group of stakeholders. The Agency also intends to continue to meet separately with Commission staff and the Office of the Attorney General, and other regulatory or legal enforcement agencies and consumer protection organizations as appropriate, to discuss specific program violations and disciplinary actions.~~

The IPA and its Program Administrators host two separate monthly consumer protection-related meetings. First, there is the Consumer Protection Working Group, which currently meets on the first Friday of the month.⁸³⁸ The scope of the meeting encompasses both Programs and a variety of consumer protection issues, including market trends, best practices, consumer education, and proposed program modifications. These meetings are open to the public; any interested individual or entity may attend. The agendas are posted ahead of time online and meeting minutes are available after the meeting.

The IPA and its Program Administrators also meet monthly with the Office of the Attorney General and the Illinois Commerce Commission to discuss specific program violations and disciplinary actions, among other consumer protection issues.

Additionally, Section 1-75(c)(1)(M)(vii) of the IPA Act requires that, to the extent that complaints received implicate the jurisdiction of the Office of the Attorney General, the Illinois Commerce Commission, or local, State, or federal law enforcement, the Agency shall refer complaints to those entities as appropriate. ~~The IPA will continue to bring such complaints to the attention of the Attorney General and the Commission as appropriate and will likewise involve other law enforcement agencies as necessary. -If warranted, the Program Administrator will refer complaints to the Agency and to appropriate stateState and federal agencies, including the Consumer Fraud Bureau of the Illinois Attorney General's Office, or the Illinois Commerce Commission (e.g., for failure of installers to maintain their status as Certified Distributed Generation Installers). -Approved Vendors or Designees found bythat the Agency tofinds have violated consumer protection standards or related Program requirements may be subject to suspension or revocation of their Approved Vendor status or Designee registration by the Agency, and if. If these Approved Vendors or Designees are found~~ in violation of local, ~~stateState~~, or federal law, they may also face potential civil or criminal penalties from other relevant authorities.

⁸³⁷ ~~The announcement is available at <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/illinois-power-agency-announces-the-expansion-of-the-agencys-consumer-protection-working-group-18-august-2022.pdf>.~~

⁸³⁸ See <https://illinoisshines.com/cp-working-group/>.

9.9. Solar Restitution Fund

The IPA is proposing the development of a solar restitution fund to provide economic assistance to customers who have been harmed through their participation in Illinois Shines or Illinois Solar for All. While most customers have a positive experience in connection with the IPA's programs, there are unfortunately still some bad actors. For example, one Illinois Shines Approved Vendor promised customers that it would pass through thousands of dollars in REC incentive payments, and then failed to do so.

As explained previously, the IPA does not have plenary regulatory authority over companies operating in the solar market. Even when it comes to Approved Vendors and Designees participating in the IPA's programs, the IPA cannot compel solar companies to take specific action to remedy harm to customers. While the Program Administrators can discipline Approved Vendors and Designees, up to and including suspension from the Program, the threat of discipline does not always lead Approved Vendors and Designees to make customers whole. This is especially true when the company is in financial distress.

Other states have implemented restitution funds for customers harmed by solar contractors or other contractors. For example, California launched a Solar Energy System Restitution Program in July 2021, for "consumers who were financially harmed by the installation of a solar energy system on a single-family home after January 1, 2016."⁸³⁹ Funded by a one-time appropriation of \$5 million, the program is no longer accepting new claims in order to ensure that funding is available for claims already received.⁸⁴⁰

The California restitution fund was modeled after Nevada's Residential Recovery Fund, which is not limited to solar-related harms. The Nevada fund "under certain conditions, provides limited monetary compensation to single-family homeowners, in the event that they have been damaged by a licensed contractor's failure to appropriately execute a contract and have exhausted all other means of recovery."⁸⁴¹ Other examples of restitution funds for customers harmed by contractors include Florida's Homeowner Construction Recovery Fund⁸⁴² and Virginia's Contractor Recovery Fund.⁸⁴³

The text below describes a proposed framework below for the implementation of a restitution fund, and the Agency is very interested in public comments on the proposal.

Funding: The Agency proposes that the restitution payments would be made from the general RPS collections fund held by the public utilities. The Agency suggests that forfeited collateral from solar projects that fail to satisfy REC Contract requirements could be accounted for separately in the

⁸³⁹ California Contractors State License Board, Announcement, https://www.cslb.ca.gov/Resources/GuidesAndPublications/2022/Solar_Energy_System_Restitution_Program.pdf; see also California Contractors State License Board, News Release (May 11, 2022), https://www.cslb.ca.gov/Resources/PressReleases/2022/Solar_Energy_System_Restitution_Program.pdf.

⁸⁴⁰ California Contractors State License Board, Solar Smart, https://www.cslb.ca.gov/consumers/solar_smart/.

⁸⁴¹ Nevada State Contractors Board, Residential Recovery Fund Overview, http://www.nvcontractorsboard.com/res_fund_overview.html.

⁸⁴² Fla. Stat. § 489.140 et seq.

⁸⁴³ Va. Code Ann. § 54.1-1118 et seq.

Renewable Resources Budget, and that this money could be used first to make restitution payments to customers. The Agency invites comments on alternative funding sources.

Customer Eligibility: Customers would be required to submit a complaint to the Program Administrator and cooperate with the normal complaint investigation procedure. At minimum, the following determinations would be required for customer eligibility:

- The customer was financially harmed by an Approved Vendor or Designee's violation of Program requirements; and
- There is no reasonable likelihood that the Approved Vendor or Designee will make the customer whole.

The customer would also have to assign their rights to any legal claim against the Approved Vendor or Designee in the same amount that the customer receives in a restitution payment. For example, if an Approved Vendor failed to pass through \$8,000 in a REC incentive payment, and the customer received \$8,000 from the restitution fund, if the Approved Vendor later actually made the \$8,000 payment to the customer, the customer would be required to repay that money to the restitution fund.

The Agency is not proposing that a customer must pursue private litigation or obtain a court judgment in order to be eligible for assistance from the restitution fund. The Agency believes that such a requirement would create an unreasonable barrier, and that restitution payments should be available without the customer having to spend potentially thousands of dollars to bring a civil lawsuit against a company that, in many situations, may be unable to pay damages even if the court decided in the customer's favor.

The Agency is not proposing that restitution payments would be available to customers who are harmed by entities that are not registered Approved Vendors or Designees in the Illinois Shines or Illinois Solar for All programs, regardless of whether the entity's marketing claims referenced the incentive programs. This could also preclude claims based on harm from third-party financing entities, such as those that offer loans for solar purchases, if they are not registered with the Program.

The Agency seeks feedback on a modified approach where a customer would be eligible if the entity *the customer contracted with* was a registered Approved Vendor or Designee, even if that Approved Vendor or Designee used an unregistered designee on the project (who caused harm to the customer). To use two hypotheticals: SolarCorp is not registered with the Program. If the customer bought a solar project *from* SolarCorp, and SolarCorp harmed the customer by improperly installing the project, the customer would not be eligible for a restitution payment. Alternately, if the customer bought a solar project from Approved Vendor A, and Approved Vendor A hired SolarCorp to do the installation (in violation of Program requirements, since SolarCorp is not registered as a Designee), the customer would be eligible a restitution payment for harm caused by SolarCorp.

The amount of the restitution payment would be limited to actual economic damages. The amount of actual damages would be discounted if a customer did not take reasonable actions to limit the harm. Restitution payments would be capped at \$30,000 per project. Other state consumer restitution funds have a similar cap. For example, California's Solar Energy System Restitution Program caps

individual claims at \$40,000⁸⁴⁴ and the Virginia Contractor Transaction Recovery Fund caps individual claims at \$20,000.⁸⁴⁵

Process: The customer would first file a complaint with the Program Administrator and go through the general complaint process until the complaint is closed as unresolved. The customer would then submit a claim to the restitution fund and attest to the accuracy of supporting information. The Program Administrator would review the claim and gather any additional needed information. The Program Administrator may subcontract with an entity that inspects or evaluates solar projects and provides estimates of any necessary repairs. The Program Administrator would make a recommendation to the IPA that includes a summary of the issues, a proposed determination, and the amount of payment (if applicable). The IPA would then review and either approve or overturn the recommendation. If the IPA determines that a restitution payment is warranted, the Program Administrator would obtain the customer's signature on a document assigning claims against the Approved Vendor or Designee to the restitution fund. The IPA would then request Commission approval of the restitution payment by including it in next submission to the Commission requesting approval of batches and contracts for Illinois Shines and ILSFA (see Section 7.10.5 for a summary of the process for Commission approval of batches and contracts). After Commission approval, the relevant utility would make the appropriate restitution payment to the customer.

The Agency is considering the possibility of a "phased" approach to implementing the restitution fund. In the first phase, the fund would only be available for customers who were promised a direct REC payment pass-through and did not receive it. Later phases would expand eligibility to customers experiencing other types of harm. This approach would allow the Agency to adjust requirements and processes during a pilot stage, with claims that would be fairly straight forward and would not require physical inspections of solar projects, before broadening the scope of the initiative.

The Agency is also considering whether an Approved Vendor or Designee whose actions lead to a restitution fund payout should be automatically disciplined. For example, Florida has a Homeowners' Construction Recovery Fund, and upon the payment to a claimant, the contractor whose conduct lead to the claim has their license automatically suspended until they repay the fund with interest.⁸⁴⁶ In the IPA's Programs, an entity could be suspended from participating in the Programs until repayment if their actions lead to a successful restitution fund claim. The Agency is interested in feedback on how this approach would work in situations where the harm may be caused by a combination of actions by an Approved Vendor and Designee(s). Another possible approach could be to publish a list of companies whose conduct was responsible for a restitution fund payout.

The Agency seeks public comment on all aspects of this proposal, and is especially interested in feedback on the following questions:

- Should the Agency consider funding sources other than the RPS budget?
- Are the proposed customer eligibility requirements appropriate? Should the restitution fund only be available for individuals (and not businesses or non-profits)? Should the fund only be available with respect to distributed generation projects (and not community solar)?

⁸⁴⁴ Cal. Bus. & Prof. Code § 7086.8.

⁸⁴⁵ Va. Code Ann. § 54.1-1123.

⁸⁴⁶ Fla. Stat. § 489.143(9).

- Should there be a maximum for restitution payments per customer or per project, and if so, what should the cap be?
- Should there be a cap on the amount of restitution payments triggered by violations by a single company?⁸⁴⁷
- If the cost of processing and/or investigating a claim (including possibly having an inspection) is more than the amount of the claim, how should that situation be handled?
- Should the Agency use a phased approach to implementing a restitution fund?
- Should entities whose conduct leads to a successful restitution fund claim be automatically suspended from the Program until they repay the fund?
- How can the Agency best defend against the presence of a restitution fund potentially encouraging Approved Vendors or Designees to act with less diligence, knowing that legal exposure is arguably more limited if the customer has an alternative means for being made whole?
- Is there a risk of gaming with a restitution fund and, if so, what are ways to address this risk?
- Should there be a limit on how much time can elapse between the harm occurring and the customer submitting a claim?

⁸⁴⁷ A presentation on California's Solar Energy System Restitution Program noted that "[a] cap is needed to limit total fund payout per respondent contractor," as a small number of contractors was responsible for a large number of claims. Contractors State License Board, "Solar Energy System Restitution Fund" slide deck (Dec. 6, 2022 Workshop Pursuant to CPUC Decision 21-09-024). Some state restitution funds do limit the amount of cumulative claims against a single vendor. For example, the Nevada Residential Recover Fund limits claims to \$40,000, and also limits claims against a single contractor to "\$750,000, or 20% of the account balance, whichever is less." http://www.nvcontractorsboard.com/res_fund_overview.html

10. Diversity, Equity, and Inclusion

~~Public Act 102-0662 amended the~~ The Illinois Power Agency Act ~~to expand the~~ (“IPA Act”) establishes the objective of providing “priority access to the clean energy economy for businesses and workers from communities that have been excluded from economic opportunities in the energy sector, have been subject to disproportionate levels of pollution, and have disproportionately experienced negative public health outcomes.”⁸⁴⁸ To advance that objective, the Act directs the Agency to establish an ~~equity accountability system~~ Equity Accountability System, which shall include:

1. A ~~Minimum equity standards~~ Equity Standard applicable to all applicants to the ~~Agency’s renewably energy procurements, both through the Adjustable Block~~ Illinois Shines Program, ~~the Self-direct Program,~~ and competitive procurements ~~of Indexed RECs from utility-scale projects.~~
2. The Equity Eligible Contractor category within ~~the Adjustable Block Program~~ Illinois Shines (see Chapter 7).
3. ~~Requirements~~ Optional bid adjustments for competitive procurement processes that advance the equity goals of the Act (see Chapter 5).

The Act further establishes several ~~required monitoring, data collection and~~ reporting, ~~and facilitation~~ requirements to support the assessment of the Equity Accountability System and ~~improve transparency regarding who participates in and benefits from the clean energy economy. Section 1-75(c-15)(2) directs the Agency to commission and publish a racial disparity study to “measure[] the presence and impact of discrimination on minority businesses and workers in Illinois’ clean energy economy.”~~ equity accountability system.

Section 1-75(c-10)(4) of the IPA Act directs the Agency to include the following in each revision to the Long-Term Renewable Resources Procurement Plan:

4. Current number of Equity Eligible Contractors certified by the Agency.
5. A mechanism for measuring and reporting project workforce profiles at the Approved Vendor or Designee level.
6. Training, guidance, and other support for Approved Vendors, Designees, Equity Eligible Contractors, and other stakeholders for meeting the requirements of the EEC category within ~~Adjustable Block~~ Illinois Shines Program and the minimum equity standards laid out in this section: (please see Section 7.4.6 for full details).
7. A process for certifying Equity Eligible Contractors and ~~persons~~ Persons (please see ~~Chapter~~ Section 7.7.2 for more details).
8. A waiver application process ~~for rare cases of inability to meet the minimum equity standard.~~

~~This chapter and additional information in Chapter 7 fulfill those requirements.~~

The Act also empowers the Agency to assess and attempt to ameliorate existing racial discrimination or disparities in rates of participation in the clean energy economy. ~~Section 1-75(c-15)(2) directs the Agency to commission and publish a racial disparity study to “measure[] the presence and impact of discrimination on minority businesses and workers in Illinois’ clean energy economy.”~~ Section 1-75(c-20) directs the Agency to “collect data from program applicants in order to track and improve equitable distribution of benefits across Illinois communities for all procurements the Agency

⁸⁴⁸ 20 ILCS 3855/1-75(c-10).

conducts.” And finally, Section 1-75(c-25) directs the Agency to work with the Department of Commerce and Economic Opportunity to create an Energy Workforce Equity Database in order to facilitate the engagement of Equity Eligible Contractors and persons on clean energy projects.

~~The opportunity to register as an Equity Eligible Contractor (“EEC”) through the Adjustable Block Program began on December 14, 2021 and as of the August 23, 2022, filing this 2022 Long Term Plan, updated to reflect the Commission’s Final Order approving the Plan,⁸⁴⁹ three entities have registered.~~

~~10.1. Equity Accountability System~~

~~To achieve “priority access to the clean energy economy for businesses and workers from communities that have been excluded from economic opportunities in the energy sector, have been subject to disproportionate levels of pollution, and have disproportionately experienced negative public health outcomes,” In meeting these requirements, the Agency will create the Equity Accountability System, which includes the minimum equity standards for all renewable energy procurements, the equity category of the Adjustable Block Program, and the equity prioritization for competitive procurements.~~

~~All programs and procurements will be designed to continue its ongoing collaboration with other State agencies to encourage participating projects/entities to use/utilize a diverse and equitable workforce and a diverse set of contractors, including minority-owned businesses, disadvantaged businesses, trade unions, graduates of workforce training programs created through Public Act 102-0662, and small businesses.~~

~~10.1.1. Minimum Equity Standards~~

~~Section 1-75(c-10)(1) of the IPA Act as established by Public Act 102-0662 requires that,~~

~~All applications for renewable energy credit procurements shall comply with specific minimum equity commitments. Starting in the delivery year immediately following the next long-term renewable resources procurement plan, at least 10% of the project workforce for each entity participating in a procurement program outlined in this subsection (c-10) must be done by equity eligible persons or equity eligible contractors. The Agency shall increase the minimum percentage each delivery year thereafter by increments that ensure a statewide average of 30% of the project workforce for each entity participating in a procurement program is done by equity eligible persons or equity eligible contractors by 2030. The Agency shall propose a schedule of percentage increases to the minimum equity standards in its draft revised renewable energy resources procurement plan submitted to the Commission for approval pursuant to paragraph (5) of subsection (b) of Section 16-111.5 of the Public Utilities Act. In determining these annual increases, the Agency shall have the discretion to establish different minimum equity standards for different types of procurements and different regions of the State if the Agency finds that doing so will further the purposes of this subsection (c-10). The proposed schedule of annual increases shall be revisited and updated on an annual basis. Revisions shall be developed with stakeholder input,~~

⁸⁴⁹ See Docket No. 22-0231, Final Order dated July 14, 2022.

~~including from equity eligible persons, equity eligible contractors, clean energy industry representatives, and community-based organizations that work with such persons and contractors.⁸⁵⁰~~

Section 1-10 of the IPA Act as amended by P.A. 102-0662 defines “equity eligible persons” or “eligible persons” as: ~~1) graduates or current or former participants in the Clean Jobs Workforce Network Program, Clean Energy Contractor Incubator Program, Illinois Climate Works Preapprentice Program, Returning Residents Clean Jobs Training Program, or the Clean Energy Primes Contractor Accelerator Program, and the solar training pipeline and multicultural jobs program; 2) persons who are graduates of or currently enrolled in the foster care system; 3) persons who were formerly incarcerated; and 4) persons whose primary residence is in an equity eligible investment community.~~

Section 1-10 of the IPA Act does not provide a definition for “project workforce,” which is the group upon which the Minimum Equity Standard applies. Therefore, the IPA has developed a definition that reflects the context and language in Sections 1-75(c-10), (c-15), (c-20), and (c-25) as well as previously IPA-published guidance regarding required workforce reporting. For the purposes of the Minimum Equity Standards, the IPA will define “project workforce” as the following:

~~“Employees, contractors and their employees, and subcontractors and their employees, whose job duties are directly required by or substantially related to the development, construction, and operation of a project that is participating in or intended to participate in the IPA-administered programs and procurements under Section 1-75(c) of the IPA Act. This shall include both project installation workforce and workforce in administrative, sales, marketing, and technical roles where those workers’ duties are performed in Illinois.”⁸⁵¹~~

The Equity Accountability System will take effect in the first delivery year after the approval of this Plan, which is the 2023-2024 delivery year beginning June 1, 2023. For the 2023-2024 delivery year, the minimum equity standard therefore will be 10%. The Agency proposes to increase the minimum equity standard to 12% for the 2024-2025 delivery year. In the next Long-Term Plan, the Agency will propose future increases of the minimum equity standard over subsequent delivery years to eventually reach the 30% statutory requirement by 2030. ~~A slower initial rate of increase will provide the solar industry time to prepare for these standards, as well as allow for workforce development and other programs administered by the Department of Commerce and Economic Opportunity to have time to ramp up. At this time, the Agency does not propose requiring different minimum equity standards for different regions of the state as the Agency does not have information on how those standards should differ by region, including the local availability of Equity Eligible Persons and contractors. The Agency will instead evaluate the initial performance of the Equity Accountability System in its first year to consider regional adjustments in the next Plan update that will take place in 2023 for implementation in 2024.~~

For more information on the definition of Equity Eligible Persons and Equity Eligible Contractors, see Section 7.

⁸⁵¹ This is an updated definition from the Filed Plan, as approved by the ICC in its Final Order. Docket No. 22-0231, Final Order dated July at 157 (Jul. 14, 2022 at 157).

~~Compliance with the minimum equity standard entails submission of a Minimum Equity Standard Compliance Plan, an end-of-delivery-year Minimum Equity Standard Report, and a mid-delivery-year confirmation that the entity is on track to achieve the minimum equity standard. Submission of these documents is mandatory and a condition for participation in relevant programs and procurements, as discussed below.~~

~~10.1.1.1. Applicability to Noncompetitive Procurements~~

~~Section 1-75(c-10)(1) provides that “[a]ll applications for renewable energy credit procurements shall comply with specific minimum equity commitments.” That section does not define “renewable energy credit procurements” but does specify that the 10% minimum equity standard applies to “each entity participating in a procurement program outlined in this subsection (c-10).” Other requirements under this subsection are only required from “each entity participating in a procurement program of subsection (c) of this Section,” and Section 1-75(c-30) provides that the penalty for non-compliance with (c-10) shall be to “deny the entity’s ability to participate in procurement programs in subsection (c).” The Agency therefore interprets this section as only applying to those renewable energy procurement programs established through Section 1-75(c) of the Act, not to include the Illinois Solar for All Program. This interpretation is further supported by the distinct treatment of the Illinois Solar for All Program throughout the IPA Act, including higher REC prices, the absence of prevailing wage requirements, and dedicated funding through the Renewable Energy Resources Fund, all of which operate to ease the burden of program participation and maximize the access for and benefit to low-income participants. The Agency believes that the above reading of Section 1-75(c-10) also strengthens those aims.~~

~~Other elements of the broader suite of diversity and equity provisions added to Section 1-75 of the IPA Act through Public Act 102-0662 will apply to Illinois Solar for All, such as the data collection obligations contained in Section 1-75(c-20) and inclusion in the studies conducted per Section 1-75(c-15).~~

~~10.1.1.2. Applicability to Competitive Procurements~~

~~Under Section 1-75(c-10)(3) of the IPA Act, bidders in the Agency’s competitive procurements for RECs from new utility-scale wind, solar, and brownfield site photovoltaic projects are required to participate in the Equity Accountability System by making minimum commitments for the utilization of Equity Eligible Persons or Equity Eligible Contractors at the applicable level for the delivery year in which the procurement event is conducted. The commitments may be submitted in the form of letters of intent or executed sub-contracts. If the bidder is an equity eligible person or an equity eligible contractor, that will be considered full compliance with this requirement. Full Compliance Plans will only be required from successful bidders as discussed below.~~

~~As discussed in Chapter 5, the Agency will prioritize bids that feature commitments to have a higher portion of contract value flowing to Equity Eligible Contractors. This will be through an adjustment to bid price prior to ranking of bids by price order.~~

~~10.1.1.3. Compliance Plan Filing~~

~~The Equity Accountability System will take effect at the beginning of the 2023-2024 delivery year on June 1, 2023. By the effective date, existing Adjustable Block Program Approved Vendors and~~

~~Designees will be required to file an annual Minimum Equity Standard Compliance Plan (“Compliance Plan”), and then after the end of the delivery year a year-end Report to demonstrate how they met the annual minimum equity standard, as required by subparagraphs (1)(A) and (1)(C) of Section 1-75(c-10). The Compliance Plans will reflect how the Approved Vendor or Designee plans to achieve compliance with the minimum equity standard percentage for work completed in the upcoming delivery year, while the Report will demonstrate how the Approved Vendor or Designee achieved compliance with the minimum equity standard for that delivery year.~~

~~If an entity applies to be an Approved Vendor or Designee during a delivery year, the Agency will require a Compliance Plan at the time of the initial application. For this Long-Term Plan the Agency will not apply different requirements for different categories of the Adjustable Block Program. However, the Agency notes that the Equity Eligible Contractor category of the Adjustable Block program is only available to Approved Vendors who are Equity Eligible Contractors and thus participation in that program is the functional equivalent to full compliance with the Equity Accountability System. Approved Vendors that are affiliated with each other may be allowed to submit a combined Compliance Plan where they have a common parent company. The IPA will issue guidance on how to request such permission from the Agency.~~

~~Successful bidders in competitive procurements (“Competitive Procurement Suppliers”) are required to file a Compliance Plan within 30 days of ICC approval of their bids. Those Compliance Plans must be consistent with commitments made during the bid registration process. A Competitive Procurement Supplier who has previously filed a Compliance Plan due to having had prior winning bids will be required to update their Compliance Plan.~~

~~10.1.1.4. Compliance Plan Requirements~~

~~Compliance Plans must include the following items:~~

- ~~i. A statement of intent to comply with equity accountability standards for the applicable delivery year and to hire a diverse project workforce including Equity Eligible Persons and Equity Eligible Contractors. This will include a narrative description of how the applicant will meet these commitments.~~
- ~~ii. Projected number of workers and the demographic breakdown by race, gender, and participation in job training or workforce development programs, or other means of compliance with the standard for equity eligible persons.~~
- ~~iii. Plans for the use of Equity Eligible Contractors, if applicable.~~
- ~~iv. Applicant classification (i.e., Minority-owned, Woman-owned, Disabled-owned, Veteran-owned, Small Business, etc.), if applicable.~~
- ~~v.i. Communication plan for local outreach to increase the utilization of Equity Eligible Persons and Equity Eligible Contractors.~~
- ~~vi. Status of any corrective actions or adjustments from prior year Compliance Plans.~~
- ~~vii. Approved Vendors in the Adjustable Block Program do not need to report on data regarding their Designees but shall report which Designees they worked with in the delivery year to allow the Agency to correlate activities and compliance. This is not meant to relieve Approved Vendors of responsibility to comply with the Equity Accountability Standard, but rather to ensure that efforts are not double counted.~~

~~10.1.1.5. Compliance Plan Assessment~~

The Agency will utilize the following graduated rating system to evaluate Compliance Plans:

- ~~1) Needs Development~~
- ~~2) Accepted~~
- ~~3) Exceeds Requirements~~

~~Needs Development (a rating of 1):~~ Indicates that the entity will need to review, correct and/or include missing compliance items in order for the Compliance Plan to be approved. This rating indicates the Agency has identified inconsistencies in the plan that puts the applicant at risk of non-compliance and the Compliance Plan will not be accepted without updating or inclusion of requirements that need resolution or are missing.

~~Accepted (a rating of 2):~~ Indicates that all compliance requirements are in place for Compliance Plan approval, and the plan is accepted. This rating indicates the Agency has identified all necessary components are present and the plan is operational.

~~Exceeds Requirements (a rating of 3):~~ The Compliance Plan is approved. This rating indicates that the entity has committed in their written plan to take internal, periodic checks before the mid-year confirmation of progress to evaluate continued effectiveness or risk of the plan and will go beyond the minimum equity standards by 50% (e.g., if the standard for a delivery year is 10%, they commit to achieving 15%). This will include noting best practices and/or areas of adjustment.

Once the Compliance Plan Assessment review is complete, the Agency will notify the program participant of its status to proceed or recommend areas of review for correction. A rating of at least 2 is required in order to participate.

~~10.1.1.6. Compliance Plan Corrections~~

Section 1-75(c-10)(1)(B) and (D) authorize the IPA to “offer corrective action plans to entities that are not on track to achieve compliance”⁸⁵² and “to assist them in obtaining compliance and shall allow continued access to procurement programs upon an approved vendor or designee demonstrating compliance.”⁸⁵³ After the final submission of the Approved Vendor, Designee or Competitive Procurement Supplier’s Minimum Equity Standard Compliance Plan, the Agency will review and accept or reject the Compliance Plan. Compliance Plans that receive a rating of 1 will be rejected with a recommended corrective action plan. If the Agency discovers an area of the Compliance Plan that needs to be amended or requires correction, the Agency will notify the applicant in writing of the required correction(s) within fourteen days. The applicant will have thirty days to submit the amended portion of the Compliance Plan. Applicants may request extensions to that window that will be granted by the Agency on a case-by-case basis.

After resubmittal of a corrected Compliance Plan, the Agency will notify the applicant in writing of the final re-evaluation status. The Agency will have a period not to exceed twenty-one days to notify the program participant of final acceptance of the Compliance Plan. The Agency will accept multiple

⁸⁵² 20 ILCS 3855/1-75(c-10)(1)(B).

⁸⁵³ 20 ILCS 3855/1-75(c-10)(1)(D).

~~revisions of a proposed Compliance Plan. The Agency will strive to meet the timelines listed above but may need to extend them during times of high Compliance Plan application volumes.~~

~~10.1.1.7. Final Compliance Plan Approval~~

~~Once the Agency receives the final corrected Compliance Plan from the applicant entity and the Agency approves the Compliance Plan, the entity will advance to the next stage of project application or procurement. Approved Vendors, Designees, and Competitive Procurement Suppliers must meet all minimum equity standards before being awarded a contract for RECs under an IPA program or procurement, unless the entity has obtained a waiver. Aggregated results will be posted to the IPA website, based on industry classification.~~

~~Due to statutory requirements, applicants must submit a Compliance Plan at the beginning of each delivery year and an Annual Report after the end of the delivery year for each year that they participate in an IPA procurement; however, the Agency will reassess process efficiencies as the program progresses.~~

~~10.1.2. Proposed Implementation Timeline~~

~~The IPA will follow the timeline below for implementation of the Minimum Equity Standard Compliance Plan. Implementation will be divided into three phases:~~

- ~~1. Compliance Plan Initial Education (3rd and 4th quarters 2022)~~
 - ~~• Educational webinar to include review of Compliance Plan standards, submittals, corrective actions, and final approval~~
- ~~2. Compliance Plan Training (1st quarter 2023)~~
 - ~~• Distribution of application materials and training for applicants~~
- ~~3. Compliance Plan Initial Applications (2nd quarter 2023)~~
 - ~~• Applicants can begin submitting Compliance Plans prior to the June 1, 2023 launch of the Equity Accountability System requirements~~

~~10.1.3. Submittal and Reporting Process~~

~~The Agency will require each Approved Vendor, Designee, or Competitive Procurement Supplier to confirm the Minimum Equity Standard Compliance Plan is progressing according to Agency requirements halfway through the delivery year. That confirmation will take the form of a written inquiry from the Agency or Program Administrator.~~

~~Each Approved Vendor, Designee, or Competitive Procurement Supplier must then submit a year-end report within 45 days after the end of the delivery year in which they have had active participation through activities developing a project or projects. If they have no activity during the year, that may be indicated on the year-end report and compliance obligations will not apply. This will correspond with the due date of the existing Annual Reports for the Adjustable Block Program. Year-end reporting will consist of an updated version of the original Compliance Plan submitted at the commencement of the delivery year and will include data on actual performance compared to the information submitted in the original Compliance Plan. Reporting should also reflect any major differences from the Minimum Equity Standard Compliance Plan such as new and innovative ways to provide employment opportunities to low income participants and residents within the~~

~~environmental justice communities. The first Reports will be due after the end of the 2023-2024 delivery year.~~

~~10.1.3.1. Waivers for the Minimum Equity Standard~~

~~In the event an Approved Vendor, Designee, or Competitive Procurement Supplier is unable to fulfill the minimum equity standards for a given delivery year, Section 1-75(c-10)(1)(D) allows that entity to seek a waiver. The Agency retains the sole discretion to grant a waiver in rare circumstances. The Agency will grant waivers where the applicant provides evidence of significant due diligence toward meeting the minimum equity standards. These efforts should include:~~

- ~~i. A brief narrative describing the entity's effort to recruit Equity Eligible Persons prior to the start of project development. Such an effort should include utilization of the Energy Equity Workforce Database developed by the Agency as well as the following:~~
 - ~~a. Working consistently and assertively with approved State job training and workforce development programs to recruit a diverse workforce and provide evidence of outreach~~
 - ~~b. Maintaining applications of individuals not selected for an opening for contact regarding future project openings~~
 - ~~c. Participating in State approved workforce training facilities for job fairs and related local community events to recruit a diverse workforce~~

~~Efforts to hire or contract with Equity Eligible Contractors should be demonstrated through documentation from affiliated community based organizations and/or training program facilities, State workforce hubs, union hall registers, professional development associations, etc. This should include the date of contact, the agency official and title of the individual contacted.~~

- ~~ii. An attestation providing details of open positions or request for bids where the entity has **not** received inquiries or proposals from Equity Eligible Contractors or Equity Eligible Persons.~~
- ~~iii. Utilization of the Energy Workforce Equity Database.~~
- ~~iv. Efforts to proactively establish contracting relationships with Equity Eligible Contractors.~~
- ~~v. Advertising or formal solicitation using various platforms of targeted social media for no less than thirty (30) business days. Engagement in direct and extensive outreach to appropriately targeted associations or other relevant organizations to notify them of the project opportunity.⁸⁵⁴~~
- ~~vi. Evidence that the entity posted all project solicitations on appropriate State agency websites, include direct targeted e-mail alerts to appropriate respondents who have registered with State agencies to learn of opportunities.~~

~~Waivers approved for lack of Equity Eligible Persons or Equity Eligible Contractors in a geographic area of a project shall not count against the program participant in assessment of compliance with the minimum equity standard.~~

⁸⁵⁴ In its Final Order approving the 2022 Long Term Plan, the Commission approved the IPA's commitment in its Response to Objections to adjust the use of the term "minority" in this section, so as to avoid confusion between the characteristics of Equity Eligible Persons versus the characteristics traditionally associated with "minority" populations, specifically race and ethnicity, which are not qualifying characteristics of EEPs. See Docket No. 22-0231, Final Order dated July 14, 2022 at 159; IPA Response at 130.

~~Waiver extensions or subsequent waiver requests from an applicant will need to specify efforts made to reach compliance. Section 1-75(c-10)(4)(E) of the IPA Act directs that, “[w]hen considering whether to grant a waiver, and to what extent, the Agency shall consider the degree to which similarly situated applicants have been able to meet these minimum equity commitments. For repeated waiver requests for specific lack of eligible persons or eligible contractors available, the Agency will make recommendations to target recruitment to add such eligible persons or eligible contractors to the [Energy Workforce Equity] database.”~~

~~The Agency will consider an assertive, sincere, and results-oriented action taken by the applicant to comply with the minimum equity standards due diligence. The purpose of an entity demonstrating due diligence is to promote the support of equitable access to employment on local energy solar projects, job training and apprenticeships of the residents of underserved communities throughout the State of Illinois. In an instance where full compliance is not attainable, the Agency will accept a written, detailed explanation of why the applicant was incapable of contracting an equity eligible person or Equity Eligible contractor. Use of the Energy Equity Workforce Database developed by the Agency will not alone qualify as sufficient due diligence. The program participant must provide copies of all interactions proving such challenges and a signed attestation affirming the information provided is truthful accurate and complete.~~

~~Given the breadth of factors at issue in a waiver assessment and the need for transparency of the waiver evaluation process, the Agency will conduct a stakeholder feedback process to design a more detailed waiver application and assessment process. In its Final Order, the ICG directed the Agency to assess each waiver request based upon a quantitative scoring system.⁸⁵⁵ The Agency intends for that scoring system to include the criteria enumerated above, with each criterion earning a discrete number of points, though it reserves the right to adjust the criteria based on stakeholder feedback (excluding any criteria expressed in Section 1-75(c-10) directly). The stakeholder feedback process will seek input on both the format of waiver applications and the design of the scoring system for waiver approval. The Agency intends to hold that stakeholder process in early 2023, well before the Minimum Equity Standard goes into effect on June 1, 2023.~~

~~Inaccuracies, fraudulent statements, or any misleading details may result in immediate disqualification for a waiver and further disciplinary action with IPA programs. For the Delivery Year 2023-2024 the Agency will determine waivers on a case-by-case basis due to the potential that there may only be a limited number of Equity Eligible Contractors and equity eligible persons while the training programs created by P.A. 102-0662 are established.~~

~~10.1.4. Enforcement of Standards~~

~~If the Agency determines that an Approved Vendor, Designee, or Competitive Procurement Supplier has failed to comply with any of the requirements set forth by the Agency, or any contract provision set forth by the law, the Agency will notify that entity in writing within twenty-one days. At such time, the Agency may request within twenty-one days after the notice of noncompliance any additional reports, information and documentation that are reasonably necessary to determine program compliance. If the requested materials are not received within twenty-one days, the Agency will render a finding of noncompliance, and the appropriate violation status outlined below will apply.~~

⁸⁵⁵ See Docket No. 22-0231, Final Order dated July 14, 2022 at 159.

~~Requests for an extension for more time to provide such additional information must be made prior to the twenty-one day deadline and will be considered on a case-by-case basis.~~

~~The Agency will impose consequences for violations by program participants due to non-compliance, including but not limited to:~~

- ~~i. Suspension of the entity's ability to submit project applications to IPA programs or to participate in competitive procurements during the remainder of the delivery year.~~
- ~~ii. Repeated violations could potentially result in the Approved Vendor or Designee becoming suspended from the IPA's programs for an entire delivery year. Competitive Procurement Suppliers could likewise be barred from participation in future competitive procurement events.~~

~~Suspensions of an Approved Vendor or Designee in the Adjustable Block Program will be noted on the program website's lists of Approved Vendors and Designees as well listed on the disciplinary actions report and in the Energy Workforce Equity Database.~~

~~10.1.5. Program Recruitment for a Diverse Workforce~~

~~The Agency will seek to collaborate with other State agencies to encourage participating entities to utilize a diverse workforce and diverse contractors. Utilization of other State agency resources, such as comprehensive databases, will be an option for program participants in need of support in meeting the minimum equity standard.~~

~~Approved Vendors, Designees, and Competitive Procurement Suppliers should exercise multiple avenues to engage eligible persons, where applicable:~~

- ~~i. Workshops to educate the local eligible workforce on industry particulars~~
- ~~ii. Offering potential job-shadowing to clean energy program students through DCEO workforce hubs, and focusing efforts on targeted audiences⁸⁵⁶~~
- ~~iii. Utilization of the Energy Workforce Equity Database~~
- ~~iv. Job fairs for appropriate screening of potential candidates~~
- ~~v. Accessing untapped local labor pools (i.e., trade schools, community colleges)~~
- ~~vi. Developing tailored training programs to accommodate pre-employment training (i.e., life skills, financial management)~~
- ~~vii. Special funding for dislocated workers to expand service capability and/or training for project work~~
- ~~viii. Supporting training and employment retention by connecting with community-based organizations for proper wrap around services such as: childcare assistance, transportation, and mentor check-ins~~
- ~~ix. Providing support to persons or entities who apply for state and federal workforce programs or assistance related to clean energy~~

⁸⁵⁶ In its Final Order approving the 2022 Long Term Plan, the Commission approved the IPA's commitment in its Response to Objections to adjust the use of the term "minority" in this section, so as to avoid confusion between the characteristics of Equity Eligible Persons versus the characteristics traditionally associated with "minority" populations, specifically race and ethnicity, which are not qualifying characteristics of EEPs. See Docket No. 22-0231, Final Order dated July 14, 2022 at 159; IPA Response at 130.

10.1.6. Modifications to the Equity Accountability System

Section 1-75(c-10)(7) provides that, “[a]s part of the update of the long-term renewable resources procurement plan to be initiated in 2023, or sooner if the Agency deems necessary, the Agency shall determine the extent to which the equity accountability system... has advanced the goals [codified in P.A. 102-0662] including through the inclusion of equity eligible persons and equity eligible contractors in renewable energy credit projects.” Discussion of the efficacy of the current equity accountability system in advancing the goals of the IPA Act is incorporated throughout this chapter, identifying points of administrative complexity and significant challenges the Agency and stakeholders have faced in ensuring the system benefits the intended individuals. The Agency notes that it does not have results or data from the first year of implementing the Minimum Equity Standard, however, and thus can only assess the system’s success through feedback from stakeholders and the metrics currently available.

If the Agency determines that the equity accountability system has not fully achieved those goals to its fullest potential, Section 1-75(c-10)(7) provides that the Agency may revise the following criteria:

- i. *[T]he percentage of project workforce, or other appropriate workforce measure, certified as equity eligible persons or equity eligible contractors*
- ii. *[T]he definitions for equity investment eligible persons and equity investment eligible community*
- iii. *[O]ther modifications deemed necessary to advance the goals of [Public Act 102-0662]. Such revised criteria may also establish distinct equity accountability systems for different types of procurements or different regions of the State if the Agency finds that doing so will further the purposes of such programs.*

The Agency welcomes comments on this Draft 2024 Long-Term Plan that might inform the adjustments proposed in this Chapter and any potential solutions to the identified challenges.

10.1. Minimum Equity Standard

Among the equity-related changes introduced by Public Act 102-0662 is the institution of a “minimum equity standard” applicable to the project workforce for firms participating in certain IPA renewable energy programs and procurements. More specifically, Section 1-75(c-10)(1) of the IPA Act requires that,

*at least 10% of the project workforce for each entity participating in a procurement program outlined in this subsection (c-10) must be done by [sic] equity eligible persons or equity eligible contractors. The Agency shall increase the minimum percentage each delivery year thereafter by increments that ensure a statewide average of 30% of the project workforce for each entity participating in a procurement program is done by equity eligible persons or equity eligible contractors by 2030.*⁸⁵⁷

Section 1-75(c-10)(1) provides that “[a]ll applications for renewable energy credit procurements shall comply with specific minimum equity commitments.” That section does not define “renewable energy credit procurements” but does specify that the 10% Minimum Equity Standard applies to “each entity participating in a procurement program outlined in this subsection (c-10).” Other

requirements under this subsection are only required from “each entity participating in a procurement program of subsection (c) of this Section,” and Section 1-75(c-30) provides that the penalty for non-compliance with (c-10) shall be to “deny the entity's ability to participate in procurement programs in subsection (c).” The Agency therefore interprets Section 1-75(c-10) as only applying to those renewable energy procurement programs established through Section 1-75(c) of the Act, not to include the Illinois Solar for All Program (established under Section 1-56(b) of the Act). This interpretation is further supported by the distinct treatment of the Illinois Solar for All Program throughout the IPA Act, including higher REC prices and dedicated funding through the Renewable Energy Resources Fund, which ease the burden of program participation and maximize the access for and benefit to low-income participants. The Agency believes that the above reading of Section 1-75(c-10) also strengthens those aims.

Other elements of the broader suite of diversity and equity provisions added to Section 1-75 of the IPA Act through Public Act 102-0662 do apply to Illinois Solar for All, however, such as the data collection obligations contained in Section 1-75(c-20) and inclusion in the studies conducted pursuant to Section 1-75(c-15).

10.1.1. Definitions and Eligibility: Equity Eligible Persons

Section 1-10 of the IPA Act defines “equity eligible persons” or “eligible persons” as “persons who would most benefit from equitable investments by the State designed to combat discrimination, specifically:

1) graduates or current or former participants in the Clean Jobs Workforce Network Program, Clean Energy Contractor Incubator Program, Illinois Climate Works Preapprentice Program, Returning Residents Clean Jobs Training Program, or the Clean Energy Primes Contractor Accelerator Program, and the solar training pipeline and multicultural jobs program;

2) persons who are graduates of or currently enrolled in the foster care system;

3) persons who were formerly incarcerated; and

4) persons whose primary residence is in an equity investment eligible community.⁸⁵⁸

In developing program and procurement-related guidance, the IPA has further defined “persons who were formerly incarcerated” as any individual who (i) was sentenced to a term of imprisonment, not including juvenile detention, after the disposition of one or more misdemeanor or felony charges; and (ii) has completed their sentence. There is no time limit or expiration regarding when the incarceration occurred. The IPA defines “persons who are graduates of or currently enrolled in the foster care system” as any individual who is currently or was formerly a youth in care of the IL Department of Children and Family Services, or the equivalent agency in another state.

The IPA sought stakeholder feedback on several elements of this definition that have proven challenging in the initial year of implementation. First, the category of Equity Eligible Persons that qualify through a primary residence in an equity investment eligible community presents several

⁸⁵⁸ Under Section 1-10 of the Act, “Equity Eligible Investment Communities” are comprised of (1) R3 Areas as established pursuant to Section 10-40 of the Cannabis Regulation and Tax Act, where residents have historically been excluded from economic opportunities, including opportunities in the energy sector; and (2) Environmental justice communities, as defined by the Illinois Power Agency pursuant to the Illinois Power Agency Act, where residents have historically been subject to disproportionate burdens of pollution, including pollution from the energy sector.

issues. Individuals often move residences, and individuals in disadvantaged communities or that have limited incomes tend to change residences more often. The IPA requested input on potential ways to account for the inevitable scenario where someone who qualifies as an EEP at one point in the year may not at another point or in the next year. Commenters were split, with some supporting a more stringent approach similar to the Social Equity Applicant model in the cannabis sector, which requires demonstrating residency in certain areas for five of the last 10 years, while others favored maximum flexibility to reduce the reporting burden on EEPs. The Agency proposes to require that EEPs qualifying based on their primary residence renew their certification every two years. As described below, the Agency is also recommending potential ways to use the Energy Workforce Equity Portal (“Equity Portal”) to ease the process of EEP certification and tracking. While the Agency recognizes that requiring renewal of EEP certifications creates additional processes, the hope is that the planned expanded use of the Equity Portal will balance out any potential increased burden on EEPs or Approved Vendors. The Agency also proposes to require EEPs that serve as the majority-owner of an EEC and qualify as an EEP based on residency to renew their EEP certification annually as part of the Approved Vendor annual renewal.

Similarly, the recent updates to the Illinois Solar for All Environmental Justice Community (“EJ community” or “EJC”) map will result in some individuals that previously qualified as EEPs based on residency to no longer live in a qualifying area. The Equity Investment Eligible Communities (“EIEC”) map used to determine EEP status for residency-based qualification is based on the ILSFA EJ map and the R3 communities; thus, the EIEC map will be updated to reflect the new ILSFA EJ boundaries. Future EIEC map updates will occur on an as-needed basis following the update cycle of the ILSFA EJ communities map (currently every five years, but as explained in Section 8.12.3, the Agency is seeking feedback on alternative timelines) and the R3 map (every four years, with the next update expected in June 2024). The IPA sought feedback on a “grace period” in which residences in EIECs from both maps would be accepted for one year to allow sufficient time for entities to adjust to the new map. Commenters agreed that a one-year grace period would be sufficient for DG projects, but that larger projects have a longer development timeline and may need more time. Therefore, the Agency proposes to certify individuals that qualify based on primary residency using both maps in the first year after an update to the EIEC map.

Second, the Agency requested input on the possibility of requiring that all EEPs be certified through the Equity Portal. While the Agency does not want to increase burdens on EEPs, it also sees significant value in having all records of EEPs stored in one place, as opposed to having a mix of certifications through the Portal and some through emailed attachments. A more centralized, complete record of certified EEPs would allow the Agency to then provide more aggregated data regarding the EEP population – distribution across the state, how they qualify, how they learned about the program, etc. The Agency therefore proposes that EEPs be required to certify through the Equity Portal beginning with the 2025-2026 Program Year, providing ample time for the Agency to implement any required functionality upgrades to the Equity Portal and for AVs and EEPs to become familiar with the Equity Portal before the requirement applies. The IPA welcomes feedback on this approach.

10.1.2. Definitions and Eligibility: Equity Eligible Contractors

10.1.2.1. Ownership by EEPs

The IPA Act defines “equity eligible contractor” as “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.”⁸⁵⁹ The current process for certifying an entity as an EEC is straightforward. First, an entity must already be registered as an Approved Vendor or Designee with Illinois Shines, or they may submit those registrations simultaneously with the EEC certification request. For the EEC certification, the entity must complete a form identifying the corporate ownership structure and what role the EEP plays (Joint Partnership, Sole Proprietor, Board Member, etc.) in the business and an attestation completed by the EEP majority-owner, selecting the basis (or bases) upon which the individual qualifies as an equity eligible person and providing verifying documentation where required (for primary residence or workforce training participation qualifying bases).

Some commenters raised the potential for “sleeving” and “pass throughs” in EECs - where a non-EEC company partners with an EEP as the majority owner, but that EEP has little involvement in the management of the company, or where an EEC subcontracts out most of the development and construction, such that only a small portion of the state incentives flow to the EEP. Unfortunately, this is not a hypothetical scenario. The Agency has received more than one EEC certification request based on ownership by an Equity Eligible Person (who usually qualifies based on residency) or several Equity Eligible Persons that are not officers with or employed by the EEC Approved Vendor, and do not appear to work in the energy sector (or a related sector) at all. The minority owner in all of these cases is a well-established solar developer.

The Agency is concerned by the frequency of these requests and would prefer to increase the threshold requirements for EEC certification, but has struggled to identify a strategy that would strike the appropriate balance between preventing such “pass throughs” and maintaining a simple, accessible system for EECs that genuinely need support to enter the market. In response to the IPA’s request for stakeholder feedback on this issue on June 8, 2023, stakeholders generally agreed that the IPA should do more to prevent “sleeving,” but suggested general criteria such as “demonstrate meaningful control” or “substantially participate in the construction of the project.”⁸⁶⁰ Any additional threshold requirement must be specific and binary in order to be applied uniformly across all AVs seeking EEC certification. Therefore, the IPA seeks additional input on what specific data, documents, criteria, or evidence it could request to verify that an EEP or EEPs serving as the majority-owner(s) of an EEC are active in the management of the business. Possible criteria that have been suggested include:

1. Governance documents showing the company officers or board of directors;
2. Documentation that the EEP serves as a general or managing partner, or another decision-making role;
3. A signed plan for the non-EEP minority owner to provide training and professional development experience to the EEP;
4. Personal or company net worth shown through tax documents;
5. Demonstration that a minimum percentage of the REC Contract value stays with the EEC or flows to the EEP;
6. Demonstration that the EEP or EEC owns the project.

⁸⁵⁹ 20 ILCS 3855/1-10.

⁸⁶⁰ See Illinois Solar Energy Association, Feedback 2024 IPA LTP Chapter 10: Diversity, Equity, and Inclusion (June 29, 2023), <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/ch10-isea.pdf>, hereinafter “ISEA Comments”; Illinois Clean Jobs Coalition, Illinois Power Agency Requests Stakeholder Feedback for 2024 Long-Term Plan Development - Chapter 10 (June 29, 2023), <https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/ch10-il-clean-jobs-coalition.pdf>, hereinafter “ICJC Comments.”

As noted above, this Draft 2024 Plan proposes to require that EEPs that serve as the majority-owner of an EEC and qualify as an EEP based on residency re-certify their status as an EEP annually. The Agency also proposes that all EECs will need to re-certify as an EEC each year alongside the annual renewal of their AV status. This re-certification will only require confirmation of majority-ownership by the EEP(s), and where that or those EEP(s) qualify based on residency, they will need to re-certify their qualification, as stated above.

Currently, EECs may decline to be highlighted as an EEC on the Illinois Shines website, which hosts a list of all registered Approved Vendors. However, Section 1-75(c-25)(2)(F) requires that the Energy Workforce Equity Portal include “a list of equity eligible contractors with their contact information, types of work performed, and locations worked in.” The Agency requested stakeholder feedback on increasing the transparency of who the EECs are and how they qualify, but stakeholders provided mixed feedback with no clear preference. Therefore, the Agency will include a list of all certified EECs on the Equity Portal but is not proposing to disclose the basis upon which an EEC qualified. The Agency welcomes comments on whether this is the appropriate approach.

10.1.2.2. Application of the MES to Equity Eligible Contractors

Under Section 1-75(c-10), there are three elements of the Equity Accountability System: the Minimum Equity Standard, the EEC Category of Illinois Shines, and the equity requirements for competitive procurements of Indexed RECs from utility-scale projects. The 2022 Long-Term Plan interpreted the inclusion of the EEC Category as an equal pillar of the Equity Accountability System to mean that an EEC was in compliance with the Equity Accountability System by virtue of its status as an EEC. Yet, as discussed above, the Agency has seen worrying instances of gaming within EECs and sought stakeholder feedback on requiring that EECs meet the MES, to ensure these entities are truly meeting the equity goals of the IPA Act.

While the Agency sees potential value in requiring EECs participating in the EEC Category of Illinois Shines or that feature a minority-owner that is a non-EEC AV to meet the MES, at this time it is not proposing to do so. The Agency hesitates to put additional burdens on EECs when the concept is new and when there are still few certified EECs. Additionally, the Agency issued interpretive guidance in April 2023 allowing entities that subcontract with EEC Designees (or subcontractors in the context of utility-scale projects) to count the EEPs in their project workforce from those EEC Designees 1.5 times toward meeting the MES.⁸⁶¹ This decision sought to provide a tangible incentive for AVs to work with EECs, an incentive that would be mooted were the IPA to require those same EECs to themselves meet the MES.

10.1.3. Definitions and Eligibility: Project Workforce

Section 1-10 of the IPA Act does not provide a definition for “project workforce,” which is the population to which the Minimum Equity Standard applies. As explained in more detail in Section 10.1.4 below, in calculating MES compliance, the IPA Act utilizes a denominator of “project workforce” and a numerator of “equity eligible persons,” and MES compliance is determined by whether the MES compliance percentage is successfully met. But advancing equity interests is not maximized through merely applying this minimum percentage to only those who work at project

⁸⁶¹ See “Minimum Equity Standard Frequently Asked Questions for the Illinois Shines Program,” <https://illinoisabp.com/wp-content/uploads/2023/04/Minimum-Equity-Standard-FAQs-for-the-Illinois-Shines-Program-14-April-2023.pdf>.

sites installing panels. Ensuring opportunities for equity eligible persons across office roles, sales roles, and other roles not filled by laborers or electricians is essential for ensuring that the Illinois clean energy economy grows in a truly equitable manner.

Therefore, the IPA has developed a definition that reflects the context and language in Sections 1-75(c-10), (c-15), (c-20), and (c-25) as well as previously IPA-published guidance regarding required workforce reporting. For the purposes of the Minimum Equity Standards, the IPA defines “project workforce” as the following:

“Employees, contractors and their employees, and subcontractors and their employees, whose job duties are directly required by or substantially related to the development, construction, and operation of a project that is participating in or intended to participate in the IPA-administered programs and procurements under Section 1-75(c) of the IPA Act. This shall include both project installation workforce and workforce in administrative, sales, marketing, and technical roles where those workers’ duties are performed in Illinois.”⁸⁶²

For more information on the definition of Equity Eligible Persons and Equity Eligible Contractors, see Chapter 7. To further clarify, an entity’s project workforce will include individuals employed, either directly or through contractors or subcontractors, during that program year who work on projects either already participating in an IPA program or that are intended to participate in an IPA program.⁸⁶³ The scope is any work performed in service of a project during that program year, across types of projects and types of work. For non-construction activities, only work performed in Illinois – that is, the individual is physically located in Illinois while performing their duties – should be included in determining the project workforce. The Agency adopted this definition to ensure the greatest access to the diverse range of economic opportunities created by solar development in Illinois.

The Agency received feedback from program participants regarding challenges with this current approach. According to feedback, the breadth of occupations included in the project workforce makes it difficult to fully define which persons and subcontractors are part of the workforce for a given project, particularly if some of those positions include significant work performed out of state or are services requiring a relatively small portion of project hours (e.g., a surveyor assessing a site for two hours). While the Agency appreciates these challenges and has (and will continue to) worked to provide clear guidance, the Agency does not propose any changes to the definition of project workforce in this Draft 2024 Plan. The Minimum Equity Standard is still a very new requirement—taking effect June 1, 2023—and companies have not yet completed the first year of compliance. The Agency prefers to reduce midstream changes to program requirements and to base any changes on evidence from program performance, which it does not yet have.

Additionally, the original rationale for adopting this definition is still persuasive – the solar industry creates a variety of new employment opportunities beyond construction and installation. The objective of the equity provisions of Illinois shines is to advance “priority access to the clean energy

⁸⁶² This is an updated definition from the Filed Plan, as approved by the ICC in its Final Order. Docket No. 22-0231. Final Order dated July at 157 (Jul. 14, 2022 at 157.).

⁸⁶³ For utility-scale projects participating in competitive Indexed REC procurements, MES compliance only applies to construction activities. See Section 10.1.7 below for details on special considerations for both utility-scale projects and projects participating in Self-Direct.

economy,” which includes occupations outside of the trades. The IPA believes that a truly equitable clean energy economy would not limit opportunity for equity eligible persons to a specific set of occupations. Furthermore, the IPA notes that, because many of the workforce training programs that would qualify a person as an EEP are not yet running, a more expansive definition of project workforce provides more opportunities to hire EEPs and meet the MES.

In addition, the 2022 Long-Term Plan interpreted the Minimum Equity Standard as a percentage of the number of persons in the workforce – whole persons, regardless of the number of hours worked on that project. A second major topic of stakeholder feedback was the potential change to an hours-worked basis for the MES. The current approach of measuring the Minimum Equity Standard in number of whole persons presents risk of manipulation. An eligible person hired for a project counts toward meeting the MES regardless of how many hours they work. While this interpretation was originally adopted to provide flexibility for an industry that often hires individuals for contract work rather than permanent employment, the Agency has received reports of AVs and Designees hiring equity eligible persons but not giving them any work, or employing those EEPs for just a few hours then letting the person go. This approach is extremely concerning and not in line with the spirit of the MES. However, the Agency also hesitates to move to an hours-worked basis for MES compliance before the first year of implementation ends and the IPA has results and data upon which to base future program changes. The Agency does not propose changing its current interpretation of the MES as being measured in whole number of EEPs within the project workforce, but emphasizes that such gaming behavior would be a persuasive reason to change to an hours-worked basis in the future. If the Agency continues to learn of such tactics, it will strongly consider taking that action. If there are other methods of preventing such practices, the Agency is open to ideas to ensure that equity eligible persons receive quality employment in the clean energy economy.

10.1.4. MES and Calculating Targets

There are two determinations necessary for calculating whether an entity has met the MES: the size of the relevant project workforce (the denominator), and the number of Equity Eligible Persons employed in that workforce (the numerator). The project workforce scope and definition are described in the previous section. For Illinois Shines Approved Vendors, the employees of their non-EEC Designees are not included in that Approved Vendor’s project workforce, as those Designees must submit a Compliance Plan and meet the MES independently, but employees of the Approved Vendor’s non-Designee subcontractors or EEC Designees that work on the relevant projects are included.

Once the number of individuals within the project workforce has been established, an entity can calculate the number of equity eligible persons or contractors that must be included in the project workforce in order to meet the Minimum Equity Standard by multiplying the total project workforce by the MES in effect that Program year. Entities may end up with a fractional number. The IPA proposes to round to the nearest whole number for determining the applicable target number of EEPs to achieve the relevant MES. As a result, companies with a project workforce of less than ten may have a target number of EEPs of zero, depending on the applicable MES for the program year.

An entity may not meet the MES solely through contracting with an EEC that itself has a total workforce of at least 10% of the overall project workforce. Instead, the entity must include the employees of that EEC working on the project in the denominator (described above) of the calculation. The Agency will count Equity Eligible Persons employed by an EEC-certified contractor

or subcontractor, including the Equity Eligible Person majority-owner, 1.5 times in calculating compliance with the MES. In this way, an entity will more easily meet the MES if they contract with an EEC, but that alone will not be enough.

10.1.4.1. Schedule of MES Increases

The Agency proposed in the 2022 Plan to increase the Minimum Equity Standard to 12% for the 2024-2025 delivery year. In this Draft 2024 Plan, the Agency proposes to maintain the current MES of 10% for the 2024-25 Program Year and increase the MES to 14% for the 2025-2026 Program Year. The Agency hesitates to increase the MES for the 2024-2025 Program Year before it has results on achievement of the MES for the current year—especially while the workforce training programs created by CEJA are still under development and not yet enrolling participants.

The IPA Act requires the minimum equity standard to increase over subsequent delivery years to eventually reach 30% by 2030 and directs the Agency to publish a schedule of increases. A slower initial rate of increase will provide the solar industry time to prepare for these standards, as well as allow for workforce development and other programs administered by the Department of Commerce and Economic Opportunity to have time to ramp up. The IPA would appreciate stakeholder feedback on the following schedule for future MES increases, which by law would be subject to revision in future Long-Term Plans:

Table 10-1: Future Minimum Equity Standard Percentage Increases

Years	Scheduled MES Increase	% Increased
2024-2025	10%	-
2025-2026	14%	+4%
2026-2027	18%	+4%
2027-2028	22%	+4%
2028-2029	26%	+4%
2029-2030	30%	+4%

At this time, the Agency does not propose requiring different Minimum Equity Standards for different regions of the state as the Agency does not have data yet on the achievement of the MES in different geographies, nor does it have a full picture of the availability of Equity Eligible Persons and Contractors in different areas of the state. Similarly, the Agency does not propose different requirements for different categories of Illinois Shines. The Agency will instead evaluate the initial performance of the Equity Accountability System in its first year to consider regional and programmatic adjustments in the next Plan update.

10.1.5. Compliance Requirements and Timeline

The Equity Accountability System took effect at the beginning of the 2023-2024 delivery year on June 1, 2023. By June 1 of each following program year, Illinois Shines Approved Vendors and Designees and utility-scale developers will be required to file an annual Minimum Equity Standard Compliance Plan (“Compliance Plan”). After the end of that program year, those entities must submit a Year-end Report to demonstrate how they met the Minimum Equity Standard, as required by subparagraphs (1)(A) and (1)(C) of Section 1-75(c-10). The Compliance Plans will reflect how the Approved Vendor

or Designee plans to achieve the MES for work completed in the upcoming delivery year, while the Report will demonstrate how the Approved Vendor or Designee achieved compliance with the MES for that delivery year.

10.1.5.1. MES Compliance Plans

The MES Compliance Plan is the first element of meeting the Minimum Equity Standard. All Approved Vendors, Designees, and utility-scale Indexed REC Contract holders must file a Compliance Plan by June 1 of each Program Year. Approved Vendors and Designees must file a Compliance Plan even if they do not expect to hire any new workers in the upcoming year. If an entity applies to be an Approved Vendor or Designee during a delivery year, the Agency will require a Compliance Plan at the time of the initial Approved Vendor or Designee application. Approved Vendors who are Equity Eligible Contractors are considered in full compliance with the Equity Accountability System, and therefore do not need to submit a Compliance Plan.⁸⁶⁴ Approved Vendors that are affiliated with each other may be allowed to submit a combined Compliance Plan where they have a common parent company. Please see Section 10.1.8 for MES rules specific to Competitive Procurement Suppliers.

Compliance Plans must include the following items:⁸⁶⁵

- i. Company and contact information.
- ii. Attestation affirming intent to comply with requirements related to the Minimum Equity Standards.
- iii. Disclosure of any categories that apply to the business, including:
 - 1) Minority-owned Business Enterprise (MBE)
 - 2) Woman-owned Business Enterprise (WBE)
 - 3) Disabled-owned Business Enterprise
 - 4) Veteran-owned Business
 - 5) Small Business
- iv. A narrative description of how the company will ensure that at least 10% of its project workforce are Equity Eligible Persons.
- v. Disclosure if the entity works with subcontractors that are not registered as Designees (for accurate calculation of project workforce).
- vi. Projected total project workforce subject to the MES requirements.
- vii. Estimated number of Equity Eligible Persons currently in project workforce.
- viii. Projected number of Equity Eligible Persons entity seeks to hire to meet MES compliance.
- ix. Plans for the use of Equity Eligible Contractors, if applicable.
- x. Any known or projected use of non-EEC Designees (for tracking Plans related to the same projects).
- xi. Communication plan for local outreach to increase the utilization of Equity Eligible Persons and Equity Eligible Contractors.
- xii. Status of any corrective actions or adjustments from prior Compliance Plans.

⁸⁶⁴ This would not apply if an Approved Vendor previously designated as an EEC subsequently reverted to a non-EEC Approved Vendor during the annual Approved Vendor Registration Renewal (for example, if the EEP majority-owner sold the company to a non-EEP).

⁸⁶⁵ A more comprehensive list of compliance plan questions asked and information required to be disclosed can be found here: <https://illinoisabp.com/wp-content/uploads/2023/04/Minimum-Equity-Standard-Compliance-Plan-SAMPLE-for-the-Illinois-Shines-Program.pdf>.

Approved Vendors in Illinois Shines do not need to report the MES compliance of their Designees but shall report which Designees they worked with in the program year to allow the Agency to correlate activities and compliance.

The Program Administrator will review Compliance Plans for completeness and assess the reasonableness of the planned efforts to meet the MES. Compliance Plans will either be approved or rejected based on providing all required information, describing in reasonable detail the approach to employing or contracting sufficient EEPs to meet the MES, and whether the current workforce meets the MES.

Once the Compliance Plan Assessment review is complete, the Agency will notify the program participant of its approval or recommend corrections. Section 1-75(c-10)(1)(B) and (D) of the Act authorize the IPA to “offer corrective action plans to entities that are not on track to achieve compliance”⁸⁶⁶ and “to assist them in obtaining compliance and shall allow continued access to procurement programs upon an approved vendor or designee demonstrating compliance.”⁸⁶⁷

After the final submission of the Approved Vendor, Designee, or Competitive Procurement Supplier’s MES Compliance Plan, the Agency or Program Administrator will review and accept or reject the Compliance Plan. The Agency will accept multiple revisions of a proposed Compliance Plan, according to the process outlined in Section 10.1.5.4 below. The Agency will strive to notify entities of MES Compliance Plan status in a quick and efficient manner, but response times may be delayed during periods of high submission volumes.

Under Section 1-75(c-10)(1)(A)-(C) of the Act, applicants must submit a Compliance Plan at the beginning of each delivery year and Year-end Report for each year that they participate in an IPA program or procurement. However, the Agency will reassess process efficiencies as the program progresses and welcomes feedback on options for combining reporting requirements.

10.1.5.2. Mid-year Progress

As required by Section 1-75(c)(1)(B) of the Act, the Agency will require each Approved Vendor, Designee, or Competitive Procurement Supplier to confirm the Minimum Equity Standard Compliance Plan is progressing according to Agency requirements halfway through the delivery year. That confirmation will take the form of a written inquiry from the Agency or Program Administrator.

10.1.5.3. Year-end Report

Each Approved Vendor, Designee, or Competitive Procurement Supplier must then submit a Year-end Report within 45 days after the end of the delivery year in which they have had active participation through activities developing a project or projects. This timeline closely aligns with submissions of Annual Reports due in the Illinois Shines program, as discussed in Section 7.15. The Agency is seeking public comment regarding whether it is helpful or disadvantageous to have the due date for both the MES Year-end Report and the Annual Report on the same day.

The Agency will provide a template with all required elements of the Year-end Report. If an entity has no activity during the year, that may be indicated on the Year-end report and compliance

⁸⁶⁶ 20 ILCS 3855/1-75(c-10)(1)(B).

⁸⁶⁷ 20 ILCS 3855/1-75(c-10)(1)(D).

obligations will not apply. The Year-end Report will demonstrate achievement of the MES percentage requirements and failure to comply with the Minimum Equity Standard requirements may result in suspension, and the inability to be awarded REC Contracts for the remaining Program Year.

10.1.5.4. Noncompliance with MES

If the Agency determines that an Approved Vendor, Designee, or Competitive Procurement Supplier has failed to comply with any of the requirements set forth by the Agency, or any contract, the entity will be notified and may face disciplinary action.

The Agency will impose consequences for violations by program participants, including but not limited to:

- i. Notice of Potential Violation
- ii. Suspension of the entity's ability to submit project applications to IPA programs or to participate in competitive procurements during the remainder of the delivery year.
- iii. Repeated violations could potentially result in the Approved Vendor or Designee becoming suspended from the IPA's programs for an entire delivery year or more. Competitive Procurement Suppliers could likewise be barred from participation in future competitive procurement events.

If the entity does not submit a Compliance Plan or if the Compliance Plan fails to meet the required Minimum Equity Standards after the chance to resubmit, it will receive a Notice of Potential Violation (NOPV). If the entity doesn't submit an edited Compliance Plan or the revised Compliance Plan still does not pass after receiving an NOPV, it will be issued an official warning letter from the Agency. If the entity does not submit an edited Compliance Plan or the revised Compliance Plan still does not pass after receiving a warning letter, it will be issued suspension letter.

Suspensions of an Approved Vendor or Designee in the Adjustable Block Program will be noted on the program website's lists of Approved Vendors and Designees as well listed on the disciplinary actions report and in the Energy Workforce Equity Database.

10.1.6. Waivers

In the event an Approved Vendor, Designee, or Competitive Procurement Supplier is unable to fulfill the minimum equity standards for a given delivery year, Section 1-75(c-10)(1)(D) of the Act allows that entity to seek a waiver. The Agency retains the sole discretion to grant a waiver in rare circumstances.

In its Final Order approving the 2022 Plan, the ICC directed the Agency to assess each waiver request based upon a quantitative scoring system.⁸⁶⁸ Given the breadth of factors at issue in a waiver assessment and the need for transparency of the waiver evaluation process, the Agency conducted a stakeholder feedback process to design a more detailed waiver application and assessment process. The waiver includes the criteria proposed by IPA and stakeholders, with each criterion earning a discrete number of points, though the Agency proposes to consider adjusting the criteria based on stakeholder feedback and experience in the first year of MES implementation.

⁸⁶⁸ See Final Order ICC Docket No. 22-0231 at 159 (Jul. 14, 2022).

The Agency will grant waivers where the applicant provides evidence of significant due diligence toward meeting the minimum equity standards.⁸⁶⁹ These efforts should include:

- i. A brief narrative describing the entity's effort to recruit Equity Eligible Persons prior to the start of project development. Such an effort should include utilization of the Energy Workforce Database developed by the Agency as well as the following:
 - a. Working with approved State job training and workforce development programs to recruit EEPs, including evidence of outreach;
 - b. Maintaining applications of individuals not selected for an opening for contact regarding future project openings;
 - c. Participating in job fairs and related local community events to recruit EEPs;
- ii. Efforts to hire or contract with Equity Eligible Contractors should be demonstrated through documentation from affiliated community-based organizations and/or training program facilities, State workforce hubs, union hall registers, professional development associations, etc. This should include the date of contact, the agency official and title of the individual contacted;
- iii. Utilization of the Energy Workforce Equity Database;
- iv. Outreach on various platforms of targeted social media, engagement in direct and extensive outreach to relevant associations or organizations to notify them of the project opportunity.⁸⁷⁰

Given that the Agency does not yet have any practical data on the number of waivers that will be requested, the basis of those waivers, or the suitability of the current waiver requirements, the Agency notes that it may need to adjust the above list of efforts to be included in a waiver request based on the outcomes of this first year of implementation.

The Agency will also consider waivers for entities that have a small project workforce, as defined above, or do not intend to hire any new individuals. All entities, regardless of size, should submit a Compliance Plan and provide a planned approach for recruiting EEPs in the event they do need to hire, even unexpectedly. If such hiring need does not materialize, the entity may request a waiver. The Agency seeks feedback on what types of documentation an entity might provide to verify the claim that they did not hire anyone in the relevant program year.

Waiver extensions or subsequent waiver requests from an applicant will need to specify efforts made to reach compliance. Section 1-75(c-10)(4)(E) of the IPA Act directs that, "[w]hen considering whether to grant a waiver, and to what extent, the Agency shall consider the degree to which similarly situated applicants have been able to meet these minimum equity commitments. For repeated waiver requests for specific lack of eligible persons or eligible contractors available, the Agency will make recommendations to target recruitment to add such eligible persons or eligible contractors to the [Energy Workforce Equity] database."

⁸⁶⁹ Rationale Document – MES Waiver Request and Evaluation published March 17, 2023

⁸⁷⁰ In its Final Order approving the 2022 Long-Term Plan, the Commission approved the IPA's commitment in its Response to Objections to adjust the use of the term "minority" in this section, so as to avoid confusion between the characteristics of Equity Eligible Persons versus the characteristics traditionally associated with "minority" populations, specifically race and ethnicity, which are not qualifying characteristics of EEPs. See Final Order, ICC Docket No. 22-0231 at 159 (Jul. 14, 2022); IPA Response at 130.

The Agency will consider an assertive, sincere, and results-oriented action taken by the applicant to comply with the Minimum Equity Standards as due diligence. Use of the Energy Equity Workforce Database developed by the Agency alone will not qualify as sufficient due diligence.

10.1.7. Special Considerations for Self-direct Program

Due to the unique application timeline for projects utilized by large customers seeking to participate in the Large Customer Self-direct Program developed pursuant to Section 1-75(c)(1)(R) of the Act, the Agency proposes a modified reporting approach regarding MES compliance for these projects. First, like utility-scale projects bid into IPA-administered Indexed REC procurements, the MES will only apply to the construction and installation workforce for projects submitted to the Self-direct Program. Because these projects are applied to the Self-direct Program after construction, the applicable MES would be the MES percentage in effect for the years in which the construction occurs – not the year in which the project is applied to the program. This approach provides certainty to project developers, since the schedule of MES increases may change as the Agency observes rates of achievement and other factors. For projects where construction spans multiple program years, the project must demonstrate compliance with all applicable MES percentages, not just the percentage in effect during the first year of construction. The Agency will encourage, but not require, that a Minimum Equity Standard Compliance Plan be submitted with the self-direct program application. However, the Agency will require that the self-direct program applicant demonstrate achievement of the Minimum Equity Standards applicable to the years of the project's construction. See Section 6.3.3 for more details on application of equity provisions to the Self-direct Program.

10.1.8. Special Considerations for Utility-scale Projects

Successful bidders in competitive procurements are required to file the initial Compliance Plan at least 60 days before the start of project construction, aligning with the submission timeline for the Project Labor Agreement. Those Compliance Plans must be consistent with commitments made during the bid registration process.

Due to size and long development timelines associated with utility-scale renewable energy projects and to the fact that most developers are larger national companies with dispersed staff, the Minimum Equity Standard only applies to the construction activities for these projects. The entity that receives the Indexed REC Contract will need to submit a Year-end Report demonstrating achievement of the MES by June 1 of each program year in which construction activities occur, aligning with the Year-end Report submission for Illinois Shines Approved Vendors.

10.1. Equity Eligible Contractor Category

Companies and individuals could request certification as an Equity Eligible Contractor ("EEC") through the Adjustable Block Program beginning on December 14, 2021 and as of the August 15, 2023, release of this draft 2024 Long-Term Plan 26 entities have registered. Approved Vendors and Designees are certified as Equity Eligible Contractors if they have provided documentation verifying that the entity is majority-owned by Equity Eligible Persons. Section 10.1.2 above outlines challenges observed and new proposals offered regarding Equity Eligible Contractor qualification.

See Section 7.4.6 for full details regarding participation in the EEC Category of Illinois Shines.

10.2. Competitive Procurements

Projects that receive an Indexed REC Contract through an IPA-administered competitive procurement are subject to several elements of the Equity Accountability System. However, these projects are significantly different than projects participating in Illinois Shines in terms of project timeline, workforce size and structure, and the companies that develop and construct the project. As such, the Agency has adjusted the implementation of the equity provisions applicable to these projects to account for those sectoral differences. If the bidder is an equity eligible person or an equity eligible contractor, that will be considered full compliance with this requirement. Full Compliance Plans will only be required from successful bidders as discussed below.

~~Revisions will be developed with stakeholder input, including from Equity Eligible Persons, Equity Eligible Contractors, and community-based organizations that work with such persons and contractors.~~

10.2. Equity Accountability System Assessment and Racial Disparity Study

10.2.1. Section 1-75(c-15) of the IPA Act as amended by Public Act 102-0662 requires the Agency to conduct Bid Adjustment

Under Section 1-75(c-10)(3) of the IPA Act, bidders in the Agency's competitive procurements for RECs from new utility-scale wind, solar, and brownfield site photovoltaic projects are required to meet the Minimum Equity Standard at the applicable level for the delivery year in which the procurement event is conducted. Additionally, entities may commit to employing a higher percentage of EEPs in their project workforce or have a higher portion of contract value flowing to Equity Eligible Contractors. Those entities will receive a commensurate adjustment to their bid price prior to ranking of bids by price order. The commitments may be submitted in the form of letters of intent or executed sub-contracts. This bid adjustment is discussed in more detail in Section 5.4.3.

10.3. Data Collection and Reporting

10.3.1. Scope of Data Collection

Section 1-75(c-20) of the Act acknowledges that "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," and for "track[ing] and improv[ing] equitable distribution of benefits across Illinois communities." It directs the Agency to collect certain data from all entities participating in Agency programs so that the Agency may monitor the progress in advancing access to and participation in renewable energy incentive programs by diverse businesses and residents.

The Agency will "collect demographic and geographic data for each entity awarded contracts under any Agency-administered program" pursuant to Section 1-75(c-20), which the Agency understands to include the Illinois Shines and Illinois Solar for All programs, projects receiving an Indexed REC Contract through a competitive procurement, and projects participating in the Self-direct Program. That section requires the collection of:

- i. Demographic information, including racial or ethnic identity for real persons employed, contracted, or subcontracted through the program and owners of businesses or entities that receive contracts through Agency programs or procurements;

- ii. Geographic location of the residency of real persons employed, contracted, or subcontracted through the program and geographic location of the headquarters of the business or entity is awarded a contract through an Agency program or procurement; and
- iii. Any other information the Agency determines is necessary for the purpose of achieving the purpose of this subsection.

~~of~~The Agency is still in the process of integrating the demographic information requirement for owners of Approved Vendors into the Approved Vendor registration. Otherwise, it does not propose in this Draft 2024 Plan to collect data on any new workforce characteristics and will provide stakeholders the opportunity to review proposals and provide feedback before any new information requirements are implemented. As required by Section 1-75(c-20)(4), the Agency will “publish... annually, information on the demographics of program participants on an aggregate basis” as part of the Agency’s Annual Report.

10.3.2. Approved Vendor Reporting

Approved Vendors in the Illinois Shines and Illinois Solar for All Programs will provide the above required information at several points. Project-level data on the demographics and residency (by zip code) of the project workforce will be collected in the Part II project application. Demographic information pertaining to the owners of Approved Vendors will be collected through the annual AV registration renewal. Finally, aggregate workforce demographic data will be collected through the REC Annual Report.

While the Agency has received feedback from stakeholders that AVs would prefer to report this data once annually in a single form, the Agency has concerns with that approach. First, the IPA is not confident that a single annual collection of aggregate data will provide the granularity that would allow the Agency to fully assess the success of the Equity Accountability System in facilitating access to quality economic opportunities for equity eligible persons and in creating a diverse solar energy workforce. For example, aggregated annual data would not allow the Agency to assess any differences in the demographics of project workforces in different regions of the state, nor would it allow assessment of the types of work certain demographics are performing or the hours they are receiving. This is of particular concern given the reports the Agency has received that some EEPs are hired for minimal work or given less or lower-skill work than they were promised, just to meet the MES. Admittedly, the demographic data will not perfectly align with the EEP representation, as race and ethnicity are not a basis for qualification as an EEP. However, this is another dimension that will help the Agency assess the current equity system – whether the current definition of EEP is influencing the racial or ethnic diversity of the workforce at all.

On the other hand, collecting demographic and geographic data on the workforce only through the Part II application would not capture those that work on projects that do proceed to Part II verification. It also does not capture the non-installation workforce. For that reason, the Agency will continue collecting overall, aggregate workforce demographic information through the REC Annual Report.

The Agency welcomes comments that provide practical ways to streamline this reporting approach that still allow this level of analysis of the success of the Equity Accountability System and the same level of transparency to the public as to the makeup of the solar energy workforce in Illinois.

10.3.3. Publishing Data

Section 1-75(c-20) requires the Agency to “publish, at least annually, information on the demographics of program participants on an aggregate basis.” The Agency publishes aggregate demographic data on the Approved Vendors workforce through its Annual Report. However, the Agency also provides data in the Equity Portal on the participation in the Energy Workforce Equity Portal, including the number of EEPs certified and how many are Qualified Persons or NABCEP Certified.

With the Agency’s proposal to require that EEPs certify through the Equity Portal beginning in Program Year 2025-2026 and its continuing efforts to educate job seekers and AVs and Designees on the advantages of using the Portal, the Agency intends to eventually have a dashboard on the Equity Portal to provide regularly-updated information on the achievement of the MES and other information relevant to increasing the equitable access to the solar economy.

10.3.4. Competitive procurements

As outlined in Section 5.4.3, the Agency will conduct an annual survey of entities that have an Indexed REC Contract to collect the demographic and geographic data regarding the project workforce. As with the MES, this data will only be collected for the workforce involved in project construction activities.

10.1. Energy Equity Workforce Portal

Section 1-75(c-25) requires that the Agency develop an Energy Workforce Equity Portal. As of the filing this Draft 2024 Long-Term Plan, the Agency has developed, launched, and updated this tool. This online resource allows users to view the participating businesses in the renewable energy industry of Illinois. Participating entities will have the ability to post jobs and recruit Equity Eligible Persons in an effort to help said entities achieve a more diverse workforce.

The Portal also enables individuals to become certified as Equity Eligible Persons and seek the previously mentioned job opportunities. Individuals must attest to the fact that they meet one or more of these qualifications. Additional documentation may also be required depending on the basis on which the individual qualifies. If qualification is based on residency, the individual will be required to provide proof of residency (e.g., driver’s license, utility bill, pay stub, etc.). If qualification is based on participation in or graduation from a qualifying job training program, the individual will be required to provide a copy of their Certificate of Completion, or direct communication from the instructor of the program.

As required by Section 1-75(c-25), the Agency has created this Portal to be publicly accessible and easy to use. Filters can be applied to help users sort through job listings or find EEPs looking for jobs in different regions. Contact information for EEPs is visible only to registered employers and contact information for available jobs is visible to all users. A number of resources are available to users, including a map of equity investment eligible communities, workforce training and development resources, and a library of grant and funding opportunities.

The Agency notes that while some of the information required for the Portal already exists, many other data sources do not yet exist. For example, the new workforce development and grant programs administered by the Department of Commerce and Economic Opportunity are still under development.

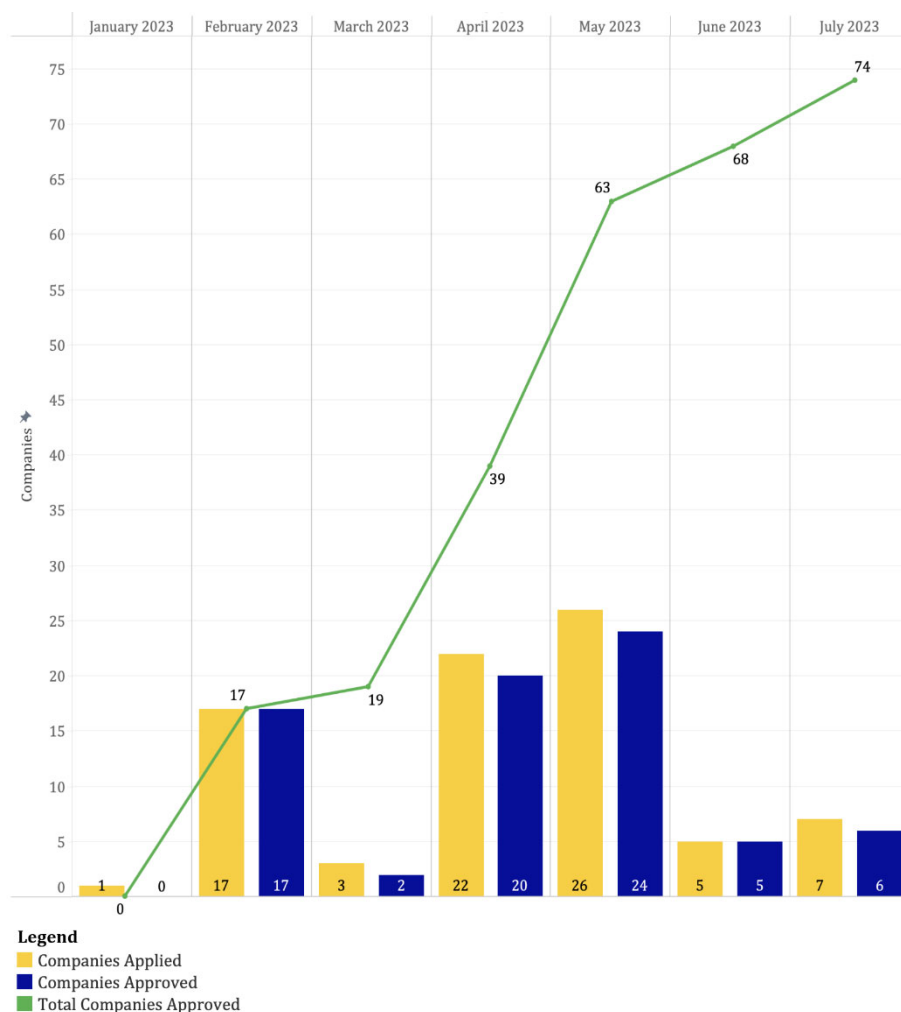
10.1.1. Participation Metrics

The Agency measures participation in the Portal using the following weekly metrics:

- i. Number of companies applied, and number of companies approved
- ii. Number of jobs submitted, and number of jobs posted
- iii. Number of EEPs applied, and number of EEPs approved

For consolidation purposes, the following charts will show monthly metrics. It is important to note that the portal launched on January 31, providing only a single day of data for the month of January in the below figures.

Figure 10-1: Clean Energy Companies



As shown in Figure 10-1, in the seven months since the launch of the Energy Workforce Equity Portal, there have been a total of 74 clean energy companies approved to participate in the Portal. February,

April, and May had the highest rates of applications. While there were 81 companies which applied, a handful were denied due to a) inability to verify their company, b) duplicate applications, or c) an error in their submission. When additional information is needed, the Agency reaches out to the contact listed in the submission.

Figure 10-2: Clean Energy Jobs

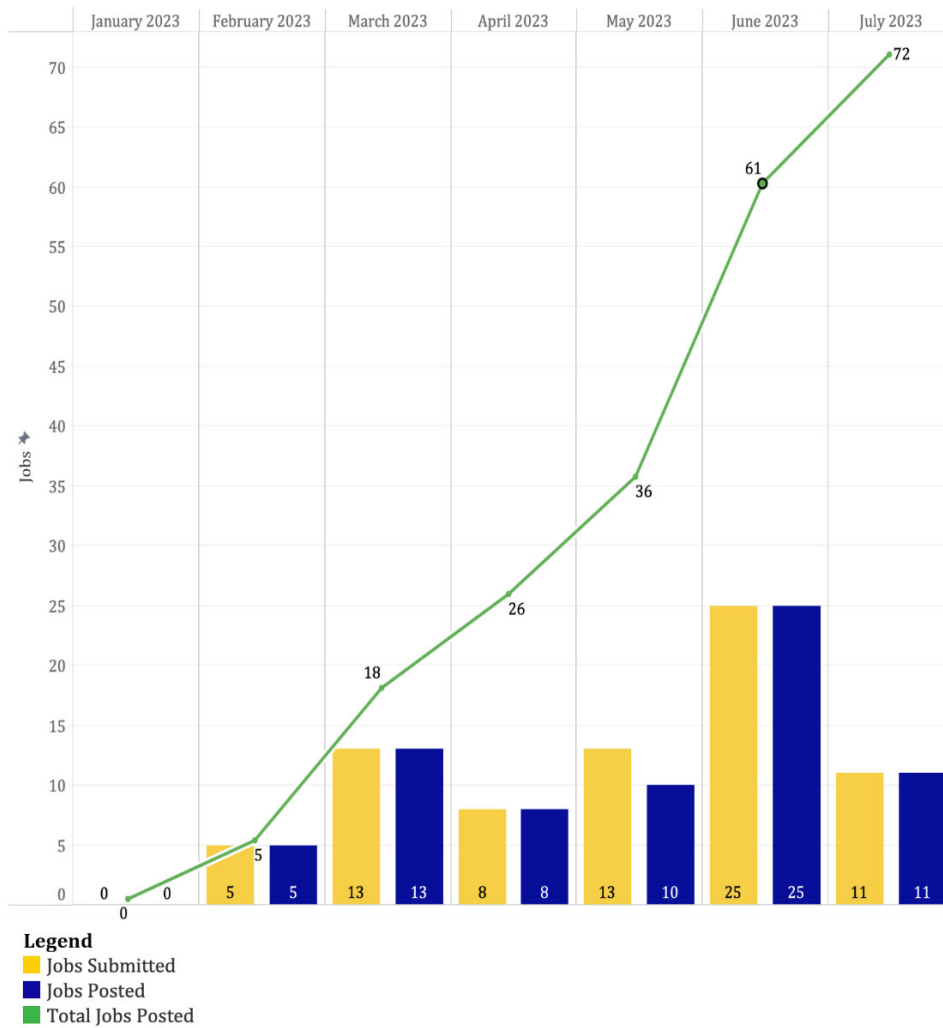


Figure 10-2 shows the breakout of the 75 jobs submitted and 72 jobs posted in the past seven months since the launch of the Portal. The three jobs which were submitted but not posted were denied due to errors in their submissions. In order for job listings to be posted, the company must first register on the Portal. The Agency reaches out to the contact listed on the listing when additional information is required.

Figure 10-3: Equity Eligible Persons

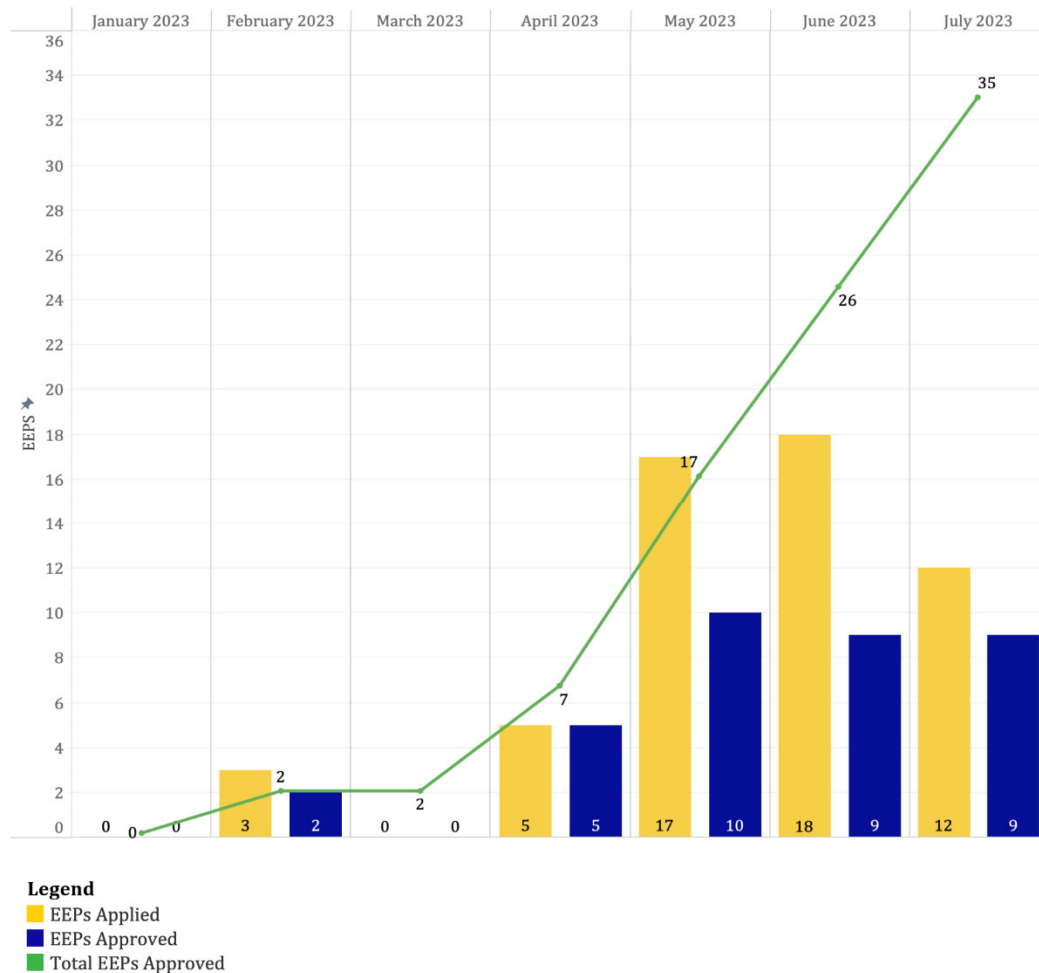


Figure 10-3 shows the number of individuals who applied to become certified as an EEP each month, the number of individuals who were approved as an EEP each month, and the cumulative total of those individuals who were approved to date month by month. As seen above, May and June had the greatest number of applicants, but also the biggest difference between applicants and approved EEPs. Individuals are denied EEP status when they are unable to provide verification that they have met one of the qualifications that requires additional documentation (primary residency in an Equity Investment Eligible Community (EIEC), and graduate or participant in eligible job training/workforce development program) or when they have not provided a complete application. When additional documentation is required, the Agency will reach out to the individual who applied

to obtain that information. If there is no response after multiple follow-ups, the Agency may see it fit to deny the application.

10.1.2. Ongoing Updates

Since the launch of the Energy Workforce Equity Portal on January 31, 2023, the Agency has made several updates to the Portal as part of our Phase II enhancements, including links to training resources and other information that may be of benefit to intended Equity Portal users.

One challenge the Agency has encountered in designing the Equity Portal has been to navigate the various points of overlap with other IPA programs and with the work of other agencies and to balance the desire to educate and support the public with the risk of obfuscating minimum program requirements. For example, as explained above, there is a specific set of workforce training programs funded by DCEO that serve as a qualification to be certified as an EEP. However, individuals that qualify as an EEP via another basis may want information on a wider universe of training programs. The Illinois Solar for All Program has an existing catalogue of both FEJA-created and other qualified training programs, so the Agency added a link to that ILSFA resource, but also recognizes the risk that the public could interpret that content to mean that any program listed on the ILSFA catalogue would qualify that individual as an equity eligible person.

To address this tension, the Education and Trainings page was broken into two new pages: *FEJA and CEJA Workforce Training Programs*, and *Other Education and Training Programs*. The *FEJA and CEJA Workforce Training Programs* page was simplified to only include links to the DCEO administered trainings, participation in which would qualify an individual as an equity eligible person. The *Other Education and Training Programs* page was a new addition that serves as a library of training resources that will not qualify an individual as an EEP, but rather help build knowledge and skills for the clean energy workforce. In addition to the education and trainings pages, the Agency created a *Grants & Funding Opportunities* page. This page provides links to financial resources for organizations at a state, federal, and local level.

The Agency's commitment to enhancing the Portal remains ongoing, with more Phase II updates planned, including additional resources and reports related to diversity and equity in the clean energy economy in Illinois.

The Agency welcomes feedback on improvements to the Equity Portal in order to make it more user friendly, and a more useful tool for Illinois' clean energy sector.

10.2. Equity Accountability System Assessment

Section 1-75(c-15) of the IPA Act requires the Agency to assess the effectiveness of the ~~equity accountability system~~ Equity Accountability System in increasing participation of Equity Eligible Persons and Equity Eligible Contractors in IPA programs and procurements. The Agency must conduct this analysis within one year of awarding the first contracts that resulted from the implementation of the Equity Accountability System.

10.2.1. Scope

The methodology used to assist the Agency with assessing the efficacy of the Equity Accountability System will include, but will not be limited to, the following:

- i. Analysis of data collected by the Agency through its programs and procurements

- ii. Interviews with area and regional businesses
- iii. Community outreach (e.g., townhall meetings, email correspondence, and public hearings)
- iv. Focused assembly of randomly chosen EEC business owners to articulate their experiences in doing business in the industry with the State of Illinois

The Agency plans on measuring the success of the Equity Accountability System by considering, at minimum, the demographic data from the Minimum Equity Standard Compliance Plans for both the Illinois Shines Program and competitive procurements, the number of MES waivers requested, the number of Equity Eligible Contractors and on what basis they qualify as an EEC, and the number of Equity Eligible Persons registered in the Energy Workforce Equity Portal and on what basis they qualify as an EEP. Using these metrics will help the Agency determine whether the efforts of increasing EEP and EEC participation have been successful. Additionally, using the data collected in Part II project applications and the REC Annual Report, as mentioned in section 10.4, the Agency will assess the success of the Equity Accountability System in increasing racial and ethnic diversity of the solar energy workforce. The IPA welcomes feedback on what other metrics should be considered to determine the effectiveness of the Equity Accountability System.

10.2.2. Timeline

Section 1-75(c-15)(2)(A) sets the timeline for publishing the assessment findings to be within one year after contracts are awarded under the equity accountability system. The system launches June 1, 2023 and there will be some lag between that date and the first contracts awarded. Therefore, the Agency proposes that the initial study aim to be published by August 1, 2024. The Agency will publish the findings of all research listed above, along with recommendations made to the Agency regarding inclusion of minority and disadvantaged businesses in the procurement process. The report will display participating workers and contractors by race, ethnicity, and gender identity with all data anonymized.

10.3. Disparity Study

After that initial assessment of the equity accountability system-

~~After that initial assessment of the equity accountability system,~~ Section 1-75(c-15)(2)(B) of the IPA Act requires that the Agency, in consultation with DCEO, Department of Labor, and any other relevant agencies, commission a study to “measure the presence and impact of discrimination on minority businesses and workers in Illinois’ clean energy economy,” including activity outside of IPA programs, utilizing consultants and subject matter experts. The study will review the State’s renewable energy sector regarding access, participation, and utilization of contractors, with a special emphasis on minority-owned business enterprises and minority/disadvantaged workers, with the goal of analyzing whether race or gender has been a barrier to equitable access for all business owners and workers.

Section 1-75(c-15)(2)(B) of the IPA Act expressly exempts the selection of a consultant to conduct this study from the bidding requirements contained in Section 20-10 of the Illinois Procurement Code. Like other selection processes for consultants conducted by the Agency that are exempt from those requirements (e.g., Procurement Administrators, Procurement Planning Consultants, and Program Administrators), this process will be conducted in two parts consisting of an initial Request for Qualifications and a subsequent Request for Proposals issued to qualified respondents to the Request for Qualifications. The Agency will also consult relevant professionals experienced with the

use and design of disparity studies and the legal considerations of race-conscience remedies prior to the selection of a consultant ~~and will endeavor to have the consultant selected by June 1, 2023. This will allow the consultant to be in place at the time of the launch of the Equity Accountability System which will be a critical data input into the study.~~

~~10.2.1. Timing of Equity Accountability System Assessment and Racial Disparity Study~~

~~10.2.1. Timeline~~

~~Section 1-75(c-15)(2)(A) sets the timeline for publishing the assessment findings to be within one year after contracts are awarded under the equity accountability system. The system launches June 1, 2023 and there will be some lag between that date and the first contracts awarded. Therefore, the Agency aims to publish the initial study by August 1, 2024. The Agency will publish the findings of all research listed above, along with recommendations made to the Agency regarding inclusion of minority and disadvantaged businesses in the procurement process. The report will display participating workers and contractors by race and ethnicity, with all data anonymized.~~

Section 1-75(c-15)(2)(B) provides that the Agency shall commission the disparity study “as soon as is practicable” after publishing the assessment of the equity accountability system. The Agency will work with DCEO to develop a timeline for commissioning this study. Given the proposed timing of the publication of the Equity Accountability System assessment of August 2024, the Agency intends to have any consultants selected and under contract no later than shortly after the publication of the assessment, so that the disparity study may launch “as soon as is practicable thereafter” as directed by statute.

~~10.2.2. Scope of Equity Accountability System Assessment and Racial Disparity Study~~

~~The methodology used to assist the Agency with assessing the efficacy of the equity accountability system will include, but will not be limited to, the following:~~

- ~~i. Analysis of data collected by the Agency through its programs, procurements, and Equity Accountability System~~

~~10.2.2. Expected Scope~~

- ~~ii.i. Interviews with area and regional businesses~~
- ~~iii. Community outreach to include townhall meetings, email correspondence, and public hearings open to the public for transparency~~
- ~~iv.i. Focused assembly of randomly chosen EEC business owners to articulate their experiences in doing business in the industry with the State of Illinois~~

The methodology of the disparity study will be determined by the consulting firm retained by the Agency to conduct the study.

~~10.2.3. Coordination with Other Agencies~~

The Agency will collaborate ~~closely with the Department of Commerce and Economic Opportunity with DCEO, Department of Labor, Department of Corrections, and~~ and other

~~appropriaterelvant agencies to commission the racial disparity study. The primary objective of inter-agency coordination will be to develop actions to effectively address discriminatory practices or trends in the clean energy sector in Illinois.~~

~~10.2.4. Entity Participation~~

~~A critical element of a successful disparity study is a representative set of data to obtain a true reflection of the state of inequitable practices and procedures. Specifically, minority-owned business and worker participation would provide valuable insight to the efficacy and challenges in the Agency's efforts to increase inclusion and may highlight previously unknown barriers to participation. Substantive input from diverse entities will inform changes to policies, procedures, and procurements going forward.~~

~~The Agency will collaborate with, and~~ the entity contracted to conduct the disparity study to create scheduled public workshops to collect stakeholder input. Entities not comfortable sharing experiences in a public setting or unable to attend will have the option of sharing experiences via written communication.

~~As discussed above, the Agency sets a tentative completion and publication date for the study of August 1, 2024. The tentative date will be subject to change according to Agency response to future statutory requirements.~~

~~10.3. Program Data Collection~~

~~Section 1-75(c-20) acknowledges that "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," and for "track[ing] and improv[ing] equitable distribution of benefits across Illinois communities." It directs the Agency to collect certain data from all entities participating in Agency programs so that the Agency may monitor the progress in advancing access to and participation in renewable energy incentive programs by diverse businesses and residents.~~

The Agency will collect demographic and geographic data for each entity awarded contracts under any Agency-administered program:

- ~~i. Demographic information, including racial or ethnic identity for real persons employed, contracted, or subcontracted through the program and owners of businesses or entities that receive contracts through Agency programs or procurements~~
- ~~ii.i. Geographic location of the residency of real persons employed, contracted, or subcontracted through the program and geographic location of the headquarters of the business or entity is awarded a contract through an Agency program or procurement; and~~
- ~~iii.i. Any other information the Agency determines is necessary for the purpose of achieving the purpose of this subsection.~~

~~The Agency will provide stakeholders the opportunity to review proposals and provide feedback before any new information requirements are implemented. As required by Section 1-75(c-20)(4), the Agency will "publish ... annually, information on the demographics of program participants on an aggregate basis."~~

10.4. ~~Energy Workforce Equity Database~~

~~Section 1-75(c-25) requires that the Agency develop an Energy Workforce Equity Database. As of the filing this final 2022 Long-Term Plan, which has been updated to reflect the Commission's Final Order approving the Plan, the Agency is collaborating with other state agencies to expedite the development of this tool.⁸⁷¹ This online resource will allow users to view the participating businesses in the renewable energy industry of Illinois. Participating entities will have additional responsibility for compiling and submitting relevant information on Equity Eligible Contractors and Equity Eligible Persons.~~

~~Section 1-75(c-25)(1) of the IPA Act states that:~~

~~*The Energy Workforce Equity Database shall be a searchable database of suppliers, vendors, and subcontractors for clean energy industries that is:*~~

- ~~*—(A) publicly accessible*~~
- ~~*—(B) easy for people to find and use*~~
- ~~*—(C) organized by company specialty or field*~~
- ~~*—(D) region-specific and*~~
- ~~*—(E) populated with information including, but not limited to, contacts for suppliers, vendors, or subcontractors who are minority and women-owned business enterprise certified or who participate or have participated in any of the programs described in this Act.*~~

~~Sections 1-75(c-25)(2) and (3) further specifies that:~~

~~*(2) The Agency shall create an easily accessible, public facing online tool using the database information that includes, at a minimum, the following:*~~

- ~~*—(A) a map of environmental justice and equity investment eligible communities*~~
- ~~*—(B) job postings and recruiting opportunities*~~
- ~~*—(C) a means by which recruiting clean energy companies can find and interact with current or former participants of clean energy workforce training programs*~~
- ~~*—(D) information on workforce training service providers and training opportunities available to prospective workers*~~
- ~~*—(E) renewable energy company diversity reporting*~~
- ~~*—(F) a list of equity eligible contractors with their contact information, types of work performed, and locations worked in*~~

⁸⁷¹ In the event of a selection of an outside contractor to conduct the web design, such selection would be exempt from the bid selection process requirements of Section 20-10 of the Illinois Procurement Code.

~~(G) reporting on outcomes of the programs described in the workforce programs of the Energy Transition Act, including information such as, but not limited to, retention rate, graduation rate, and placement rates of trainees; and~~

~~(H) information about the Jobs and Environmental Justice Grant Program, the Clean Energy Jobs and Justice Fund, and other sources of capital.~~

~~— (3) The Agency shall ensure the database is regularly updated to ensure information is current and shall coordinate with the Department of Commerce and Economic Opportunity to ensure that it includes information on individuals and entities that are or have participated in the Clean Jobs Workforce Network Program, Clean Energy Contractor Incubator Program, Returning Residents Clean Jobs Training Program, or Clean Energy Primes Contractor Accelerator Program.~~

The Database will enable individuals to register as Equity Eligible Persons and seek job opportunities and will allow for those individuals to identify themselves as Qualified Persons for purposes of renewable energy installation.⁸⁷²

The Agency notes that while some of the information required for the database already exists (e.g., maps of environmental justice communities), many other data sources do not yet exist. For example, the new workforce development and grant programs administered by the Department of Commerce and Economic Opportunity are still under development. For this reason, the Agency is planning a phased rollout of the Energy Equity Workforce Database.

~~The Agency expects that Phase 1 of the Energy Equity Workforce Database will be launched by late 2022. Phase 2 will begin 1st quarter 2023, in conjunction with the Department of Commerce and Economic Opportunity, and include information required by items D through H of Section 1-75(c-25(2)).~~

⁸⁷² See Docket No. 22-0231, Final Order dated July 14, 2022 at 160.