

# REC Price Adder for Stranded Customer Solar Projects (DG)

Illinois Shines & ILSFA

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## Categories of Stranded Customers and Considerations for REC Adder Pricing

### TABLE 1: AGGREGATOR MODEL

- **For the Aggregator Model reflected here, the customer contracts with the Designee for the solar project. The customer may have a separate contract to sell RECs to the Approved Vendor (“AV”), but the customer’s installation contract is not with the AV.**
  - Blue rows represent situations where the Designee with whom the customer contracted becomes unavailable – i.e., goes out of business, becomes entirely unresponsive, is not permitted to continue with the project due to disciplinary action, etc.
  - Green rows represent situations where the AV becomes unavailable – i.e., goes out of business, becomes entirely unresponsive, is not permitted to continue with the project due to disciplinary action, etc.
  - If five years have elapsed from the first invoice submission, the REC adder value level will be reduced by one level (e.g., from “very high” to “high,” or from “high” to “medium”). If ten years have elapsed, the REC adder value will be reduced by two levels. The REC adder value will not be reduced further than the “low” value.

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**Table 1: Aggregator Model**

	<b>Stranded Customer Situation</b>	<b>Notes</b>	<b>Considerations for REC Adder Pricing</b>	<b>REC Adder Group</b>
1	<ul style="list-style-type: none"> <li>• Designee becomes unavailable <u>after beginning installation</u> but installation is <u>not complete</u> or additional work is still required, including permit or interconnection approvals</li> <li>• Could be before or after Part I application submission</li> </ul>	<ul style="list-style-type: none"> <li>• These are all situations where the Designee becomes unavailable – either goes out of business, becomes entirely unresponsive, is not permitted to continue with the project due to disciplinary action, etc.</li> <li>• Aggregator AV would be eligible for REC adder; however the Agency expects that most of the REC adder value would be passed through to the new Designee</li> <li>• If customer lost money by already making payments to the original Designee, that would not be compensated through the REC adder, but could be eligible for later phases of the Solar Restitution Program</li> <li>• Customer would likely have already entered into contract to sell RECs to aggregator AV (in which case they may wish to stay with that aggregator AV, who would be eligible for REC adder to add value to encourage Designee installer to take it on)</li> <li>• If construction is complete but documentation is missing, the AV applying for the REC adder must indicate that it is missing documentation needed for the Illinois Shines application process</li> <li>• <b>NOTE:</b> if the Approved Vendor for the customer is not changing, the Approved Vendor must apply and be approved for the stranded customer REC adder prior to invoicing the utility for the associated REC incentive payment</li> </ul>	<ul style="list-style-type: none"> <li>• Taking over a partially completed project could be difficult technically and involve higher risk</li> <li>• Value of adder is not to cover the actual work required of the new installer, but to encourage installer to take on these projects</li> <li>• New installer may need to review / double-check prior installer’s work and/or familiarize themselves with equipment they don’t normally use</li> <li>• New installer would also need to collect application documentation</li> </ul>	HIGH
2	<ul style="list-style-type: none"> <li>• Designee becomes unavailable <u>after installation is complete</u> but before all necessary documentation for Part I or Part II application was provided to an AV (or to the customer)</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• May not need new installer at all, just need to work with customer to collect necessary documentation</li> <li>• AV may need to review materials/system to ensure it was installed correctly and generating as expected</li> </ul>	MEDIUM
3	<ul style="list-style-type: none"> <li>• Intended AV aggregator becomes unavailable before starting Part I application</li> </ul>	<ul style="list-style-type: none"> <li>• If there’s no Part I application, the customer in a sense is not stranded in the Program by the unavailability of the original AV</li> </ul>	<ul style="list-style-type: none"> <li>• No REC adder because the process is not different for a new aggregator AV than a regular new customer</li> </ul>	---

**Table 1: Aggregator Model**

	<b>Stranded Customer Situation</b>	<b>Notes</b>	<b>Considerations for REC Adder Pricing</b>	<b>REC Adder Group</b>
4	<ul style="list-style-type: none"> <li>AV becomes unavailable at any time in the application process (Part I started through Part II approved) after installation is complete, but before any REC incentives have been paid out</li> </ul>	<ul style="list-style-type: none"> <li>Customer can choose to have project reapplied with a new AV without original AV agreeing to transfer (from Program perspective; note that the customer may have a contract with original AV to use that AV)</li> <li>If original AV agrees, Program Admin can transfer Part I application to new AV (“AV Switch”)</li> <li>After REC contract is executed, unavailable AV has to agree to “AV Assignment”</li> </ul>	<ul style="list-style-type: none"> <li>If customer starts over with new AV, no REC adder because that’s not different for the AV than a regular new customer</li> <li>If Part I application is transferred to a new AV, may be little or no additional work from customer’s stranding</li> <li>If post-Part I verification and the project is on a REC contract, AV will have to process AV Assignment but otherwise not a lot of additional work</li> </ul>	<p>LOW</p> <p>(No REC adder if customer starts application process over with new AV)</p>
5	<ul style="list-style-type: none"> <li>AV becomes unavailable after Part II verification and at least one REC incentive payment has been made</li> </ul>	<ul style="list-style-type: none"> <li>Unavailable AV has to agree to “AV Assignment”</li> <li>Project must still be under REC contract</li> </ul>	<ul style="list-style-type: none"> <li>Ability for AV to be compensated by retaining a portion of the REC incentive payments depends on how many of the REC incentive payments remain</li> <li>If all or almost all of the REC incentive payments have been made, AV taking on obligations with little incentive</li> </ul>	
	<ul style="list-style-type: none"> <li>a. 25% or less of the total REC incentive amount has already been made to the original AV</li> </ul>			LOW
	<ul style="list-style-type: none"> <li>b. More than 25% and up to 50% of the total REC incentive amount has already been made to the original AV</li> </ul>			MEDIUM
	<ul style="list-style-type: none"> <li>c. More than 50% and up to 75% of the total REC incentive amount has already been made to the original AV</li> </ul>			HIGH
	<ul style="list-style-type: none"> <li>d. More than 75% and up to 100% of the total REC incentive amount has been made to the original AV</li> </ul>			VERY HIGH

**TABLE 2: AV IS THE MARKETING/SALES AND INSTALLATION COMPANY OR AV HIRES/SUBCONTRACTS WITH DESIGNEE MARKETING/SALES/INSTALLATION COMPANIES**

- **For the model reflected here, the customer contracts for installation with the AV, and pays the AV for the solar project.**
  - Blue rows represent situations where a Designee (such as installer Designee) becomes unavailable – i.e., goes out of business, becomes entirely unresponsive, is not permitted to continue with the project due to disciplinary action, etc.
  - Green rows represent situations where the AV becomes unavailable – i.e., goes out of business, becomes entirely unresponsive, is not permitted to continue with the project due to disciplinary action, etc.
    - Designees may or may not be available.
  - If five years have elapsed from the first invoice submission, the REC adder value level will be reduced by one level (e.g., from “very high” to “high,” or from “high” to “medium”). If ten years have elapsed, the REC adder value will be reduced by two levels. The REC adder value will not be reduced further than the “low” value.

<b>Table 2: AV Is the Marketing/Sales and Installation Company <u>or</u> AV Hires/Subcontracts with Designee Marketing/Sales/Installation Companies</b>				
	<b>Stranded Customer Situation</b>	<b>Notes</b>	<b>Considerations for REC Adder Pricing</b>	<b>REC Adder Group</b>
<b>6</b>	<ul style="list-style-type: none"> <li>• Customer had installation contract with <b>Approved Vendor</b> and Designee (such as installer Designee) becomes unavailable</li> </ul>	<ul style="list-style-type: none"> <li>• <b>NOT eligible for REC adder</b>, because Approved Vendor is responsible for finding a new Designee to complete the project</li> </ul>		---
<b>7</b>	<ul style="list-style-type: none"> <li>• AV becomes unavailable <u>before beginning installation</u> but after Part I application submission</li> </ul>	<ul style="list-style-type: none"> <li>• If customer lost money by already making payments to the original AV, that would not be compensated through the REC Adder, but could be eligible for later phases of the Solar Restitution Program</li> </ul>	<ul style="list-style-type: none"> <li>• Taking on these projects shouldn't have significantly more work or risk as compared to typical customer</li> </ul>	LOW
<b>8</b>	<ul style="list-style-type: none"> <li>• AV becomes unavailable <u>after beginning installation</u> but installation is not complete or additional work is required, including permits or interconnection approvals</li> <li>• Could be before or after Part I application submission</li> </ul>	<ul style="list-style-type: none"> <li>• Customer could have already entered into contract to sell RECs to AV (in which case the customer needs to determine any ongoing contractual obligations)</li> <li>• If the installation is completed by a Designee (that is still available), there may be fewer complications with a partially-installed project (as opposed to if the installation work was to be done by AV that is now unavailable)</li> </ul>	<ul style="list-style-type: none"> <li>• Taking over a partially completed project could be difficult technically and involve higher risk</li> <li>• Value of adder is not to cover the actual installation work required of the new installer, but to encourage AVs to take on these projects</li> <li>• New AV may need to review / double-check prior installer's work and/or familiarize themselves with equipment they don't normally use</li> <li>• New AV also needs to collect application documentation from original AV (or from Designee)</li> </ul>	HIGH
<b>9</b>	<ul style="list-style-type: none"> <li>• AV becomes unavailable <u>after installation is complete</u> but before starting the Part I application</li> </ul>	<ul style="list-style-type: none"> <li>• AV must provide evidence that the project was intended to be applied to the Program</li> </ul>	<ul style="list-style-type: none"> <li>• May not be much more cost or risk than normal for an AV aggregator to take on the application, but AV may need to review materials/system to ensure it was installed correctly and generating as expected</li> </ul>	MEDIUM

**Table 2: AV Is the Marketing/Sales and Installation Company or AV Hires/Subcontracts with Designee Marketing/Sales/Installation Companies**

	<b>Stranded Customer Situation</b>	<b>Notes</b>	<b>Considerations for REC Adder Pricing</b>	<b>REC Adder Group</b>
<b>10</b>	<ul style="list-style-type: none"> <li>AV becomes unavailable at any time in the application process (Part I started through Part II approved) after installation is complete, but before any REC incentives have been paid out</li> </ul>	<ul style="list-style-type: none"> <li>Customer can choose to have project reapplied with a new AV without original AV agreeing to transfer (from Program perspective; note that the customer may have a contract with original AV to use that AV)</li> <li>If original AV agrees, Program Admin can transfer Part I application to new AV</li> <li>After REC contract is executed, unavailable AV has to agree to "AV Assignment"</li> </ul>	<ul style="list-style-type: none"> <li>If customer starts over with new AV, no REC adder because that is not different for the AV than a regular new customer</li> <li>If Part I application is transferred to a new AV, there may not be much more cost or risk than normal for an AV aggregator to take on the application, especially if the installation was done by a Designee that is still available and/or an entity the AV is comfortable working with</li> <li>If post-Part I verification and the project is on a REC contract, AV will have to process AV Assignment but otherwise not a lot of additional work</li> </ul>	<p>LOW</p> <p>(No REC adder if customer starts application process over with new AV)</p>
<b>11</b>	<ul style="list-style-type: none"> <li>AV becomes unavailable after Part II verification and at least one REC incentive payment has been made</li> </ul>	<ul style="list-style-type: none"> <li>Unavailable AV has to agree to "AV Assignment"</li> <li>Project must still be under REC contract</li> </ul>	<ul style="list-style-type: none"> <li>Ability for AV to be compensated by retaining a portion of the REC incentive payments depends on how many of the REC incentive payments remain</li> <li>If all or almost all REC incentive payments have been made, AV taking on obligations with little incentive</li> </ul>	
	<b>a.</b> 25% or less of the total REC incentive amount has already been made to the original AV			LOW
	<b>b.</b> More than 25% and up to 50% of the total REC incentive amount has already been made to the original AV			MEDIUM
	<b>c.</b> More than 50% and up to 75% of the total REC incentive amount has already been made to the original AV			HIGH
	<b>d.</b> More than 75% and up to 100% of the total REC incentive amount has been made to the original AV			VERY HIGH