



Thursday, November 21, 2024

Subject: Comments on Utilizing CREST for REC Calculations

To: Illinois Power Authority (“IPA”)
From: Ventura Energy Partners (“VEP”)

Ventura Energy Partners is a renewable energy infrastructure development company. VEP is actively developing solar and co-located solar and storage projects in Illinois with the intention of applying for Renewable Energy Certificate (“REC”) contracts under the Illinois Shines Program.

VEP has reviewed the proposed changes to the REC Pricing Model and is concerned with how the Illinois Power Authority is treating Investment Tax Credits (“ITCs”). ITCs are a very critical piece to financing renewable energy projects, but come with a cost. Very few project developers are able recognize 100% of the ITC value as these developers do not have adequate tax liabilities to absorb the ITC. Therefore, these developers must work with third party Tax Equity Investors which tend to be large financial institutions with large tax liabilities. Understandably, a Tax Equity Investor must be compensated for taking on ITC risk, and therefore, tax equity investments are typically less than 100% of the full ITC amount. A range of \$0.88 to \$0.94 of Tax Equity Investment for every dollar of ITC is commonplace today.

The IPA proposal indicates that REC Pricing Model assumes that 100% of the ITC is utilized. This will have a downward impact on REC pricing because it is overstating the value of the ITC that an Approved Vendor is earning. By assuming 100% utilization, the REC price is more reflective of a large developer with a large tax liability when, in fact, there are many small Approved Vendors within Illinois working with Tax Equity Investors.

VEP recommends that the IPA adopt the assumption that less than 100% of the ITC is utilized when calculating a fair and equitable REC price. There are many credible industry stakeholders that produce data on typical ITC utilization rates which the IPA could use to better inform this assumption.

We applaud the IPA for its program administration, but we believe that the assumption as proposed will have a significant impact disproportionately on smaller Approved Vendors.

Please do not hesitate to contact us with any questions.

Best Regards,
Clayton Pierce
Ventura Energy Partners