

# RENEWABLE RESOURCES



## Long-Term Renewable Resources Procurement Plan

### Final~~Draft~~ Revised Plan for Public Comment

~~Prepared to conform with the Illinois Commerce Commission's Final  
Order in Docket No. 17-0838, dated April 3, 2018, and Amendatory  
Order dated May 2, 2018~~

August ~~6, 2018~~ 15, 2019

Prepared in accordance with the  
Illinois Power Agency Act (20 ILCS 3855), and the Illinois Public Utilities Act (220 ILCS 5)

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## 1. Introduction

This ~~is document constitutes~~ the Illinois Power Agency's draft for public comment of its first Revised Long-Term Renewable Resources Procurement Plan ("Revised Plan") or "Plan").

~~The Initial Long-Term Renewable Resources Procurement Plan ("Initial Plan") was developed by the Illinois Power Agency ("IPA" or "Agency") 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"). This That Initial Plan is the result of<sup>1</sup> 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"). Public Act 99-0906 took effect on June 1, 2017 and provided for the Agency to develop a draft The Initial Plan within 120 days of that date.<sup>2</sup> The release of the draft Plan on September 29, 2017 fulfilled that requirement. Interested parties had 45 days to comment on the draft Plan, covered the Agency's renewable energy resources procurement and programmatic activities for 2018 and the Agency then had 21 days to revise the Plan to prepare it for filing for with 2019 and was approved by the Illinois Commerce Commission ("Commission" or "ICG"). The Agency filed a revised Plan with the Commission on December 4, 2017 fulfilling that requirement. Under Section 16-111.5(b)(5)(ii)(C) of the PUA, the Commission then had 120 days to review this Plan and enter its Order confirming or modifying this Plan. That Order was issued<sup>3</sup> on April 3, 2018, with the Commission issuing an Amendatory Order in response to an IPA Motion for Clarification on May 2 Docket No. 17-0838. The Agency published the final Initial Plan on August 6, 2018.~~

~~This Final Plan reflects changes resulting from the Commission's Order and has been revised from the filed Plan consistent with the IPA's understanding of the Final Order and Amendatory Order issued by the Commission in Docket No. Section 16-111.5(b)(5)(ii)(B) of the Public Utilities Act provides that "[the Agency] shall review, and may revise, the plan at least every 2 years thereafter." This document constitutes the Agency's first such update. 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." This draft Revised Plan is thus being released for public comment concurrently with the IPA's release of its draft 2020 Electricity Procurement Plan, and will track the same process and timeline for public comment and revision up until its filing for approval with the Commission.~~

~~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: 17-0838. While the IPA has strived to fully and accurately reflect the Commission's Orders in this document, in the case of any unintended inconsistencies between this Final Plan and the Orders issued by the Commission in Docket No. 17-0838, the Commission's Orders ultimately govern and should be followed. This Plan addresses how the Agency will undertake a variety of~~

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<sup>1</sup> 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>.

<sup>2</sup> Section 16-111.5(b)(5)(ii)(B) of the Public Utilities Act (220 ILCS 5) provides that the draft Plan shall be published "no later than 120 days" after the effective date of the Act, while Section 1-75(e)(1)(A) of the Illinois Power Agency Act (20 ILCS 3855) provides that the draft Plan "shall be released for comment no later than 160 days" after the Act's effective date. To ensure compliance with either provision, the Agency released its draft Plan for comment 120 days after the effective date of the Act.

~~programs and procurements for~~ Ameren Illinois Company (“Ameren Illinois”), Commonwealth Edison Company (“ComEd”), and MidAmerican Energy Company (“MidAmerican”) ~~to meet their annual obligations to purchase Renewable Energy Credits (“RECs”) to meet the goals of the Illinois RPS. It”).~~ The Initial Plan also ~~describes~~described how the Agency ~~will~~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~~ ~~develop a program to~~ support the development of photovoltaic (“PV”) resources ~~that will~~to benefit low-income households and communities.

~~Prior to the development of this Plan, the planning for the procurement of renewable energy resources by the Agency was contained in the Agency’s annual procurement plan. With the enactment of Public Act 99-0906, the Agency is tasked to develop this separate Plan for the procurement of RECs for the utilities, while the annual procurement plan now focuses on the procurement of electricity and other “standard wholesale products” for the utilities (in addition, the Agency has developed a separate Zero Emission Standard Procurement Plan for the procurement of zero emission credits pursuant to the new Section 1-75(d-5) of the Act).~~

This draft Revised Plan covers the Agency’s proposals for procurements and programs ~~to~~that could be conducted during calendar years ~~2018 and 2019.~~ 2020 and 2021. However, as discussed throughout the Plan, absent legislative changes, RPS budget limitations will constrain the ability of the Agency to conduct additional procurements or expand program capacity for its Adjustable Block Program. Therefore, this draft Revised Plan provides a general framework for changes to procurements and programs should additional funding become available.<sup>3</sup>

The Agency expects that as part of its annual procurement planning process conducted in calendar year ~~2019-2021~~ (for implementation ~~starting in calendar~~2022), it will again update and revise this Plan.

### **1.1. Initial Plan Accomplishments**

Subsequent to the approval of the Initial Plan by the Commission on April 3, 2018, the Agency has completed the following implementation activities:

- First Subsequent Forward Procurement (1.980 million RECs annually from new utility-scale wind projects. October, 2018)
- Photovoltaic Forward Procurement (2 million RECs annually from new utility-scale photovoltaic projects. November, 2018)
- Brownfield Site Photovoltaic Procurement (Met statutory target of 40,000 RECs annually from new brownfield site photovoltaic projects. July 2019)
- Adjustable Block Program opened for Approved Vendor registration on November 1, 2018 and for project applications on January 30, 2019.
- Illinois Solar for All Program opened for Approved Vendor registration on February 19, 2019 and for project applications for the 2018-2019 program year ~~2020~~, on May 15, 2019.

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<sup>3</sup> The Illinois Solar for All Program is not impacted by the same budget constraints as it features somewhat distinct funding sources, and this draft Revised Plan proposes updates to the administration of that program.

These activities are in addition to the Initial Forward procurements authorized through Section 1-75(c)(1)(G)(i)-(ii) of the Act; those were conducted under P.A. 99-0906, but not through the development and approval of the Initial Plan.

Remaining activities approved in the Initial Plan include:

- Second Subsequent Forward Procurement (1 million RECs annually from new utility-scale wind projects. Scheduled for fall 2019)
- Community Renewable Generation Procurement (50,000 RECs annually over 15 years from community renewable generation projects that are not photovoltaic. Scheduled for fall/winter 2019)
- Low-Income Community Solar Pilot Procurement (\$20 million budget for 15-year REC delivery contracts. Scheduled for fall/winter 2019)
- Continuing to fill previously authorized blocks in the Small Distributed Generation and Large Distributed Generation categories of the Adjustable Block Program.
- Illinois Solar for All project applications for the Agency will update this Plan and propose procurements and programs (or refinements to existing programs) for subsequent years. These proposals are specifically designed to meet the Illinois RPS goals for the delivery years<sup>4</sup> 2017-2018 through 2019-2020 as well as program year, scheduled to begin to put into place contracts for REC deliveries for future delivery years that will help to meet those future years' RPS goals September 4, 2019, with a later review and selection process.

### **1.1. Changing the RPS Planning Framework**

~~With the changes to the Illinois RPS contained in Public Act 99-0906, there are several key impacts on the RPS which inform how the Agency has developed this Plan. These include:~~

- ~~• The phase-out of RPS obligations for Alternative Retail Electric Suppliers, and the associated phase-in of programs and procurements conducted by the Agency to cover the RPS obligations of all retail customers rather than just the eligible retail customers (the residential and small commercial customers who remained on utility default service). While overall RPS annual percentage goals remain the same, this change significantly increases the quantity of RECs under consideration in this Plan compared to previous procurement plans developed by the Agency.~~
- ~~• The introduction of a new public interest criteria for RECs from facilities in adjacent states, along with a prohibition on RECs from facilities that have their costs recovered through regulated rates, together decrease the pool of eligible RECs for IPA administered procurements. Combined with a more general goal to emphasize the procurement of RECs from new projects, the design of the range of procurements contained in this Plan, while building on previous procurements conducted by the Agency, focuses on "Forward Procurements" that seek RECs from new projects.<sup>5</sup>~~

<sup>4</sup>An energy delivery year ("delivery year") runs from June 1 of a given year to May 31 of the following year. The Agency has historically interpreted and used the phrasing (e.g.) "2020 delivery year" to mean the 2020-2021 delivery year, and Public Act 99-0906 codified that interpretation by defining "delivery year" in Section 1-10 of the IPA Act ("the consecutive 12-month period beginning June 1 of a given year and ending May 31 of the following year").

<sup>5</sup>In its Plan originally filed with the Commission, the Agency also proposed "spot procurements" to meet the annual RPS percentage goals found in Section 1-75(c)(1)(B) of the Act. However, in its Order approving the Plan, citing "the serious risk Spot Procurements can pose to the budget which may prevent the IPA from meeting its statutory long-term new build requirements," the Commission granted "various parties' requests to cancel the Spot Procurements." Docket No. 17-0838, Final Order dated April 3, 2018 at 42.



- ~~While the RPS previously contained percentage-based carve-outs for specific technologies, the RPS now contains specific quantity-based targets for RECs from new wind and new solar and brownfield site solar projects. These goals must be considered and balanced with the need to meet annual percentage-based goals.~~
- ~~In a change from the competitive procurement model previously employed by the Agency (which was based, in part, on how the Agency procures power to serve the utilities' eligible retail customers), the Agency is now directed to develop and implement an Adjustable Block Program for photovoltaic distributed generation and community solar that includes administratively determined REC prices rather than prices determined through pay-as-bid competitive procurements. The Agency also will now be managing an ongoing program rather than discrete procurement events.~~
- ~~Recognizing the growing interest nationally in community solar, the Agency is now tasked with developing a community renewable generation program (to encompass both community solar as well as other renewable generating technologies). Community renewable generation projects allow residential and business customers to participate directly in the renewable energy economy even if they cannot host solar panels (or other renewable generation devices) on-site by subscribing to shares of a facility located within their electric utility service territory.~~
- ~~To provide opportunities for low-income customers and communities, the Illinois Solar for All Program creates a separate set of incentives designed to overcome the barriers to participation in renewable energy programs that low-income customers have historically faced.~~

~~While this is not a comprehensive list of all changes to the Illinois RPS, it provides a high-level overview of the most significant items and constitutes a broad and ambitious vision for setting the Illinois RPS back on track and helping make Illinois a national leader in developing its clean energy economy. Given the scope of these changes and that this is the first Plan developed by the Agency to meet these new goals, the Agency views this Plan as a starting point. While it sets in place the approach and direction the Agency intends to take in the years to come, this Plan is subject to a regulatory approval process before the Commission during which the proposed approaches may evolve. Further, the Agency notes that the Plan will be updated in two years' time, which will allow the Agency to adjust and adapt to what it learns as this initial Plan is implemented.~~

## 1.2. Plan Organization

This draft Revised Plan contains eight chapters.

Chapter 1 is this Introduction. It contains a brief overview of the Plan and a set of Action Items that the Agency requests that the Commission expressly adopt as part of its approval of this Revised Plan.

Chapter 2 provides an overview of the legislative/regulatory requirements contained in the Illinois Power Agency Act and the Public Utilities Act (particularly those that result from the enactment of Public Act 99-0906) that leadled to the development of the Initial Plan, and this Long-Term Renewable Resources Procurement Plan~~draft Revised Plan~~, and the implementation of the resulting programs and procurements by the Illinois Power Agency.

Chapter 3 contains calculations of RPS targets, summaries of RPS portfolios, and summaries of RPS budgets. For this draft Revised Plan, it provides proposals related to calculating MidAmerican's RPS

obligations and budgets, treatment of utility-held Alternative Compliance Payments, and a discussion of the forecast budget limitations that will constrain activities for the next several years.

Chapter 4 discusses the eligibility of RECs for use in the Illinois RPS. In particular, it addresses two ~~new~~ requirements of the RPS: eligibility of RECs from ~~resources~~facilities in adjacent states, and the requirement that RECs ~~do not come~~cannot be procured from facilities that recover their costs through regulated rates.

Chapter 5 describes the competitive procurement process and the potential procurements the Agency ~~proposes to conduct~~could consider conducting if funding becomes available. These include:

~~First Subsequent Forward Procurement~~ (procurements for RECs from new brownfield site photovoltaic projects, utility-scale photovoltaic projects, and utility-scale wind RECs)projects.

- ~~• Brownfield Site Photovoltaic 15-Year Forward Procurement~~
- ~~• Photovoltaic Forward Procurement (new utility-scale photovoltaic RECs)~~
- ~~• Second Subsequent Forward Procurement (new utility-scale wind RECs)~~
- ~~• Community Renewable Generation Program 15-Year Forward Competitive Procurement for Non-Photovoltaic Projects~~

Chapter 6 describes the Adjustable Block Program. This includes details on the structure of the blocks, REC (and adder) prices ~~and pricing model development~~, the application process, payment terms, the process for adjusting prices, the process for approving vendors, project specifications, consumer protections, delivery requirements, and more. For this draft Revised Plan, the Agency proposes certain adjustments to the program structure contained in the Initial Plan and seeks additional feedback on how to manage waitlists of projects.

Chapter 7 describes the Community Renewable Generation Program including standards for co-location, eligibility of projects located in municipal utilities and rural electric cooperatives, subscriber requirements, consumer protections, legal issues around marketing claims related to RECs, and the responsibilities of utilities. In this draft Revised Plan, the Agency proposes certain clarifications of co-location requirements and additional codification of consumer protection requirements.

Chapter 8 describes the Illinois Solar for All Program including the program funding and design, customer terms, conditions, and eligibility, and an approach to designating environmental justice communities. For this draft Revised Plan, the Agency proposes certain adjustments to the program structure contained in the Initial Plan.

### **1.3. Action Plan**

In this draft Revised Plan, the IPA recommends the following items for ICC action 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 ~~2017-2018 through 2019-2020 contained in Chapter 3~~2020-2021 through 2021-2022 contained in Chapter 3, and additionally that Ameren Illinois, ComEd, and

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<sup>6</sup>In Chapter 5 of the Plan filed for Commission approval, the Agency had originally also proposed "Spot Procurements" for the 2017-2018, 2018-2019, and 2019-2020 delivery years and an Other Renewables 15-Year Forward Procurement (for generating technologies other than wind or photovoltaics). Consistent with the Commission's Order approving the Plan in Docket No. 17-0838, those proposed procurements are no longer included in the Plan. (See Docket No. 17-0838, Final Order dated April 3, 2018 at 42, 52).

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 Agency's ~~proposed~~ approach to prioritizing the use of any future available budget funds contained in Chapter 3.
- 2.3. 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.
- 3.4. Approve the ~~potential~~ proposed procurements contained in Chapter 5.
- 4.5. Approve the ~~continuation of the basic~~ design of the Adjustable Block Program contained in Chapter 6, including the block design, schedule of REC prices (and adders), and program terms and conditions as well as the updates proposed in this draft Revised Plan.
- 5.6. Approve the ~~continuation of the basic~~ design and terms and conditions of the Community Renewable Generation Program contained in Chapter 7 as well as the updates proposed in this draft Revised Plan.
- 6.7. 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 draft Revised Plan.

The Illinois Power Agency respectfully ~~files its Final~~publishes this draft Revised Long-Term Renewable Resources Procurement Plan, ~~reflecting the Commission's Order approving this Plan in Docket No. 17-0838 and Amendatory Order entered thereafter, and modifications of any items related thereto, including the approval of specific action items listed above, which the Commission has found "will reasonably and prudently accomplish the requirements of Section 1-56 and subsection (c) of Section 1-75 of the Illinois Power Agency Act" as required~~invites interested parties to submit comments on it by Section~~September 16-111.5(b)(5)(ii)(D) of the PUA, 2019.~~

## 2. Legislative/Regulatory Requirements of the Plan

As with the original Long-Term Plan, this Chapter of the IPA's Updated Long-Term Renewable Resources Procurement Plan describes the legislative and regulatory requirements applicable to the Long-Term Renewables Plan, retaining much of the background discussion from the Initial Plan.

A Legislative Compliance Index, Appendix A, provides a complete cross-index of regulatory/legislative requirements and the specific sections of this Revised Plan that address each requirement identified.

### 2.1. Renewable Energy Resource Procurement Prior to Public Act 99-0906

Public Act 99-0906 did not introduce a Renewable Portfolio Standard into Illinois law, and ~~this the~~ IPA's Long-Term Renewable Resources Procurement Plan is not the first Plan that the Agency ~~has~~ produced addressing renewable energy resources procurement. Instead, the Agency has been producing procurement plans addressing renewable energy resource procurements since 2008 and conducting renewable energy resource procurements since 2009, and it is helpful to understand the background of the Illinois RPS's original structure and subsequent challenges in understanding the changes made through P.A. 99-0906 and the choices made ~~in this Plan through its implementation~~.

Prior to P.A. 99-0906, the Illinois RPS effectively had three 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.

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

Of the three former RPS compliance mechanisms, the compliance pathway that looked most like the revised RPS enacted through P.A. 99-0906 was that which applied to "eligible retail customers," or 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 standard wholesale product requirements of eligible retail customers) also were required to include procurement proposals intended to meet annually-climbing, percentage-based renewable energy resource targets. As with block energy procured by the Agency, the applicable utility would be the counterparty to any resulting 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 next to adjoining states if none was available, and then to elsewhere); after June 1, 2011, the RPS required looking to Illinois and adjoining states together as a first priority, and then to 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. But it did, primarily for the following reason: upon the establishment of the IPA in 2007, the General Assembly required that the electric utilities enter into relatively long-term energy supply contracts (known as the "swap contracts") to serve eligible retail customer load. ~~But~~ In the years that followed, energy prices plummeted in the wholesale market,

and these agreements served to inflate the default supply rate well above that which could be offered by a competitive supplier. From 2011 to 2013, massive waves of default supply customers switched to ARES, often through opt-out municipal aggregation (municipalities, whether individually or in a coalition with others, leveraging economies of scale to negotiate favorable electric supply rates for their residents, under authority of Section 1-92 of the Act), and eligible retail customer load dwindled—with the annual available renewable resources budget declining correspondingly.

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: These (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 ~~in the RPS~~. 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 switching, not only was funding unavailable to conduct additional renewable energy resource procurements, funding was no longer available to meet the full commitments ~~in of the Long-Term Power Purchase Agreements (“LTPPAs”)~~ described above—resulting in two years in which ComEd’s LTPPAs were curtailed, or payment not made through the renewable resources budget for the full expected output. And while some load has switched back to default supply service in recent years, future budget uncertainty made entering into any additional long-term agreements unworkable (especially if such contracts were to be junior in priority to the existing 2010 LTPPAs). As a result—Because the Agency could not have visibility into budgets available in future years, outside of targeted distributed generation (“DG”) procurements (which were statutorily required to be at least 5 year contracts), the Agency’s annual procurement plans after the 2010 LTPPAs proposed only the procurement of one-year contracts to meet each upcoming delivery year’s renewable energy resource obligations—~~as the Agency simply did not and could not have visibility into budgets available in future years.~~ As obtaining financing for developing new facilities generally required 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**

For hourly pricing customers, Section 1-75(c)(5) of the Act 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 thus not subject to the transfer, sweep, and appropriation risks facing special state funds—and subject to the Agency’s annual procurement planning process.

In recent years, because contracts with distributed generation systems required contracts of at least 5 years, the IPA used these hourly Alternative Compliance Payments (“ACPs”) to serve as the funding

source for DG procurements, including its most recent DG procurements approved in the IPA's 2017 Annual Procurement Plan.<sup>7</sup>

As discussed more fully in Chapter 3, even accounting for payments still to be made under those DG procurements, some balance of prior-collected hourly ACPs remains for renewable energy resource procurement under programs and procurements developed under P.A. 99-0906's revisions to Section 1-75(c)(1) of the IPA Act.<sup>8</sup>

### 2.1.3. Original RPS—ARES Compliance

Lastly, adopted in 2009, the ARES RPS compliance mechanism was more complex. Under Section 16-115D of the Public Utilities Act, each ARES carried a 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 at a rate reflecting that rate paid by eligible retail customers for no less than 50% of its obligation, ~~and. For the remaining 50% of its obligation, the ARES could either pay additional alternative compliance payments and/or self-procure RECs for the remainder~~ (with a requirement that any RECs procured for compliance be produced by 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).

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.<sup>9</sup> Thus, alternative compliance payments were generally made for the minimum 50% amount (as the rate applicable to those ACPs reflected more expensive procurements made by the Agency to serve other ends, such as through the 2010 LTPPAs), and the self-procurement obligation was ~~simply~~ not structured ~~in a way that was likely~~ to lead to the development of new renewable energy generation ~~in Illinois~~.

Alternative compliance payments were deposited into the IPA-administered Renewable Energy Resources Fund. Leveraging this fund for procurements carried significant challenges. As the IPA explained in its Supplemental Photovoltaic Procurement Plan (released in 2014 and approved in 2015):<sup>10</sup>

*The procurement of renewable energy resources using the RERF is subject to a set of unique constraints. First, unlike with the utility renewable resources budgets, the RERF may only be used to procure renewable energy credits. While the term "renewable energy resources" is defined in the Illinois Power Agency Act as RECs or both renewable energy and associated RECs,<sup>11</sup> the Public Utilities Act makes clear that "alternative*

<sup>7</sup> ~~The Agency understands that any remaining ACP funds will be rolled into the available RPS budget for planning purposes, but as funds are already collected, would not count against the rate impact cap.~~

<sup>8</sup> While any remaining ACP funds (including hourly ACPs and ACPs paid to utilities by ARES) are considered part of the available RPS budget for planning purposes, as funds are already collected, these ACP funds do not count against Section 1-75(c)(1)(E)'s rate impact cap.

<sup>9</sup> 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.

<sup>10</sup> The characterizations of state law in this excerpt refer to the requirements of the Illinois Power Agency Act prior to Public Act 99-0906.

<sup>11</sup> 20 ILCS 3855/1-10.

*compliance payments . . . shall be deposited in the Illinois Power Agency Renewable Energy Resources Fund and used to procure renewable energy credits.”<sup>12</sup>*

*Second, Section 1-56(c) of the IPA Act calls on the IPA to use the RERF to “procure renewable energy resources at least once each year in conjunction with a procurement event for electric utilities required to comply with Section 1-75 of the Act.”<sup>13</sup> Given the IPA’s strategy of advance purchases to hedge load requirements and the unexpectedly high levels of migration to alternative retail electric suppliers, corresponding energy procurement events for electric utilities had not occurred since 2012.<sup>14</sup> This has left the Agency without a procurement event “in conjunction with” which it could procure RECs using the RERF.*

*Third, Section 1-56(d) of the IPA Act requires that “the price paid to procure renewable energy credits” using the RERF “shall not exceed the winning bid prices paid for like resources procured for electric utilities required to comply with Section 1-75 of this Act.”<sup>15</sup> The lack of a conjoining procurement event has also left the Agency without a statutorily envisioned price ceiling for “like resources,” further constraining procurement using the RERF.*

*Fourth, the IPA Act clearly articulates a preference for longer-term contracts using the RERF, presumably to provide a stable stream of revenue necessary to incent the development of new resources. Section 1-56(c) of the IPA Act calls for the Agency to, “whenever possible, enter into long-term contracts on an annual basis for a portion of the incremental requirement for the given procurement year.”<sup>16</sup> Similarly, Section 1-56(b) of the Act requires that any contracts for resources from distributed generation (“DG”) must run a minimum of 5 years.<sup>17</sup> But due to unsettled and dynamic load migration between utility and alternative supplier service, the Agency must approach long-term contracting with prudence and care, as the RERF’s future balance is subject to the whims of future customer switching.<sup>18</sup>*

In addition to the above risks, as a special state fund, the RERF could always be—and indeed was—subject to the risks of borrowing and transfers. In 2010, \$6.7 million was transferred out of the RERF, although ultimately repaid back into it. In 2015, \$98 million was permanently transferred from the RERF to the state’s General Revenue Fund (“GRF”) to make up for insufficient Fiscal Year 2015 general revenues. And in August 2017, \$150 million was temporarily transferred from the RERF to the GRF (after \$12 million was permanently transferred from the RERF to the state’s Public Utilities Fund in June 2017), leaving the RERF’s balance temporarily below the level needed to cover existing contractual obligations. (\$37.5 million was transferred back into the RERF from the GRF in April

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<sup>12</sup> 220 ILCS 5/16-115D(d)(4).

<sup>13</sup> 20 ILCS 3855/1-56(c).

<sup>14</sup> After not having procured energy in 2013, the Agency did conduct energy procurements in April 2014 and September 2014.

<sup>15</sup> 20 ILCS 3855/1-56(d).

<sup>16</sup> 20 ILCS 3855/1-56(c).

<sup>17</sup> 20 ILCS 3855/1-56(b).

<sup>18</sup> For further discussion of the challenges associated with entering into long-term contracts using funding streams subject to load migration changes, see filings made in Commission dockets approving the IPA’s 2013 and 2014 annual procurement plans (Docket Nos. 12-0544 and 13-0546).

2018).<sup>19</sup> Given these risks, and given recent periods in which the state failed to enact a budget (and thus the IPA lacked appropriation authority to make payments under contracts regardless of actual funds available-), the State of Illinois ~~could be~~was an unattractive counterparty for ~~a~~-REC delivery ~~contract~~contracts.

With the majority of Illinois electric load being served by ARES, this stood as no small problem—while the RPS covered the vast majority of electricity delivered in the state, very little new renewable generation was ~~produced~~able to be developed through it. Significant amounts were being paid into 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, ~~in aggregate~~, 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 it as a “broken RPS,”<sup>20</sup> and one that would require a comprehensive legislative overhaul to be properly fixed.

## 2.2. Public Act 99-0906

The Agency’s obligation to develop a Long-Term Renewable Resources Procurement Plan stems from ~~new~~-requirements included in Public Act 99-0906, known colloquially as the “Future Energy Jobs Act” and referred to herein as P.A. 99-0906. P.A. 99-0906, ~~then known as Senate Bill 2814~~, 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 ~~by Illinois Governor Bruce Rauner~~ on December 7, 2016 with an effective date of June 1, 2017.

In addition to the requirement that the Agency develop ~~this~~its Long-Term Renewable Resources Procurement Plan and implement the programs and procurement discussed herein, P.A. 99-0906 also contained ~~a number of~~ other significant reforms to Illinois energy law. Among those reforms ~~include~~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 zero emission (i.e., nuclear) generating facilities;<sup>21</sup> revisions to the state’s energy efficiency portfolio standard found in Article VIII of the Public Utilities Act (220 ILCS 5) including the adoption of cumulative savings targets for energy efficiency programs and measures, and the elimination of the statutory pathway by which incremental energy efficiency programs were included in the IPA’s

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<sup>19</sup> The transfer of \$150 million was pursuant to ~~newly enacted~~ Section 5h.5 of the State Finance Act (30 ILCS 105/5h.5 ~~contained in Public Act 100-0923~~ ~~that~~ which authorizes transfers from special funds to the General Revenue Fund. ~~However for liquidity purposes. As recently modified by Public Act 101-0010~~, that Section also contains a provision that funds will be repaid within 24~~”~~48 months, ~~as well as after the date on which they were borrowed,~~ and a provision to transfer funds back to special funds as needed to “satisfy outstanding expenditure obligations on a timely basis.”

<sup>20</sup> One notable success story from the RERF was the Supplemental Photovoltaic Procurement process, which resulted in the development of roughly 30 MW of new distributed generation photovoltaics in Illinois through five-year REC contracts using the RERF. But even this process required legislative changes to be effectuated, with the Agency’s authority to develop its Supplemental Photovoltaic Procurement Plan coming from Public Act 98-0672 (signed into law in 2014), which created new Section 1-56(i) of the IPA Act.

<sup>21</sup> 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. 17-0333.



annual procurement plans;<sup>22</sup> additional financial assistance for low-income ratepayers;<sup>23</sup> bill crediting for the energy production associated with subscriptions to community renewable generation;<sup>24</sup> and a smart inverter rebate for behind-the-meter generating facilities.<sup>25</sup>

More pertinently for purposes of this Plan, 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 ~~load service~~ by default utility supply service, hourly-pricing customers, and load served by Alternative Retail Electric Suppliers. As discussed further below, changes to the Illinois RPS through P.A. 99-0906 ~~will transition~~have transitioned the state's RPS to a streamlined, centralized planning and procurement process, with both RPS targets and available budgets determined on the basis of an electric utility's load for all retail customers<sup>26</sup> with funding collected through a delivery services charge. ~~Outside of the Initial Forward Procurements (discussed further below) and two remaining years<sup>27</sup> of ARES compliance requirements,~~ The state's approach to meeting its RPS targets ~~will be~~is now addressed through the initial development and continued refinement of this Long-Term Renewable Resources Procurement Plan, with the Plan proposing programs and procurements necessary to meet the new requirements of Illinois law and satisfying the law's new emphasis on both using the RPS as a tool to facilitate the development of new generating facilities and expanding access to the benefits of renewable energy across a broader cross-section of the state's economy.

### 2.2.1. Legislative Findings

This new emphasis ~~is was~~ reflected in the legislative findings associated with Public Act 99-0906. Specifically, in enacting P.A. 99-0906, the General Assembly found that "[t]o ensure that the State and its citizens, including low-income citizens, are equipped to enjoy the opportunities and benefits of the smart grid and evolving clean energy marketplace," P.A. 99-0906 should serve to "maximize the impact" of the state's RPS.<sup>28</sup> This includes direction that the State should "encourage . . . the adoption and deployment of cost-effective distributed energy resource technologies and devices, such as photovoltaics, which can encourage private investment in renewable energy resources, stimulate economic growth, enhance the continued diversification of Illinois' energy resource mix, and protect the Illinois environment; investment in renewable energy resources, including, but not limited to,

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<sup>22</sup> See 220 ILCS 5/16-111.5B.

<sup>23</sup> 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).

<sup>24</sup> See 220 ILCS 5/16-107.5(I).

<sup>25</sup> See 220 ILCS 5/16-107.6.

<sup>26</sup> For MidAmerican, consistent with the Commission's Order in Docket No. 15-0541, the IPA understands that Section 1-75(c)'s renewable energy procurement targets should "only relate generally relates to that portion of the 'total supply' the supply procured for MidAmerican's jurisdictional eligible retail customers," and not all retail sales in its service territory. Given recent changes to MidAmerican's eligible retail customer load forecasting methodology and the need to protect against curtailments and annual fluctuations, the IPA is proposing a fixed percentage approach to determining both these targets and to resultant budget availability as discussed further in Chapter 3.

<sup>27</sup> ~~This includes the 2017-2018 delivery year.~~

<sup>28</sup> P.A. 99-0906, § 1(a).

photovoltaic distributed generation, which should benefit all citizens of the State, including low-income households.”<sup>29</sup>

These themes are also found in the ~~new~~ legislative findings and declarations of the IPA Act enacted through P.A. 99-0906. The IPA Act now finds and declares that “ [d]eveloping new renewable energy resources in Illinois, including brownfield solar projects and community solar projects, will help to diversify Illinois electricity supply, avoid and reduce pollution, reduce peak demand, and enhance public health and well-being of Illinois residents.”<sup>30</sup> Other findings also reinforce the value of community solar in expanding access to renewable energy,<sup>31</sup> and the value of developing brownfield site solar projects to “help return blighted or contaminated land to productive use while enhancing public health and the well-being of Illinois residents.”<sup>32</sup>

This approach to the state’s RPS ~~appears to constitute~~ was a meaningful shift in the logic governing the state’s renewable energy requirements: ~~in past years prior to 2017~~, the state’s approach to its RPS could have been understood as governed by the logic that statutory compliance should be achieved at “the lowest total cost over time, taking into account any benefits of price stability,”<sup>33</sup> as this criteria governed the Agency’s annual procurement plan, in which renewable energy procurements were proposed. Through changes effected by P.A. 99-0906, ~~it is apparent that the General Assembly also state law now~~ seeks outcomes of specific types—more equitable and diverse access to the benefits of renewable energy, and an emphasis on facilitating the development of new generation and maximizing its environmental benefits—in achieving compliance with the technical requirements of the law.

Guidance found in the RPS law itself also reflects that approach. Specifically, Section 1-75(c)(1)(I) of the IPA Act requires that the IPA “shall design its long-term renewable energy procurement plan 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.” The Agency believes ~~its both its original and this revised~~ Long-Term Renewable Resources Procurement Plan ~~reflects~~ reflect these aspirations.

### **2.2.2. Changes to the RPS**

~~To better meet these objectives, Public Act 99-0906 also ushered in~~ several changes ~~were made~~ to the RPS, including the introduction of new concepts ~~and~~, terms, and ~~new~~ prescriptive requirements. As was done in the Initial Plan, several of these ~~new~~ concepts are discussed below, ~~discussed further~~ in the subsections later in this chapter, and in ~~more detail in~~ the Chapters that follow.

<sup>29</sup> P.A. 99-0906, § 1(a)(1). In the legislative findings of P.A. 99-0906, the General Assembly also specifically found that “low-income customers should be included within the State’s efforts to expand the use of distributed generation technologies and devices.” P.A. 99-0906, § 1(b).

<sup>30</sup> 20 ILCS 3855/1-5(6).

<sup>31</sup> 20 ILCS 3855/1-5(7).

<sup>32</sup> 20 ILCS 3855/1-5(8).

<sup>33</sup> See 220 ILCS 5/16-111.5(d)(4).

### 2.2.3. New Concepts and Terms

First, as discussed further below, P.A. 99-0906 ~~demonstrates~~demonstrated a shift in compliance focus from compliance through the procurement of “renewable energy resources”—which may be either 1) a renewable energy credit 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.”<sup>34</sup> This makes intuitive sense; the purchase of energy is not addressed through this ~~plan~~planning process, and the Agency’s planning for any energy purchases can only be for utility default supply customers ~~(the “[eligible retail customers]”)~~and is handled 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).

Second, P.A. 99-0906 introduced the concept of a “community renewable generation project” to ~~the~~ Illinois law. As defined by the IPA Act,<sup>35</sup> 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 capacity 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” and 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.<sup>36</sup> Photovoltaic powered 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 feature distinct procurement targets in the Illinois RPS.

Third, P.A. 99-0906 requires the development of an “adjustable block program” ~~” (“ABP”).~~ Used to facilitate the development of new community solar and distributed photovoltaic generation, the Adjustable Block Program ~~features~~is required to 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.”<sup>37</sup> This ~~represents~~represented a significant shift in the state’s approach to procuring renewable energy; prior to the ABP (and to the Illinois Solar for All Program), 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 kept confidential. While these competitive

<sup>34</sup> See, e.g., 20 ILCS 3855/1-75(c)(1)(B), (C). The law ~~appears~~continues to recognize that “renewable energy resources” may be used to satisfy the RPS, but ~~appears to focus~~focuses this Plan only on the procurement of “renewable energy credits.” (which, standing alone, also may constitute “renewable energy resources”).

<sup>35</sup> See 20 ILCS 3855/1-10.

<sup>36</sup> Id.

<sup>37</sup> 20 ILCS 3855/1-75(c)(1)(K).

procurement elements ~~are required~~continue to be utilized for ~~certain~~other activities under the Illinois RPS (including ~~initial and subsequent~~ “forward procurements”), other compliance pathways now feature open application to a program featuring price and quantity transparency.

Fourth, ~~for~~ both the Illinois Solar for All Program and the Adjustable Block Program, ~~P.A. 99-0906 contemplates~~ require “prepayment” (or partial prepayment) for a stream of RECs to be delivered over the course of a 15-year contract. This likewise ~~constitutes~~constituted a departure from prior activities under the Illinois RPS, all of which featured payment for RECs only upon delivery and invoice. ~~The specific prepayment schedules applicable to project types under the Adjustable Block Program are discussed further in Section 2.5 below.~~

This, of course, is not a comprehensive list; many other new terms and concepts were also introduced through P.A. 99-0906, ~~and the above list is not even a majority of the items.~~ This non-exhaustive list is ~~instead~~ intended only to provide background context for the discussions that follow.

#### **2.2.4. Long-Term Renewable Resources Procurement Plan**

As referenced above, P.A. 99-0906 ~~requires~~required the IPA to develop a Long-Term Renewable Resources Procurement Plan. That original Long-Term Renewable Resources Procurement Plan or “Initial Plan” was filed with the Illinois Commerce Commission on December 4, 2017, and approved by the Commission on April 3, 2018 through Docket No. 17-0838.

This ~~is~~was a departure from past practice under the Illinois RPS; previously, Illinois law required that 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 procurement plan- developed pursuant to Section 16-111.5 of the PUA. As required under Section 16-111.5, those plans were developed, published, filed with the ICC, and approved by the ICC on an annual basis (and still are, with a more limited focus) with a planning horizon of the five upcoming delivery years.

By contrast, the Long-Term Renewable Resources Procurement Plan ~~is~~ —prepared pursuant to Section 16-111.5(b)(5) of the PUA, introduced through P.A. 99-0906—was initially prepared ~~once, in 2017, was approved by the ICC in 2018, is to be~~ revised at least every two years, (with this Revised Plan constituting the first such revision), and “shall include procurement programs and competitive procurement events necessary to meet the goals”<sup>38</sup> set forth in Section 1-75(c) of the IPA Act—which contains annual targets out until 2030. ~~As explained in the Chapters that follow, as budget availability and possible program successes or failures makes planning far into the future unwise or unworkable, in some cases the Agency proposes that certain decisions be deferred until future years’ revisions of the Long-Term Renewable Resources Procurement Plan.~~

#### **2.2.5. Plan 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(b) and 1-75(c) of the IPA Act ~~do~~ contain discrete requirements.

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<sup>38</sup> 20 ILCS 3855/1-75(c)(1)(A).

### 2.2.5.1. Section 16-111.5(b) Requirements

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,”<sup>39</sup> 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”<sup>40</sup>—i.e., the first delivery year for which the Plan is developed would be 2017-2018. As a consequence, the ~~IPA believed that although its~~ IPA’s Initial Plan was to be approved by the Commission in early April of 2018, this Plan should propose ~~as filed proposed~~ procurements necessary to meet “2017 delivery year” goals, as well as targets for future delivery years. However, as discussed further in Chapter 5,<sup>41</sup> the Commission’s Order in Docket No. 17-0838 directed that no procurements be held to meet Section 1-75(c)(1)(B) of the Act’s 2017 delivery year renewable energy credit procurement goals,<sup>42,43</sup> and the IPA does not propose additional procurements specifically designed to meet upcoming years’ Section 1-75(c)(1)(B)’s annual percentage-based goals through this draft Revised Plan.

The PUA also contains three discrete requirements for what the Plan must contain:

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.”<sup>44</sup> While the term “competitive procurement event” is not specifically defined in the IPA Act or the PUA, 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 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).<sup>45</sup> 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.

~~In this Plan, the~~ As with the Initial Plan, this draft Revised Plan’s specific procurement programs and procurement events designed to meet the goals of Section 1-75(c) can be found in Chapters 5 through 8.

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.”<sup>46</sup> ~~As explained further below,~~ This subparagraph concerns the quantitative

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<sup>39</sup> 220 ILCS 5/16-111.5(b)(5).

<sup>40</sup> 20 ILCS 3855/1-10.

<sup>41</sup> See generally the discussion of “Spot Procurements.”

<sup>42</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 42.

<sup>43</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 42.

<sup>44</sup> 220 ILCS 5/16-111.5(b)(5)(ii)(B)(aa).

<sup>45</sup> 220 ILCS 5/16-111.5(b)(5)(iii).

<sup>46</sup> 220 ILCS 5/16-111.5(b)(5)(ii)(B)(bb).

procurement 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.”<sup>47</sup> ~~In~~ Under the ~~past, under prior RPS, pursuant to~~ Section 16-111.5(e), of the PUA, the IPA’s procurement administrator developed standard contract forms in consultation with other parties. A Commission decision was required only if parties could not agree on the contract form, and the standard form contract was required to be executed by winning bidders after a competitive procurement result (the results of which were subject to Commission approval). Under this revised model for use in implementing programs, ~~it appears that~~ both REC delivery contracts and the IPA’s program administrator contracts<sup>48</sup> must first be approved by the Commission prior to execution.<sup>49</sup> The IPA’s proposal for the process for submitting contracts to the Commission for review and approval can be found in Chapters 6 and 8 of the Plan; it does not meaningfully differ from that which was proposed in the Initial 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 requirement is also required prior to the execution of contracts for competitive procurements under the process described in Section 16-111.5(e)-(j).

#### **2.2.5.2. Section 1-75(c) Requirements**

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

First, the Plan must “include the goals for procurement of renewable energy credits 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; and continuing at no less than 25% for each delivery year thereafter.”<sup>50</sup> ~~As explained further below,~~ These percentages are described as a portion of eligible retail sales, which currently now includes ~~some~~ sales by alternative retail electric suppliers ~~while transitioning to all retail sales within two years.~~ The law also contains a requirement that “in the event of a conflict between these goals and the new wind and new photovoltaic procurement requirements,” the long-term plan shall prioritize the new wind and photovoltaic requirements.<sup>51</sup>

In Docket No. 17-0838, the Commission’s Order approving the Initial Plan determined that any such conflict prior procurements originally proposed to its next revision of meet

<sup>47</sup> 220 ILCS 5/16-111.5(b)(5)(ii)(B)(cc).

<sup>48</sup> 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.”

<sup>49</sup> In its Order approving the 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.” Docket No. 17-0838, Final Order dated April 3, 2018 at 116.

<sup>50</sup> 20 ILCS 3855/1-75(c)(1)(B).

<sup>51</sup> Id.

annual percentage-based renewable energy credit procurement goals should be cancelled to avoid any potential conflicts with meeting “statutory long-term new build requirements.”<sup>52</sup> As budget constraints have become a more acute concern given the massive progress in new renewable energy development spurred on by programs and procurements conducted under the Initial Plan (and corresponding budget impacts from REC delivery contracts), this draft Revised Plan, ~~and~~ has been designed ~~its Plan~~ in a manner that likewise reduces the likelihood of any such conflict occurring.<sup>53</sup> Further discussion ~~of these goals~~ can be found in Chapter 3.

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 2 million RECs from “new wind projects” by the 2020 delivery year, 3 million by 2025, and 4 million by 2030. “New photovoltaic projects” feature the same overall procurement targets, while also containing requirements that at least 50% of new PV RECs be procured through the Adjustable Block Program (and thus from distributed generation or community solar projects), at least 40% from utility-scale (above 2 MW) photovoltaic projects, and at least 2% from brownfield site photovoltaic projects that are not community renewable generation 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~~Chapters 3 and 5.

Third, the law requires that, to the extent that annual RPS spending budgets<sup>54</sup> for each utility become a binding constraint, 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 the following priority ranking:

- (i) renewable energy credits under existing contractual obligations;
- (i-5) funding for the Illinois Solar for All Program as described in Section 1-75(c)(1)(O);<sup>55</sup>
- (ii) renewable energy credits necessary to comply with the new wind and new photovoltaic procurement requirements in Section 1-75(c)(1)(C); and
- (iii) 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)).<sup>56</sup>

The IPA is committed to ensuring that this priority ranking is reflected in this ~~Plan and in any future revisions to the~~draft Revised Plan and has assembled its Plan cognizant of and sensitive to this prioritization.

Fourth, the law requires that renewable energy credits procured under the Initial Forward Procurements shall be included in the Agency’s long-term plan and shall apply to Section 1-75(c)’s

<sup>52</sup> Docket No. 17-0838, Final Order dated April 3, 2018 at 42.

<sup>53</sup> ~~Indeed, the Commission’s Order approving the Plan determined that any procurements originally proposed to meet annual percentage-based renewable energy credit procurement goals should be cancelled to avoid any potential conflicts with meeting “statutory long-term new build requirements,” and this Plan has been revised consistent with that determination. Docket No. 17-0838, Final Order dated April 3, 2018 at 42.~~

<sup>54</sup> 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 Section 2.4.4 and Chapter 3 of this draft Revised Plan.

<sup>55</sup> This requirement is discussed further in the subsection below.

<sup>56</sup> 20 ILCS 3855/1-75(c)(1)(F).

goals.<sup>57</sup> The results of the Initial Forward Procurements, conducted in three events from August 2017 through April 2018, are reflected in the Agency's target procurement quantities found later in Chapter 3 of this draft Revised Plan.

Fifth, the Plan must set forth the process by which adjustments may be made when the cumulative amount of renewable energy credits projected to be delivered from all new wind projects in a given delivery year exceeds the cumulative amount of renewable energy credits projected to be delivered from all new photovoltaic projects in that delivery year by 200,000 or more renewable energy credits.<sup>58</sup> This provision is presumably intended to provide some balancing between wind and solar quantities, ~~and under contract.~~

In its Order approving the Initial Plan, the Commission clarified that this balancing requirement becomes effective as of June 1, 2021, the original statutory deadline for deliveries from projects having initial forward procurement contracts (and not earlier, as argued by some parties in Docket No. 17-0838).<sup>59</sup> Since that time, Public Act 101-0113—signed into law on July 19, 2019—modified Sections 1-75(c)(1)(G)(i)-(ii) of the IPA Act such that these subparagraphs now provide that should an initial forward procurement project have “delays in the establishment of an operating interconnection with the applicable transmission or distribution system as a result of the actions or inactions of the transmission or distribution provider, or other causes for force majeure as outlined in the procurement contract,” this statutory deadline may be extended to June 1, 2022. It is unclear whether this would also then extend the effective date of the wind/solar balancing requirement outlined in Section 1-75(c)(1)(G)(iv) of the Act; the IPA proposes that it would, as the logic informing this determination would support aligning the effective date of the balancing requirement with the new required date for first deliveries under initial forward procurement contracts.

However, should the Commission determine that June 1, 2021 remains the date on which the balancing requirement becomes effective, this Revised Plan could potentially cover activity under a period in which this provision may apply. Consequently, the Agency's proposal for how it would seek to procure RECs from additional PV projects to “rebalance” can be found in Chapter 5 of the Plan.<sup>60</sup>

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. This limitation of eligible RECs to Illinois and adjacent states constitutes a departure from ~~past practice~~ pre-P.A. 99-0906 practice under the RPS, under which competitive procurements first looked to RECs from Illinois and adjoining states and then to “elsewhere” in attempting to satisfy targets, and may serve to significantly limit the pool of renewable energy credits eligible to meet the RPS. The Agency's ~~proposal~~ approach for ~~how to apply~~ applying these criteria can be found in Chapter 4; it does not differ materially from that which was proposed in its Initial Plan and approved by the Commission in Docket No. 17-0838.

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<sup>57</sup> 20 ILCS 3855/1-75(c)(1)(G)(i).

<sup>58</sup> 20 ILCS 3855/1-75(c)(1)(G)(iv).

<sup>59</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 47-48.

<sup>60</sup> In its Order approving the Plan, the Commission clarified that this balancing requirement becomes effective as of June 1, 2021, as originally proposed in the IPA's filed Plan (and not earlier). See Docket No. 17-0838, Final Order dated April 3, 2018 at 47-48.



Seventh, the Plan shall provide that renewable energy credits previously allocated from generating systems previously understood not 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 procurement event. This connects back to a newstatutory requirement ~~in the law~~ that "renewable energy credits shall not be eligible to be counted toward" 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."<sup>61</sup> It appears that this could ~~easily~~ be accomplished through an adjustment in procurement volumes for subsequent procurement events, and the IPA commits through this Revised Plan to make any such adjustments ~~(not described herein, as they are as yet unknown. To date, the IPA is unaware of any instances for which this provision (which is reflected in all program and unknowable) procurement contracts) has needed to be enforced.~~

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."<sup>62</sup> A description of the Agency's ~~proposed~~ Adjustable Block Program, which has been open for project applications since January 30, 2019, and any proposed adjustments thereto, can be found in Chapter 6, ~~and it includes the Commission approved approach to the allocation of the remaining 25% of RECs to be procured through that program not statutorily allocated to specific DG or community solar project types.~~

Ninth, and last among the requirements found in Section 1-75(c), the Plan "shall include a community renewable generation program," with a requirement that the Agency "establish the terms, conditions, and program requirements for 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" and that any subscriptions to such projects "be portable and transferable."<sup>63</sup> Presumably, although

Because community solar ~~photovoltaic~~ is a subset of "community renewable generation projects"—which can include generating technologies such as wind, solar thermal, biodiesel, biomass, tree waste, and hydropower—~~this means that~~ only establishing an Adjustable Block Program featuring a community solar ~~photovoltaic~~ component would not satisfy this statutory requirement, ~~and~~<sup>64</sup> For a distinct, *non-PV* community renewable generation program must also be established.<sup>65</sup> The Agency's proposed community renewable generation program, modeled, the IPA's Initial Plan set out a competitive procurement event with bids selected on the basis of price. At the time of this draft

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<sup>61</sup> 20 ILCS 3855/1-75(c)(1)(J).

<sup>62</sup> 20 ILCS 3855/1-75(c)(1)(K).

<sup>63</sup> 20 ILCS 3855/1-75(c)(1)(N).

<sup>64</sup> More specifically, Section 1-75(c)(1)(N) provides that "[t]he Agency shall purchase renewable energy credits from subscribed shares of photovoltaic community renewable generation projects **through the Adjustable Block program** described in subparagraph (K) of this paragraph (1) or through the Illinois Solar for All Program described in Section 1-56 of this Act" (emphasis added). (As the IPA cannot be the counterparty to REC delivery contracts under Section 1-75(c), the Agency understands "purchase" effectively to mean "procure" in this context.)

<sup>65</sup> More specifically, Section 1-75(c)(1)(N) provides that "[t]he Agency shall purchase renewable energy credits from subscribed shares of photovoltaic community renewable generation projects **through the Adjustable Block program** described in subparagraph (K) of this paragraph (1) or through the Illinois Solar for All Program described in Section 1-56 of this Act" (emphasis added). (As the IPA cannot be the counterparty to REC delivery contracts under Section 1-75(c), the Agency understands "purchase" effectively to mean "procure" in this context.)

Revised Plan's publishing, that procurement event has not yet been conducted, but distinct from its Adjustable Block Program, can be found is planned to be completed in Chapter 7. —late 2019, prior to the scheduled approval of this Revised Plan.<sup>66</sup>

### 2.2.5.3. Illinois Solar for All Requirements

As discussed further below, in recognition of a finding 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,” revisions to Section 1-56 of the IPA Act ~~provide for~~requires the creation of “the Illinois Solar for All Program, which shall include incentives for low-income distributed generation and community solar projects [ . . . ] to bring photovoltaics to low-income communities in this State.”<sup>67</sup> 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 Illinois Solar for All Program terms, conditions, and requirements,”<sup>68</sup> including REC prices (which may be through a formula).

The ~~description of the Agency's proposed~~ Illinois Solar for All Program began accepting project applications on May 15, 2019. A more comprehensive description of the Agency's Illinois Solar for All Program, including any revisions made thereto, 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 hire a third-party program administrator (or administrators) to assist with the administration of the Illinois Solar for All Program, the Plan shall identify at what interval it must report to the Agency and the Commission (provided that interval is at least quarterly). After an RFQ/RFP process, the IPA retained Elevate Energy to administer the Illinois Solar for All Program in September 2018. The Plan shall also provide for an independent evaluation of the program, and must contain a definition of the term “environmental justice” community. After a similar RFQ/RFP process, the IPA retained APPRISE, Inc. to serve as the Illinois Solar for All Program's independent evaluator in August 2019. These issues are likewise further addressed in Chapter 8.

The Plan must also ensure that the Illinois Solar for All program is funded. Specifically, Section 1-75(c)(1)(O) of the Act provides that the Plan “shall allocate 5% of the funds available under the plan for the applicable delivery year, or \$10,000,000 per delivery year, whichever is greater, to fund the programs.” ~~This raises the question of what is meant by the phrase “funds available under the plan”—only those utility collected funds available through Section 1-75(c), or all funds inclusive of any funds available from the Renewable Energy Resources Fund balance? In the former reading, the Agency would retain discretion to allocate separately funds from the RERF, but in the latter reading, the Agency could not do so. The IPA believes this latter model could not have been the drafters' intent; for instance, in a year in which the RERF balance remained high but the utility-collected budget under Section 1-75(c)(1)(E) was largely committed (i.e., unavailable), the Agency would be constrained to using only \$10 million to support Illinois Solar for All, despite having significantly more money available and regardless of whatever success the Solar for All programs had been~~

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<sup>66</sup> More information about the upcoming community renewable generation procurement can be found here: <https://www.ipa-energyrfp.com/community-renewables>.

<sup>67</sup> 20 ILCS 3855/1-56(b)(2).

<sup>68</sup> 20 ILCS 3855/1-56(b)(4).

~~experiencing. Thus, the IPA believes~~The IPA understands that the intention of this language in Section 1-75(c)(1)(O) is that 5% of utility-collected funds, or \$10 million, whichever is greater, would be made available annually for Illinois Solar for All—in addition to whatever may be spent in a given year through the RERF.

Notwithstanding the language discussed in the paragraph above, the law also requires that for each of three particular delivery years—“the delivery years beginning June 1, 2017, June 1, 2021, and June 1, 2025”—the Plan “shall allocate 10% of the funds available under the plan for the applicable delivery year, or \$20,000,000 per delivery year, whichever is greater,” and \$10,000,000 of such funds shall be used by ComEd to implement its Commission-approved workforce development plan filed under Section 16-108.12 of the PUA.<sup>69</sup>

If additional funding for Illinois Solar for All programs is available under Section 16-108(k)<sup>70</sup> of the PUA, then the Plan “shall provide for the Agency to procure contracts in an amount that does not exceed the funding,” with the applicable utility or utilities as the counterparty to such contracts.<sup>71</sup> The IPA filed its Illinois Solar for All Supplemental Funding Plan for approval with the Illinois Commerce Commission on August 30, 2018. That Plan concluded as follows regarding whether to use any funding shortfall to provide additional funding for the Illinois Solar for All Program:

Taking into account the status of the Illinois Solar for All Program, the statutory priority attached to ILSFA’s annual RRB allocation, the legally-required availability of RERF funds previously transferred to general funds under Section 5h.5 of the State Finance Act, Section 1-56(h)’s requirement that the RERF “shall not be subject to sweeps, administrative charges, or chargebacks,” and thus the expected availability of funding sufficient to satisfy the Solar for All annual budgets included in the Long-Term Plan, the IPA does not propose supplemental funding for Illinois Solar for All using the Section 16-108(k) supplemental funding mechanism.<sup>72</sup>

The Illinois Commerce Commission affirmed this determination in Docket No. 18-1457. The Supplemental Funding Plan did note, however, that the Agency would seek to work with stakeholders and potentially reopen that proceeding should a change in circumstances (namely, permanent depletion of the RERF’s balance) necessitate funding the Illinois Solar for All Program using the 16-108(k) funding shortfall mechanism.<sup>73</sup>

### **2.2.6. 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 draft Revised Plan are not

<sup>69</sup> 20 ILCS 3855/1-75(c)(1)(O). See also Docket No. 17-0332, in which ComEd’s Workforce Development Implementation Plan was approved.

<sup>70</sup> As discussed in Sections 2.6.1 and ~~9.4.3~~8.4.3, up to one-half of excess collections by utilities for RPS purposes in each of the 2017-2018, 2018-2019, and 2019-2020 delivery years may be used for the Solar for All Program in the event of a “funding shortfall.” 220 ILCS 5/16-108(k).

<sup>71</sup> 220 ILCS 5/16-108(k).

<sup>72</sup> Final Illinois Solar for All Funding Shortfall Plan, dated November 26, 2018, at 30.

<sup>73</sup> See id. at 31.

directly addressed in this Plan, and 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 ~~of~~applicable to alternative retail electric suppliers under Section 16-115D of the PUA;
- The procurement of zero emission credits from zero emission facilities (i.e., nuclear generating facilities) under Section 1-75(d-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;
- Renewable energy provider supplier diversity goals under Section 5-117(b) of the PUA;
- Tariff filings or modifications for the collection of funds used by utilities to pay for renewable energy credit and zero emission credit delivery contracts;
- Specific renewable energy generating projects, proposals, or sites; including any municipal, county, or non-IPA state permitting 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.

These issues may indeed be of significant interest to the Agency, and in some cases, their presence or resolution informed decisions made in this draft Revised 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 Revised Plan, specific proposals related to the above-listed topics are not made within this document.

### **2.2.7. Revised Plan Development and Approval**

~~The Plan development and approval largely mirrors the processes applicable to the Agency’s annual procurement plan and zero-emission standard procurement plan, only with longer timelines.~~

~~The process began with the Agency developing an initial draft of this Plan, while Section 1-75(c)(1)(A) of the IPA Act provides that the “initial,” or draft, Plan “be released for comment no later than 160 days after” the effective date of P.A. 99-0906 (i.e., June 1, 2017). Section 16-111.5(b)(5)(ii)(B) of the PUA provides that the Agency “shall publish for comment the initial long-term renewable resources procurement plan no later than 120 days after the effective date.” The Agency chose to comply with the tighter of the two requirements, ensuring compliance under either approach, and thus released its draft Plan on September 29, 2017. As with the IPA’s annual procurement plan prepared pursuant to Section 16-111.5(d)(2) of the PUA, copies of the draft Plan “and all subsequent revisions” were posted to the IPA and ICC websites and provided to each affected electric utility.~~

~~The law then provided parties with 45 days to provide comment on the draft plan. Comments were made publicly available through being posted on the IPA’s and ICC’s websites, and such comments~~

~~were 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.”~~

~~During the comment period, the Agency held~~The Initial Plan was released by the Agency as a draft on September 29, 2017, filed with the Commission for approval after public comments and revisions on December 4, 2017, and approved by the Commission on April 3, 2018 via Docket No. 17-0838.

~~Section 16-111.5(b)(5) of the PUA provides that the Agency “shall review, and may revise, the plan at least every 2 years” after the initial Plan. Further, “[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”<sup>74</sup> conducted under Section 16-111.5 of the PUA. The Agency understands this to refer to the annual procurement plan development and approval process referenced in Section 16-111.5(d).<sup>75</sup>~~

~~The Agency develops its annual plan in July and August of each year, publishes that plan for comment by August 15, receives comments on that plan over 30 days, and then files that plan with the Commission 14 days later. The IPA is planning a similar approach for this revised Long-Term Plan, but with certain modifications. This draft Revised Plan was indeed published by August 15 of this year, and the Agency expects to receive comments over 30 days, resulting in a comment deadline of September 16, 2019.<sup>76</sup>~~

~~During the 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. The Agency’s Agency is tentatively planning public hearings occurred on October 26th of 2017September 3, 2019 in Chicago (ComEd), and September 4, 2019 in Springfield (Ameren Illinois), October 31st in Chicago (ComEd), and November 3rd in Moline (MidAmerican).~~

~~With a draft Plan release date of September 29, 2017, comments were due on the draft Plan by November 13, 2017. 49 comments were received from: 3Degrees, Ameren Illinois, APX, Carbon Solutions Group, Center for Resource Solutions, City of Springfield, Clean Energy Design Group, Coalition for Community Solar Access, ComEd, Direct Energy, Downstate Caucus, Elevate Energy, Environmental Defense Fund/Citizens Utility Board, Environmental Law and Policy Center, Exelon Generation, ForeFront Power, GRID Alternatives, GRID Alternatives/Elevate Energy, IGS Solar/SGC Power, Illinois Attorney General, Illinois Commerce Commission Staff, Illinois Municipal Electric Agency, Illinois National Association for the Advancement of Colored People, Illinois People’s Action, Illinois Solar Energy Association, Illinois Solar for All Working Group, Innovative Power Systems, Interstate Renewable Energy Council, Joint Solar Parties, Kimberly Wasserman/Veronica Kyle/Keith Harley, Landlease Energy Development, Little Village Environmental Justice Organization, Marseilles Land & Water, Metropolitan Mayors Caucus, Natural Resources Defense Council, Northern Illinois Hydropower, Renewables Suppliers, Sierra Club, SolAmerica Energy, Solar Energy Industries Association, SRECTrade, Sunvest Solar, Syncarpha Capital, Tick Tock Energy, Trajectory Energy Partners, Village of Oak Park, Vote Solar, Will County, and Wind on the Wires.~~

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<sup>74</sup> 220 ILCS 5/16-111.5(b)(5)(ii)(B).

<sup>75</sup> Section 1-75(c)(1)(A) of the Act contains a similar provision, stating that “[t]he Agency shall review, and may revise on an expedited basis, the long-term renewable resources procurement plan at least every 2 years, which shall be conducted in conjunction with the procurement plan under Section 16-111.5 of the Public Utilities Act to the extent practicable to minimize administrative expense.”

<sup>76</sup> 30 days from August 15, 2019 is actually September 14, 2019, which is a Saturday; under the statute on statutes (5 ILCS 70/1.11), this 30-day deadline instead falls on September 16, 2019.

~~After the conclusion of the comment period, “the Agency may revise the long-term renewable resources procurement plan based on the comments received” and, within 21 days after the conclusion of that period, “shall file the plan with the Commission for review and approval.”<sup>77</sup> This left the Agency with a filing deadline of December 4, 2017, on which date the Agency filed its Plan for approval reflecting revisions made by the Agency in response to, and in consideration of, the comments received.<sup>78</sup> September 16, 2019 comment deadline, the IPA will then take 14 days to revise its draft Revised Plan and file the Revised Plan with the Commission for approval. At present, the Agency plans to file its Revised Plan for approval 14 days later on September 30, 2019, but depending on the nature of comments received, it is conceivable that more than 14 days could be required for the Agency to finalize its Revised Plan for filing with the Commission (for the Initial Plan, 21 days were allowed prior to the Initial Plan being filed with the Commission).~~

~~The Illinois Commerce Commission’s Plan approval proceeding took the form of a contested, docketed proceeding governed by the Commission’s Rules of Practice (Title 83, Part 200 of the Illinois Administrative Code). Similar to the requirements applicable to the IPA’s annual procurement plans, within 14 days Section 16-111.5(d)(3) of the PUA provides that “[w]ithin 5 days after the filing of the Plan, “procurement plan, any person objecting to the procurement plan” was required to “shall file an objection with the Commission.”<sup>79</sup> With a December 4, 2017 filing date, “objections” were due by December 18, 2017. Objections were filed by the Joint Solar Parties, Environmental Defense Fund, ICC Staff, Renewables Suppliers, Wind on the Wires, Bosch Building Grid Technologies, Coalition for Community Solar Access, Carbon Solutions Group, Natural Resources Defense Council, Ameren Illinois Company, Commonwealth Edison Company, Elevate Energy” and GRID Alternatives, Inc. (jointly), Environmental Law and Policy Center, and Little Village Environmental Justice Organization.~~

~~Per the schedule set by the Administrative Law Judge, Responses to Objections were due by January 11, 2018, while Replies to Responses were due by January 25, 2018. The Administrative Law Judge issued a Proposed Order on February 26, 2018. Briefs on Exception were due by March 7, 2018, and Briefs in Reply to Exceptions were due by March 14, 2018.~~

~~The law requires that the Commission “shall enter its order confirming or modifying the initial Long-Term Renewable Resources Procurement Plan or any subsequent revisions procurement plan within 120<sup>90</sup> days after the filing of the plan by the Illinois Power Agency.<sup>80</sup> Again, with a December 4, 2017 filing date, procurement plan.”<sup>81</sup> Given the length of this left the Commission with an April 3, 2018 deadline for issuing an Order confirming or modifying the plan. draft Revised Plan and the number and nature of potentially contested issues, the IPA believes this timeline is not practicable for the consideration of its Revised Plan. For its Initial Plan, under Section 16-111.5(b)(5)(ii)(C), parties were provided with 14 days for objections and the Commission was provided with 120 days for the Plan’s consideration. The IPA believes these deadlines—and a corresponding extension in the~~

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<sup>77</sup> Id.

<sup>78</sup> For additional discussion of the Agency’s review of comments received, and the resulting positions modified and explanation of why certain positions were not modified, please refer to the Petition accompanying the initial filing of the Plan for Commission approval in Docket No. 17-0838. A redline copy showing changes in the filed Plan against the Draft Plan published on September 29, 2017 can also be found on the Agency’s website ([www.illinois.gov/ipa](http://www.illinois.gov/ipa)).

<sup>79</sup> 220 ILCS 5/16-111.5(b)(5)(ii)(C).

<sup>80</sup> Id.

<sup>81</sup> 220 ILCS 5/16-111.5(d)(3).

deadline by which the Commission issued its Order approving the plan with certain specified modifications on April 3, 2018.<sup>82</sup> The Commission's standard of review was to approve the Plan if it determined "that the plan will reasonably and prudently accomplish the requirements must determine whether a hearing is necessary—are much more appropriate for a hearing of Section 1-56 this type, and subsection (c) of Section 1-75 thus proposes that Objections to its Plan should be due by October 15, 2019 if the Plan is indeed filed on September 30<sup>th</sup> (or October 1<sup>st</sup>).<sup>83</sup> Likewise, especially given that unlike energy planning and procurements where decisions must be made by the conclusion of a calendar year to ensure procurement events can be conducted well in advance of the Illinois Power Agency Act,"<sup>84</sup> and in paragraph (4) beginning of the Order's Findings and Ordering Paragraphs, an energy delivery year, the Agency strongly believes that the Commission indeed determined that "the initial long-term renewable resources procurement plan, as modified herein, will reasonably and prudently accomplish the requirements of Section 1-56 and subsection (c) of Section 1-75 of the Illinois Power Agency Act."<sup>85</sup>—should be allowed 120 days for its Revised Plan approval proceeding.

In stakeholder comments received in July 2019, the Joint Solar Parties offered the following proposal:

The Joint Solar Parties appreciated the IPA acknowledging ongoing legislative discussions and the potential for those discussions to result in a bill passed not long after September 30, 2019 (the approximate date by the Joint Solar Parties' calculation that the IPA must file its energy procurement plan). The Joint Solar Parties also understand that the IPA wishes to have an updated LTRRPP filed with the Commission around the same time.

The Joint Solar Parties believe both of these interests can be simultaneously accommodated. If the IPA wishes to file the LTRRPP with the Commission for approval on or around September 30, the Joint Solar Parties recommend that the IPA immediately file a Motion to Stay (which the Joint Solar Parties intend to support) for at least 50 days with plans for a status hearing on or just before November 19. That will allow the General Assembly to complete its two scheduled weeks of Veto Session.<sup>86</sup> If the General Assembly takes no action, the parties can pick up the case schedule. If the General Assembly does take action, the stay can be extended or lifted based on the specific content of the bill.

The Joint Solar Parties believe that this approach would conserve administrative resources and allow stakeholders transparency into the IPA's recommendations in the updated LTRRPP. Also, to the extent that legislation does not pass, the stay can be lifted and litigation can continue immediately.<sup>87</sup>

The IPA is considering this proposal and is interested in stakeholder feedback on this proposal through comments on its draft Revised Plan. Additionally, the Agency hopes to have a better

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<sup>82</sup> An Amending Order was also issued by the Commission on May 2, 2018, addressing only the narrow issue of REC pricing for implementation of the Commission's community solar project co-location determination.

<sup>83</sup> As Monday, October 14, 2019 is a state holiday, 14 days for objections would then offer a deadline of Tuesday October 15, 2019 for objections in either case. Should the Agency file its Plan sometime after October 1, the Agency believes objections should be due 14 days after that date.

<sup>84</sup> 220 ILCS 5/16-111.5(b)(5)(ii)(D).

<sup>85</sup> Docket No. 17-0838, Final Order dated April 3, 2018 at 180.

<sup>86</sup> See, e.g., [http://www.ilga.gov/senate/schedules/2019\\_Veto\\_Calendar.pdf](http://www.ilga.gov/senate/schedules/2019_Veto_Calendar.pdf).

<sup>87</sup> Stakeholder comments made in response to the Agency's July 2019 Request for Comments can be found here: <https://www2.illinois.gov/sites/ipa/Pages/Draft-Long-Term-Renewable-Resources-Procurement-Plan-Comments-2019.aspx>.

understanding of the likelihood of any new renewable energy legislation being enacted by the time it files this Revised Plan with the ICC for approval.

### 2.2.8. 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—~~are simply were~~ unknowable at ~~this~~the time. ~~As a result, updates to the Plan will be crucial in ensuring that goals of the RPS are efficiently met.~~Initial Plan's publishing and are still unknowable as of the time of this first revision.

As described above, 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 planning and approval processes"<sup>88</sup> conducted under Section 16-111.5 of the PUA—specifically, the annual procurement plan development and approval process referenced in Section 16-111.5(d).<sup>89</sup> ~~The Agency develops its annual plan in July. At present, and August of each year, publishes that plan for comment by August 15, receives comments on that plan over 30 days, and then files that plan with the Commission 14 days later. absent a statutory shift through new legislation,~~ the Agency tentatively plans for its ~~first~~next revisions to its Long-Term Renewable Resources Procurement Plan to be proposed in ~~2019~~2021, as part of the development and approval process of the IPA's ~~2020~~2022 annual procurement plan, which will take effect for calendar year ~~2020~~2022.

~~Lastly, 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.<sup>90</sup> ~~In satisfying a similar requirement applicable to the annual procurement plan,~~ This has taken the form of written recommendations, technical or substantive, being submitted to the Commission and posted publicly on the Commission's website.<sup>91</sup>

### 2.3. The RPS and Percentage-Based Goals of the RPS

The Illinois RPS shares similarity with other state RPSs which require that a certain percentage of electricity sales be met with a climbing percentage of renewable energy or renewable energy credit procurement. For Illinois, this total is 25% by 2025: "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; and continuing at no less than 25% for each delivery year thereafter."<sup>92</sup>

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<sup>88</sup> 220 ILCS 5/16-111.5(b)(5)(ii)(B).

<sup>89</sup> Section 1-75(c)(1)(A) of the Act contains a similar provision, stating that "[t]he Agency shall review, and may revise on an expedited basis, the long-term renewable resources procurement plan at least every 2 years, which shall be conducted in conjunction with the procurement plan under Section 16-111.5 of the Public Utilities Act to the extent practicable to minimize administrative expense."

<sup>90</sup> 220 ILCS 5/16-111.5(b)(5)(vi). Information about the Commission's informal hearing can be found here: <https://www.icc.illinois.gov/downloads/public/procurement/Public%20Notice%20of%20Informal%20Hearing%20Issued%20July%2012%202018.pdf>.

<sup>91</sup> For example, see: <https://www.icc.illinois.gov/workshops/Electricity-Procurement-Process-for-Plan-Years-Beginning-June-2019>.

<sup>92</sup> 20 ILCS 3855/1-75(c)(1)(B).



### 2.3.1. Load Applicable to RPS Goals

At first blush, the Agency's 25% by 2025 goal appears to mirror the Section 1-75(c)(1) targets found in Illinois law prior to P.A. 99-0906. However, 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 or through hourly pricing—was subject to this requirement. In recent years, only 30-50% of potentially eligible retail customer load actually received default supply service, while competitive class customers (including all medium to large commercial and industrial customers—who represent approximately half of total load) had no default supply option. Stated differently, while the RPS featured a "25% by 2025" requirement prior to P.A. 99-0906, the vast majority of retail customer load in Illinois was not covered by Section 1-75(c)(1)'s "25% by 2025" RPS goal.

Over two delivery years (beginning with the 2017 delivery year), P.A. 99-0906 ~~transitioned~~transitioned those goals applicable only to "eligible retail customer" load to goals applicable to all "all load for retail customers." For the 2017 delivery year, those goals ~~are~~were "equal to at least 13% of each utility's load for eligible retail customers and 13% of the *applicable portion* of each utility's load for retail customers who are not eligible retail customers," with the applicable portion at 50%. For the 2018 delivery year, the percentage goal ~~increases~~increased to 14.5% while the applicable portion ~~increases~~increased to 75%. For the 2019 delivery year, the percentage goal ~~increases~~increased to 16% and now applies to all retail customer load, including load associated with ARES customers.<sup>93</sup>

One exception exists to this load calculation transition, ~~however~~: 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 by the ARES thus serves to reduce the statutory renewable energy resource obligation by the amount of RECs self-procured.<sup>94</sup>

Further discussion of how these percentage-based multipliers apply to retail customer load to create actual REC procurement targets can be found in Chapter 3. As further discussed within that Chapter, of the renewable energy credits procured under Section 1-75(c), "at least 75% shall come from wind and photovoltaic projects."<sup>95</sup>

Notably, these requirements 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, and those entities do not have renewable energy procurement obligations under Illinois law.

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<sup>93</sup> Id.

<sup>94</sup> For the ~~2018-2019-2020~~ delivery year, see the following report on the RECs supplied under this provision: <https://www2.illinois.gov/sites/ipa/Documents/2018ProcurementPlan/ARES-REC-Report-2018-2019-delivery-year-20180516.pdf> <https://www2.illinois.gov/sites/ipa/Documents/2019ProcurementPlan/ARES-REC-Report-2019-2020-delivery-year-04-01-2019.pdf>. The ~~2018-2019~~ RPS goals described in Chapter 3 account for these RECs.

<sup>95</sup> 20 ILCS 3855/1-75(c)(1)(C).

### **2.3.2. 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 ~~have~~ significantly narrowed the universe of facilities capable of generating RECs which qualify for the RPS, and specific criteria applicable to RECs or facilities producing those RECs are discussed further below.

#### **2.3.2.1. Eligible Generating Technologies**

The Illinois Power Agency Act's definition of "renewable energy resource" sets forth the generating technologies capable of producing RECs eligible for the Illinois RPS. As set forth in Section 1-10 of the IPA Act, the underlying energy must be generated "from wind, solar thermal energy, photovoltaic cells and panels, biodiesel, anaerobic digestion, crops and untreated and unadulterated organic waste biomass, tree waste, and hydropower that does not involve new construction or significant expansion of hydropower dams," as well as "landfill gas produced in the State." While this language largely mirrors the definition of "renewable energy resource" prior to P.A. 99-0906, that Act deleted the inclusion of "other alternative sources of environmentally preferable energy" from the former definition, thus clarifying that only those generating technologies delineated in the definition may qualify.

The Act also sets forth certain generating technologies categorically incapable of producing RECs eligible for the Illinois RPS, which include "the incineration or burning of tires, garbage, general household, institutional, and commercial waste, industrial lunchroom or office waste, landscape waste other than tree waste, railroad crossties, utility poles, or construction or demolition debris, other than untreated and unadulterated waste wood."<sup>96</sup>

Please note that these requirements are merely threshold requirements for the Illinois RPS; specific programs, such as the Adjustable Block Program, or procurement targets may carry additional limitations.

#### **2.3.2.2. Eligible Projects—Locational**

P.A. 99-0906 ~~also~~ introduced new locational and public interest benefit requirements for generating facilities seeking to sell RECs into the Illinois RPS. From the introduction of the Illinois RPS in 2007 to June 1, 2011, Section 1-75(c) required the Agency to first look to renewable energy resources from Illinois, then to resources from states adjoining Illinois, and then to elsewhere. After June 1, 2011, the IPA first looked to resources from Illinois and adjoining states, and next to "elsewhere."

Through ~~the new~~ Section 1-75(c)(1)(I), ~~P.A. 99-0906 shifts the focus of the Illinois RPS's approach to project location in both focus and approach.~~ 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.

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

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<sup>96</sup> 20 ILCS 3855/1-10.

federal or State law, and contributing to a cleaner and healthier environment for the citizens of this State.” While the statute presumes that a facility located in-state provides those benefits at a sufficient level, the Agency may 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 potentially qualifying facilities located in states not “adjacent to Illinois,” ~~the IPA believes~~ facilities located in those states cannot produce RECs for satisfying the Illinois RPS.

As with the Initial Plan, 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.

### **2.3.2.3. Eligible Projects—Cost Recovery**

Through Section 1-75(c)(1)(J), P.A. 99-0906 introduces an additional requirement on generating facilities seeking to generate RECs eligible for the Illinois RPS: “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” is ineligible. The statute’s rationale behind this change 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.” ~~This raises multiple questions, among which are the following: first, what criteria should be used for determining whether a facility’s costs are being recovered through regulated rates? Second, what of~~In application, the Agency has come to understand that this limitation does not apply to municipal utilities or rural cooperatives that effectively serve as vertically-integrated utilities (as even insofar as they can achieve full cost recovery for the development of renewable energy generating facilities through rates), ~~but may not be, their rates are in most cases still not~~ regulated by “this state or any other state or states”? ~~The Agency’s approach”<sup>97</sup>), but would still apply to these issues is discussed in Chapter 4.~~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”<sup>98</sup> (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). Since the passage of P.A. 99-0906, 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.

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<sup>97</sup> The Agency is aware that in Michigan, Kentucky, and Indiana, certain rural electric cooperatives may fall under state rate regulation, and the same true of certain municipal electric utilities in Wisconsin.

<sup>98</sup> 20 ILCS 3855/1-75(c)(1)(J).

### 2.3.2.4. Installer Requirements

Certain facilities seeking to participate in the RPS are also subject to an installer qualification requirement. Specifically, after June 1, 2017, 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.”<sup>99</sup>

In Docket No. 17-0268, the Illinois Commerce Commission adopted its Title 83, Part 461 administrative rules for the installation of new utility-scale photovoltaic generating projects under Section 16-128A of the PUA. In that proceeding, the Commission adopted the following definition for the term “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.*<sup>100</sup>

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 entered 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.

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<sup>99</sup> 20 ILCS 3855/1-75(c)(7).

<sup>100</sup> 83 Ill. Adm. Code § 461.10.

Any parties seeking to develop new photovoltaic projects or DG projects in Illinois should also be aware of the Commission’s Part 461 and Part 468 rules (governing distributed generation installers) and certification process more generally as well. The definition of “Qualified person” may preclude the inclusion of self-installed new photovoltaic projects in the Adjustable Block Program (unless the self-installer meets the “qualified person” definition).

### **2.3.3. Compliance Mechanism: RECs vs. “Renewable Energy Resources”**

One other change to the Illinois RPS ~~concerns what appears to be~~through P.A. 99-0906 concerned an added focus on the ~~exclusive~~ use of 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 the vast majority of the IPA’s 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) requires that the Plan “shall include the goals for procurement of renewable energy credits”<sup>101</sup> to meet the statute’s targets. While the description of the ARES load transition later in that same subparagraph (B) uses the term “renewable energy resources,” subparagraph (C) and later subparagraphs also refer only to the procurement of “renewable energy credits” (although subparagraph (E) references “renewable energy resources”).

A shift in focus from “resources” to “RECs” makes intuitive sense; the IPA’s prior Section 1-75(c) renewable energy planning and procurement processes were conducted in conjunction with the development of its annual procurement plan for meeting the energy supply requirements of eligible retail customers, and used to meet procurement requirements specific to that customer base. While the IPA now conducts renewable energy planning and procurement processes to (eventually) meet goals and targets applicable to all retail customer load,<sup>102</sup> 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.

~~While the IPA has not developed a final position on~~Since the passage of P.A. 99-0906 and the competitive procurement events that followed, the IPA has become aware of concerns held by developers of utility-scale renewable energy projects about a shallow Illinois market for energy off-take agreements for new projects—and that concern will only grow in future years if additional utility-scale REC procurements are authorized, as buyers that may have been able to commit to purchase the off-take of the first wave of these projects may no longer have room in their energy portfolios. While the IPA continues to believe it is an open question as to whether it *could* eventually procure a bundled REC and energy product through the Plan or future revisions to it, or some combination of its concurrent planning and procurement processes, ~~the Agency proposed no such bundled product procurements as part of this Plan and believes that no changes made to the law jeopardize prior-executed bundled “renewable energy resource” contracts (such as the 2010~~

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<sup>101</sup> Emphasis added.

<sup>102</sup> 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).

LTPAs) any such proposal carries numerous statutory and policy concerns, including but not limited to the following:

- Syncing developer need for long-term revenue certainty with shorter-term focus of IPA energy procurement planning horizons;
- Inability under law to bind competitive suppliers (which serve the majority of the Illinois market), municipal electric utilities, or rural electric co-operatives to purchase energy off-take from specific projects;
- Ensuring cost parity across customer classes (as default supply is procured for residential and small commercial customers);
- Managing fluctuating “eligible retail customer” supply levels due to ongoing customer switching;
- Ensuring that energy procured meets the “lowest total cost over time, taking into account any benefits of price stability” goal reiterated throughout the IPA Act and PUA.

To date, the IPA has not received proposals for the procurement of a bundled product (or for the separate procurement of energy from projects facilitated through IPA REC procurements) that sufficiently address these statutory and policy concerns. Absent statutory changes, the Agency continues not to propose any bundled product procurements as part of this Revised Plan and has no plans to do so in the near-term, but remains open to further proposals and feedback.

#### **2.3.4. RPS Funding and Rate Impact Cap**

~~As before,~~ The procurement of renewable energy credits ~~continues to be constrained~~ is limited by an annual procurement budget established through a rate impact cap. 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 the greater of 2.015% of the amount paid per kilowatthour by those customers during the year ending May 31, 2007 or the incremental amount per kilowatthour paid for these resources in 2011.”<sup>103</sup> The greater of these amounts—the 2007 amount per kilowatt-hour (“kWh”), as both amounts are known and, for each utility, it is greater<sup>104</sup>—then “shall be applied to the actual amount of 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 produces an annual REC procurement budget for the “costs of those resources” in a given year.<sup>105</sup>

~~For a limited period, P.A. 99-0906’s changes to Section 16-108(k) of the PUA also allow for budget amounts to be rolled over to future years. Those changes provide that~~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

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<sup>103</sup> 20 ILCS 3855/1-75(c)(1)(E).

<sup>104</sup> The specific cost cap rate for each of the three utilities is shown in Table 3-1 in Chapter 3 of this draft Revised Plan.

<sup>105</sup> The exception referenced above in Section 1-75(c)(1)(H) serves to reduce available budgets as well, 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.”

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.”<sup>106</sup> 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. For a limited period, Section 16-108(k) of the PUA allows for a given delivery year’s unspent budget amounts to be “rolled over” to be available for later delivery years’ expenditures. Specifically, rather than conducting annual reconciliations of collections and costs, the Commission “shall instead conduct a single review, reconciliation, and true-up associated with renewable energy resources’ collections and costs for the 4-year period beginning June 1, 2017 and ending May 31, 2021, provided that the review, reconciliation, and true-up shall not be initiated until after August 31, 2021.”<sup>107</sup> Over that four-year period prior to the eventual reconciliation, “the utility shall be permitted to collect and retain funds under this subsection (k) and to purchase renewable energy resources under an approved long-term renewable resources procurement plan using those funds regardless of the delivery year in which the funds were collected during the 4-year period.”

~~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.”<sup>108</sup> 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 the first two years of implementation of P.A. 99-0906, the eventual sunseting of this rollover period is beginning to pose a challenge: nearly two years were required for the development and approval of the Initial Plan, the development of program requirements and project application processes for each of the ABP and Illinois Solar for All, and the selection of projects in each program’s first phase. As a consequence, two years of RPS budgets have been collected with few payments made. Many systems that successfully applied to the Adjustable Block Program (especially community solar projects) may not be energized until sometime in 2020 (or later), leaving a smaller portion of their payments eligible to be funded through collections made in the first four years. Additionally, projects facilitated through utility-scale procurements may not become energized and begin delivering RECs until sometime in 2021 or 2022.

Absent a statutory extension of this rollover period, a possible consequence is a refund back to ratepayers of collections previously made to fund renewable energy resource procurement after the rollover period sunsets on June 1, 2021 (as renewable energy resources expenditures under Initial Plan programs and other prior contractual commitments would not have been made by that date in an amount equaling the four-year sum of RPS rider collections). Following that date, beginning with the 2021-2022 delivery year, annual renewable energy resources expenditures cannot exceed annual RPS rider collections, as there will be an annual reconciliation under Section 16-108(k). Moreover, as available funds become constrained, there could also be a spike in budget impacts as projects

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<sup>106</sup> 20 ILCS 3855/1-75(c)(6).

<sup>107</sup> Changes under P.A. 99-0906 also provide that the utility shall not be required to “advance any payment or pay any amounts that exceed the actual amount of revenues collected by the utility” under its Section 16-108(k) RPS rider, and “contracts executed under this Section shall expressly incorporate this limitation.” 20 ILCS 3855/1-75(c)(1)(L)(vii); also see 220 ILCS 5/16-111.5(b)(5)(iv).

<sup>108</sup> ~~20 ILCS 3855/1-75(c)(6).~~

become energized en masse—leading to the need to draw upon additional funding sources (such as previously-collected alternative compliance payments) to ensure contract obligations can be met.

Further discussion of the rate impact cap, ~~and~~ the projected budgets produced under the rate impact cap, and the potential impacts of the above-referenced rollover period sunseting on June 1, 2021 can be found in Chapter 3.

### **2.3.5. Employment Opportunities**

The law also provides that “the renewable energy credit procurements, Adjustable Block solar program, and community renewable generation program shall provide employment opportunities for all segments of the population and workforce, including minority-owned and female-owned business enterprises, and shall not, consistent with State and federal law, discriminate based on race or socioeconomic status.”<sup>109</sup> The IPA believes strongly in the principles outlined in this statement in the law, and believes hopes that both its Initial Plan and this draft Revised Plan—including provisions to lower the barrier to entry in the Adjustable Block Program for minority-owned and female owned businesses, its Illinois Solar for All proposals, its approach to generation in adjacent states, and its approach to the geographic diversity of projects within Illinois—properly takes those considerations into account and will result in those opportunities being provided. For this draft Revised Plan, the IPA is open to any feedback for how better to meet these worthy objectives.

### **2.4. Quantitative New Build Targets of the RPS**

Section 1-75(c)(1)(B) of the IPA Act establishes percentage-based umbrella goals for RECs required to be procured based on a percentage of applicable retail customer load, but within those umbrella requirements, other, more specific requirements must also be met.—and indeed prioritized above meeting those percentage-based goals.

One such requirement is the procurement of RECs 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 fixed, statutorily-defined minimum number of RECs) while still counting toward the overall renewables percentage-based procurement requirementsgoals.

#### **2.4.1. Quantitative Procurement Requirements**

The quantitative targets found in Section 1-75(c)(1)(C) are straightforward and symmetrical, and operate 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):

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<sup>109</sup> 20 ILCS 3855/1-75(c)(7).



- 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 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.

For the “new photovoltaic project” requirement, at least 50% must ~~come~~be procured from solar photovoltaic projects using the Adjustable Block Program (used to 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.<sup>110</sup> The Agency ~~understands~~has interpreted this “at least 50%” concept to be first, in terms of RECs (as opposed to budget or installed capacity), and also, of the quantitative target amounts listed in the law (as, in each of Sections 1-75(c)(1)(C)(i), (ii), and (iii) “of that amount” references the REC amount expressly preceding it in the law), and not necessarily 50% of the overall number of RECs procured.<sup>111</sup>

Significant progress has been made since the development of the IPA’s Initial Plan on meeting these targets, with millions of RECs 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 draft Revised Plan, while the Agency’s ~~proposed~~discussion of competitive procurements for meeting these targets can be found in Chapter 5.

#### **2.4.2. “New wind project” and “new photovoltaic project” Definition**

The definitions of a “new wind project” and a “new photovoltaic project” are also addressed through the statute. What constitutes a “new photovoltaic project” is straightforward; it is a “photovoltaic

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<sup>110</sup> The IPA Act, as modified by P.A. 99-0906, defines a “brownfield site photovoltaic project” as:

*[P]hotovoltaics that are:*

*(1) interconnected to an electric utility as defined in this Section, a municipal utility as defined in this Section, 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*

*(2) located at a site that is regulated by any of the following entities under the following programs:*

*(A) the United States Environmental Protection Agency under the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended;*

*(B) the United States Environmental Protection Agency under the Corrective Action Program of the federal Resource Conservation and Recovery Act, as amended;*

*(C) the Illinois Environmental Protection Agency under the Illinois Site Remediation Program; or*

*(D) the Illinois Environmental Protection Agency under the Illinois Solid Waste Program.*

20 ILCS 3855/1-10.

<sup>111</sup> Thus, ~~were~~if the Adjustable Block Program ~~were to be extremely successful very quickly and~~ exceed the targets of 1,000,000 RECs delivered annually by the end of 2020-2021 and 1,500,000 RECs by the end of 2025-2026, the “at least 40%” requirement for utility-scale photovoltaic projects remains at 40% of the new photovoltaic targets stated in the law, or 800,000 RECs by the end of the 2020 delivery year and 1,200,000 RECs by the end of the 2025 delivery year. 20 ILCS 3855/1-75(c)(1)(C)(i), (ii). The reverse must likewise be true (supra-target outcomes for utility-scale photovoltaic procurements do not increase ABP targets), as the Commission in Docket No. 17-0838 authorized utility-scale photovoltaic procurements resulting in significantly more utility-scale PV RECs under contract than the Adjustable Block Program could possibly sustain given budget limitations.

renewable energy facilit[y] that [is] energized after June 1, 2017.”<sup>112</sup> 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.<sup>113</sup>

The definition of a “new wind project” is more awkward. The law defines “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 Commission approves contracts for subsequent delivery years.”<sup>114</sup> ~~This could be understood in one of two ways: perhaps most literally, this means that for any delivery year after June 1, 2017 (“subsequent delivery years,” beginning with the 2018 delivery year), a new wind project, once energized, is only “new” until the end of the 3 years after the date on which the Commission approves its REC delivery contract. However, many wind projects may take 3 years to develop, interconnect, and produce RECs, thus meaning that RECs produced from the facility would no longer be “new” around the time that the facility begins operation. As this interpretation would allow for wind projects to be “new” for only a brief, defined period before the facility may have begun operation, the IPA believes this could not have been the drafters’ intent.~~

~~Instead,~~ The IPA understands that “for subsequent delivery years”—projects for which contracts are entered into on or after June 1, 2018—the “3 years after the date” of contract approval is effectively a deadline by when the facility must be “energized” for it to retain its “new” status under the law going forward. Stated differently, if the facility is able to be energized within 3 years after the date on which the Commission approves its REC contract, then those RECs may be counted toward the “new wind project” procurement targets in the law over the life of the contract. However, if the wind project cannot energize within 3 years after Commission approval, its RECs may not be used to count toward quantitative “new wind project” targets, and resultant REC delivery contracts should reflect a consequence for that change in legal status (as the project’s RECs would then have less value in meeting the requirements of the RPS; they would meet the percentage goals of Section 1-75(c)(1)(B) of the Act, but not the quantitative REC targets of Section 1-75(c)(1)(C)).

~~Of course,~~ Both of these definitions raise the question of what constitutes a facility being “energized.” Unlike interconnection, where official approval 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, 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 and the Illinois Solar for All Program feature prepayment for some, or all, of the RECs from a system upon energization. Therefore, as discussed in Chapters 6 and 8, ~~some~~ consideration ~~should be made of~~is

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<sup>112</sup> 20 ILCS 3855/1-10.

<sup>113</sup> *Id.*

<sup>114</sup> 20 ILCS 3855/1-75(c)(1)(C).

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.

### 2.4.3. Initial Forward Procurements

Independent of (and potentially prior to) the development of ~~this~~the Initial Plan and this draft Revised 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.”<sup>115</sup> 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 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 June 1, 2017.<sup>116</sup>

~~The statute~~Section 1-75(c)(1)(G) of the Act provides that RECs procured through the Initial Forward Procurement “shall be included in the Agency’s Long-Term Renewable Resources Procurement Plan and shall apply to all renewable energy goals”<sup>117</sup> found in Section 1-75(c) of the IPA Act, including the quantitative “new wind” and “new photovoltaic” targets discussed above. The Agency’s Initial Forward Procurement events for new utility-scale wind and new photovoltaics, conducted in 2017 and 2018, have concluded;<sup>118</sup> the results of the Initial Forward Procurement, as well as how those results inform remaining quantitative procurement targets, are discussed further in Chapters 3 and 5.

### 2.4.4. Subsequent Forward Procurements

Section 1-75(c)(1)(G)(iii) also floats the concept of “subsequent forward procurements.” That section sets forth conditions applicable to subsequent forward procurements: they must be “for utility-scale wind projects,” they “shall solicit at least 1,000,000 renewable energy credits delivered annually per procurement event,” and they shall be “planned, scheduled, and designed such that the cumulative amount of [RECs] delivered from all new wind projects in each delivery year shall not exceed the Agency’s projection of the cumulative amount of [RECs] that will be delivered from all new photovoltaic projects,” in that same delivery year.

~~However,~~ The law does not contain statements either requiring that the Agency actually conduct a Subsequent Forward Procurement, or requiring that RECs from utility-scale wind projects may only be procured using a Subsequent Forward Procurement ~~model.~~ ~~Nevertheless, consistent with~~approach. However, in Docket No. 17-0838, the ~~spirit of the law and in recognition~~

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<sup>115</sup> 20 ILCS 3855/1-75(c)(1)(G)(i), (ii).

<sup>116</sup> Id.

<sup>117</sup> Id.

<sup>118</sup> More information about the Initial Forward Procurements can be found at on the IPA Procurement Administrator’s website at the following address: <https://www.ipa-energyrfp.com/2017-2018-initial-forward-procurements/>; ~~https://www.ipa-energyrfp.com/2017-2018-initial-forward-procurements.~~

~~that~~Commission approved two Subsequent Forward Procurements for RECs from new utility-scale wind projects as part of the Initial Plan, allowing the Agency ~~will need to procure at least 1,000,000 additional new wind project RECs beyond the Initial Forward Procurement quantities to meet its Section 1-75(c)(1)(C)(i) 2020 and 2025 Delivery Year quantitative new wind target (as no more than 1,000,000 could be procured through the initial forward procurement to meet a 2,000,000 REC target for 2020-2021), the Agency has proposed a Subsequent Forward Procurement for RECs from new utility-scale wind projects as part of the Plan.~~<sup>119</sup> ~~targets (and nearly already achieving its 2030 targets as well).~~

RECs under contract from Subsequent Forward Procurements are included in tables found in Chapter 3, while further discussion of the Agency's competitive procurement events including any proposed Subsequent Forward ~~Procurement~~Procurements can be found in Chapter 5.

#### **2.4.5. Balancing Expected Wind RECs vs. Solar RECs**

In addition to the condition placed on subsequent forward procurements mentioned above, the law also contains a more general requirement that RECs under contract from new wind projects not significantly exceed RECs under contract from new photovoltaic projects. Specifically, if the projected amount of RECs from new wind projects to be delivered in a given delivery year exceeds the projected amount of RECs from new photovoltaic projects by 200,000 or more RECs, then “the Agency shall within 60 days adjust the procurement programs in the long-term renewable resources procurement plan to ensure that the projected cumulative amount of renewable energy credits to be delivered from all new wind projects does not exceed the projected cumulative amount of renewable energy credits to be delivered from all new photovoltaic projects by 200,000 or more renewable energy credits.”<sup>120</sup>

This requirement is not intended to be applicable to results from the Initial Forward Procurements, at least initially. Given that the Initial Forward Procurement calls for 1,000,000 RECs from “new wind projects” to be procured “within 160 days after the effective date” of P.A. 99-0906, but the Initial Forward Procurement from “new photovoltaic projects” is to be procured “within one year after the effective date,” the law openly accommodates a longer time horizon for bringing solar RECs under contract from the initial forward procurements. As the law expressly establishes this matching requirement as only applicable “at any time after the time set for delivery of renewable energy credits pursuant to the initial procurements,”<sup>121</sup> ~~the IPA understands that~~ this requirement becomes applicable to its planning process after June 1, 2021, the latest date for first delivery of RECs from the initial forward procurements.<sup>122</sup><sup>123</sup> (if not June 1, 2022, given the possibility for extension offered through Public Act 101-0113, as discussed further above).

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<sup>119</sup> As discussed further in Chapter 5, the Commission's Order approving the Plan increased the procurement volume for the IPA's proposed 2018 Subsequent Forward Procurement to “at least” 2,000,000 RECs delivered annually. See Docket No. 17-0838, Final Order dated April 3, 2018 at 43.

<sup>120</sup> 20 ILCS 3855/1-75(c)(1)(G)(iv).

<sup>121</sup> Id.

<sup>122</sup> In its Order approving the Plan, the Commission confirmed that “the IPA has accurately interpreted this provision in the Plan” and clarified that this balancing requirement becomes effective as of June 1, 2021 (and not earlier). See Docket No. 17-0838, Final Order dated April 3, 2018 at 47-48.

<sup>123</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 47-48.

The law also provides that the Agency shall provide “its projection of the renewable energy credits to be delivered from all projects in each delivery year” on a “quarterly basis.”<sup>124</sup> While the IPA will continue to regularly track RECs from new wind projects versus new photovoltaic projects internally, it understands that these quarterly updates would only need to begin being formally provided upon the matching requirement becoming applicable to its planning process.

Further discussion of this requirement, including the current balance of RECs under contract from new wind projects versus new photovoltaic projects, can be found in Chapter 3.

## **2.5. Adjustable Block & Community Renewable Generation Programs**

As referenced above, at least 50% of the quantitative new photovoltaic targets 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.

### **2.5.1. Adjustable Block Program**

At its core, the Adjustable Block 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 on the basis of price. Nor is it a project selection process through which public interest criteria, such as those set forth in Section 1-75(c)(1)(I) or those employed for the selection of winning bids under the Zero Emission Standard found in Section 1-75(d-5) of the Act, determine the winning bidder.

Instead, the Adjustable Block Program provides “a transparent 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.”<sup>125</sup> 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 has should generally have visibility into when and how that price may change. The law sets forth other requirements of the Adjustable Block Program: it must include “a schedule of standard block purchase prices to be offered; a series of steps, with associated nameplate capacity and purchase prices that adjust from step to step; and automatic opening of the next step as soon as the nameplate capacity and available purchase prices for an open step are fully committed or reserved.”<sup>126</sup> Thus, each block constitutes a quantity of nameplate capacity with a REC price<sup>127</sup> attached to that block, and when a block is fully subscribed by qualifying projects, projects may then qualify for the next block (which features a different price). The Agency understands that “automatic opening” as used in the law need not be “immediate” or “instantaneous,” and instead that “automatic” refers to the ability for the block to open in a predictable manner not requiring additional administrative action.

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<sup>124</sup> Id. 20 ILCS 3855/1-75(c)(1)(G)(iv).

<sup>125</sup> 20 ILCS 3855/1-75(c)(1)(K).

<sup>126</sup> Id.

<sup>127</sup> Prices can be a set value, or established as the product of a formula.

### **2.5.1.1. Adjustable Block Program—Projects**

The Adjustable Block Program is applicable to only two project types: photovoltaic distributed renewable energy generation devices (i.e., solar DG), and photovoltaic community renewable generation projects (i.e., community solar<sup>128</sup>).

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);
- (3) located on the customer side of the customer's electric meter and is primarily used to offset that customer's electricity load; and
- (4) limited in nameplate capacity to less than or equal to 2,000 kilowatts.<sup>129</sup>

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

- (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 2,000 kilowatts.<sup>130</sup>

Only new projects—those “energized on or after June 1, 2017”—are eligible for the Adjustable Block Program.

In terms of what project types participate at what level within the Adjustable Block Program, the law provides the following delineation:

- (1) At least 25% from distributed renewable energy generation devices with a nameplate capacity of no more than 10 kilowatts;
- (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.<sup>131</sup>
- (3) At least 25% from photovoltaic community renewable generation projects.

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<sup>128</sup> 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(J)(1). These forms of community solar are not eligible for the Adjustable Block Program.

<sup>129</sup> 20 ILCS 3855/1-10.

<sup>130</sup> *Id.*

<sup>131</sup> 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.

(4) The remaining 25% shall be allocated as specified by the Agency in the long-term renewable resources procurement plan.<sup>132</sup>

~~The Agency believes that this remaining 25% allocation requirement for the first phase of the Adjustable Block Program (25% of 1,000,000 RECs delivered annually, or of 666 MW of new installed capacity after applying a standard capacity factor) be withheld to be later allocated at the Agency's discretion.<sup>133</sup> It is clear that this language does not necessarily require a strict assignment of the remaining 25% express allocation to one of the prior (or a specific combination) of these three categories through this Plan, and that the remainder can some or all of the "remaining 25%" could instead be allocated to adjust for ongoing program performance of the other categories. This issue is discussed further in Section 6.3 below Chapter 6.~~

The law also provides that the Adjustable Block Program shall ensure that RECs are procured from "projects in diverse locations and are not concentrated in a few geographic areas." ~~At present, The Agency believes has spent time reviewing the geographic distribution of projects supported thus far through the Adjustable Block Program, and has found that no special incentive or adder based only on the Program generally features very strong geographic diversity is necessary. 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 ensure that this objective is met, but which the thousands of projects supported to date through the Adjustable Block Program demonstrate geographic diversity.~~

~~Moving forward, the Agency commits to monitor the locations of proposed and completed projects, and to review and report on. Further discussion of this issue in the next revision to the Plan can be found in Chapter 6.~~

#### **2.5.1.2. Adjustable Block Program—Contracts**

Section 1-75(c)(1)(L) sets forth certain requirements applicable to REC delivery contracts entered into through the Adjustable Block Program. The first is that contracts must be "at least 15 years in length," ~~which the Agency understands to require i.e., for~~ at least 15 years of REC deliveries under the contract. Payment for RECs is made by (and RECs are delivered to) the applicable electric utility (which is then required to retire the RECs), and payment is required by law to occur according to the following schedule:

For DG systems of no more than 10 kW, "the renewable energy credit purchase price shall be paid in full 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 energized."<sup>134</sup> The Agency

<sup>132</sup> 20 ILCS 3855/1-75(c)(1)(K).

<sup>133</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 60; for the IPA's April 3, 2019 decision allocating discretionary capacity, see: <http://illinoisabp.com/wp-content/uploads/2019/04/Discretionary-Capacity-Rationale-4.3.19.pdf>.

<sup>134</sup> 20 ILCS 3855/1-75(c)(1)(L)(ii). The Agency understands this provision to mean that a system 10 kW in size would be included in this category.

understands “purchase price” to refer to the sum of payments for RECs required to be made under the contract—i.e. full prepayment.<sup>135</sup>

For larger DG systems and community solar projects, “20 percent of the renewable energy credit purchase price 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 energized” with the remaining portion “paid ratably over the subsequent 4-year period.”<sup>136</sup>

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 renewable energy credits for the full term of the contract,” ~~and the Agency’s approach to.~~

The draft Revised Plan’s proposed approach to Adjustable Block Program contracts generally (including recommended changes to the contract form published on January 30, 2019 for which the Agency would expressly seek Commission approval), as well as to the clawback provisions, collateral requirements, and other contract elements intended to ensure REC delivery, can be found in Chapter 6.

### **2.5.1.3. Adjustable Block Program—Changes**

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

The law envisions these changes occurring in two ways: first, the Agency “may periodically review its prior decisions establishing the number of blocks, 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.<sup>137</sup>

Second, “[p]rogram modifications to any price, capacity block, or other program element that do not deviate from the Commission’s approved value by more than 25% shall take effect immediately and are not subject to Commission review and approval.”<sup>138</sup> ~~This raises the question of what baseline the 25% deviation cap should be based on—would two 20% changes over the course of a year be permissible, as neither was above 25% even though both were in aggregate? If not, how long must the Agency wait until the next change is made?~~ To prevent the requirement that the Agency seek formal administrative approval for large modifications from being effectively ignored, the Agency believes this threshold should be understood as a 25% change based on the last formally approved (i.e., through establishment or revision of the Plan via Commission’s Section 16-111.5 approval process) level.

<sup>135</sup> All prepayment remains subject to the amounts actually collected by the utilities under its Section 16-108(k) tariffs, however. (See Section 1-75(c)(1)(L)(vii)).

<sup>136</sup> 20 ILCS 3855/1-75(c)(1)(L)(iii).

<sup>137</sup> 20 ILCS 3855/1-75(c)(1)(K).

<sup>138</sup> 20 ILCS 3855/1-75(c)(1)(M).



~~In its Order approving~~For the Initial Plan, the Commission determined that “the final REC prices the IPA will publish should be filed within 60 days as a compliance filing” in Docket No. 17-0838.<sup>139</sup> Accordingly, the Agency published its REC prices for the Adjustable Block Program as a compliance filing in Docket No. 17-0838 on June 4, 2018. ~~Consistent with the Commission’s Order, and~~ these prices ~~will presently~~ serve as the baseline for any subsequent modifications of up to 25%.<sup>140</sup> At present, the IPA believes a similar process, through which final prices are published as a compliance filing after the conclusion of the proceeding through which this Revised Plan is approved, may continue to be appropriate here.

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 ~~changes,” and the Agency commits to do so, as discussed further in Chapter 6.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 regularly scheduled meetings to discuss program activity and market conditions.” In implementing the program, the Agency has to date attempted to seek 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) and new requirements generally become reflected in the Adjustable Block Program Guidebook.<sup>141</sup> The program website also features a program dashboard updated daily to provide stakeholders with daily updates on block activity,<sup>142</sup> and recently added project information spreadsheets to provide increased transparency about photovoltaic projects supported through the Adjustable Block Program.<sup>143</sup> And in preparing this draft Revised Plan, the Agency held both in-person workshops and a written comment process through which comments on program activity and market conditions were offered by stakeholders.<sup>144</sup>

As described further in Chapter 6, the Agency ~~plans~~will continue to monitor program performance closely and shall seek to be proactive in communicating with stakeholders about program performance and making any necessary changes to the structure of the Adjustable Block Program.

### **2.5.2. Community Renewable Generation Program**

P.A. 99-0906 also ~~calls for~~requires the establishment of a “community renewable generation program.”<sup>145</sup> Unlike with the Adjustable Block Program, the law does not set forth procurement targets or a proposed contract structure for this program; the Agency thus ~~understands that, legally,~~ ~~it~~ has latitude to design its Community Renewable Generation Program in any manner otherwise consistent with state law and done “with a goal to expand renewable energy generating facility access to a broader group of energy consumers, to ensure robust participation opportunities for residential

<sup>139</sup> Docket No. 17-0838, Final Order dated April 3, 2018 at 73-74.

<sup>140</sup> See id.

<sup>141</sup> Both the presently effective Guidebook and prior editions of the Guidebook can be found here: <http://illinoisabp.com/program-guidebook>.

<sup>142</sup> The Adjustable Block Program dashboard can be found here: <http://illinoisabp.com/dashboard-home>.

<sup>143</sup> Project application disclosure information can be found here: <http://illinoisabp.com/project-information-disclosure-process>.

<sup>144</sup> Information about the IPA’s June 20, 2019 and June 26, 2019 workshops, as well its request for comments and comments received, can be found here: <https://www2.illinois.gov/sites/ipa/Pages/RenewableResourcesWorkshops.aspx>.

<sup>145</sup> 20 ILCS 3855/1-75(c)(1)(N).

and small commercial customers and those who cannot install renewable energy on their own properties.”<sup>146</sup>

~~From the law, the exact~~The statutorily-envisioned interaction ~~and structure~~ between the Agency’s Community Renewable Generation Program, and the portion of the Agency’s Adjustable Block Program set-aside for community solar, is ~~unclear~~ambiguous; the law simply references that “subscribed shares of photovoltaic community renewable generation projects” shall be purchased through the Adjustable Block Program.<sup>147</sup> Thus, the IPA understands the community solar portion of its Adjustable Block Program to be something of a subset of its Community Renewable Generation Program, with a standalone Community Renewable Generation Program ~~still~~ required to be established to provide support for community renewable generation projects using technology other than photovoltaics.

### **2.5.2.1. Along these lines, Portability and Transferability of Subscriptions**

Section 1-75(c)(1)(N) requires that “subscriptions” to community renewable generation projects under the Community Renewable Generation Program must be portable (i.e., retained by the subscriber even if the subscriber relocates or changes its address 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). ~~The Agency believes that~~ These requirements apply to subscriptions for community solar projects participating in the Adjustable Block Program as well.

~~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 consumption would necessitate, at minimum, downsizing of the community solar subscription. Likewise, there may be numerous reasons why a transferee may be an unworkable recipient of an existing subscriber’s community solar subscription, 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 easily defeat the spirit of the law’s requirement that subscriptions be portable and transferable.~~

~~Through this Plan revision process, the Agency hopes to provide more clarity around what restrictions on the portability and transferability of community solar subscriptions should be acceptable under the Adjustable Block Program and Community Renewable Generation Program, and it welcomes ideas from stakeholders in providing feedback on this draft Revised Plan.~~

### **2.5.2.2. 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~~

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<sup>146</sup> Id.

<sup>147</sup> Id.

aggregation, municipalities (after passing authorizing referenda) may aggregate their residential and small commercial customer load and contract with an alternative retail electric supplier to supply those customers with “energy and related services” at a negotiated supply rate unless that customer expressly chooses to “opt-out” of the transaction.

For the IPA, in its role as the entity charged with administering the Adjustable Block Program, Community Renewable Generation 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?

While 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), arguably, only the second of these questions falls within the scope of this Plan.<sup>148</sup> On that question, the Agency’s disclosure form requirements found in Chapter 6 are fundamental to subscribers receiving standardized information. It constitutes 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 through its programs. Thus, even if some colorable argument could be made that community solar subscribers could be enrolled without each individual subscriber having offered its direct consent to a given subscription, the Agency would not allow for its program-specific consumer protection requirements—including its standardized brochure and the receipt and execution of a disclosure form—to be waived.

Further discussion of the IPA’s Community Renewable Generation Program can be found in Chapter 7.

## **2.6. Illinois Solar for All Program**

Set forthAs described in Section 1-56(b) of the IPA Act, the Illinois Solar for All Program shall “include 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.”<sup>149</sup>

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<sup>148</sup> Any community renewable generation project that does not participate in an IPA-administered program or procurement may freely operate outside of this Revised Plan’s requirements. However, given the Agency’s role assisting governmental aggregation programs under Section 1-92(g) of the Act, the Agency’s perspective should at least carry valuable advisory authority.

<sup>149</sup> 20 ILCS 3855/1-56(b)(2).

An 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.

### **2.6.1. Illinois Solar for All—Overview**

At its core, the Illinois Solar for All Program is an incentive program—through more generous REC contracts, the Illinois Solar for All Program incents low-income (as well as non-profit and public facility) participation in solar photovoltaic projects, whether as a system owner, community solar project subscriber, or system host. Those RECs are retired to satisfy Section 1-75(c) compliance obligations just as with the other procurements and programs described above, while the additional premium helps produce benefits specific to growing the low-income solar marketplace and ensuring 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 above what would otherwise be available, reflecting the additional incentive necessary to ensure low-income participation, 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.

While the program features no hard targets or goals for the quantity of RECs required to be procured, ~~but~~it does feature defined funding sources. First, Illinois Solar for All is funded through using the Renewable Energy Resources Fund. At the time of ~~the filing of publishing this draft Plan for Commission approval (roughly three months after the unexpected transfer of \$150 million out of the RERF)~~, the existing balance of the RERF ~~was below the current balance of already committed contractual obligations (since that time, \$37 is presently just over \$50 million, with an additional \$112.5 million of those funds originally remaining transferred out of the RERF have been repaid back into the fund—leaving the RERF fund balance at just over \$57 million—thus covering both existing contractual obligations and some portion of future contracts), and to the state’s General Revenue Fund for liquidity purposes.~~ The IPA considers any existing 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 Program,<sup>150</sup> and approximately \$13.9 million in such prior obligations remain outstanding.<sup>151</sup> State law<sup>152</sup> requires that the ~~full \$150~~remaining \$112.5 million be transferred back into the RERF within 2448 months of its transfer in August 2017, but no additional alternative compliance payments are due to be made into the RERF.<sup>153</sup>

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<sup>150</sup> 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)

<sup>151</sup> 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)– 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.

<sup>152</sup> 30 ILCS 105/5h.5(b).

<sup>153</sup> 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).) See also 83 Ill. Adm. Code Part 455.

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), “5% of the funds available under the plan for the applicable delivery year, or \$10,000,000 per delivery year, whichever is greater” is available for Illinois Solar for All annually in most years; while “for the delivery years beginning June 1, 2017, June 1, 2021, and June 1, 2025, the long-term renewable resources procurement plan shall allocate 10% of the funds available under the plan for the applicable delivery year, or \$20,000,000 per delivery year, whichever is greater” with \$10 million in each of those three delivery years going toward funding ComEd’s workforce development plan. This mechanism ensures a base level of Illinois Solar for All funding annually, which is crucial given the uncertainty surrounding the RERF.

Third, Section 16-108(k) of the PUA contains the following provision:

*If the amount of funds collected during the delivery year commencing June 1, 2017, exceeds the costs incurred during that delivery year, then up to half of this excess amount, as calculated on June 1, 2018, may be used to fund the programs under subsection (b) of Section 1-56 of the Illinois Power Agency Act in the same proportion the programs are funded under that subsection (b). However, any amount identified under this subsection (k) to fund programs under subsection (b) of Section 1-56 of the Illinois Power Agency Act shall be reduced if it exceeds the funding shortfall. For purposes of this Section, “funding shortfall” means the difference between \$200,000,000 and the amount appropriated by the General Assembly to the Illinois Power Agency Renewable Energy Resources Fund during the period that commences on the effective date of this amendatory act of the 99th General Assembly and ends on August 1, 2018.*

Similar provisions exist in Section 16-108(k) for each of the delivery years commencing June 1, 2018 and June 1, 2019, ~~and the meaning is unclear; that~~ there is no single “amount appropriated by the General Assembly to the Illinois Power Agency Renewable Energy Resources Fund” for the 14 months referenced in the paragraph above; instead, there are three separate fiscal year appropriations<sup>154</sup> covered by this period. ~~The logic behind the provision is likewise unclear, as the Agency’s appropriation is merely its legislatively granted authority to spend and does not reflect actual expenditures made—and thus, the “amount appropriated” is a slightly awkward measuring tool for a “funding shortfall.”~~

Section 16-108(k) provides that should funding for Illinois Solar for All be available<sup>155</sup> under this mechanism ~~(while unstated in the law, presumably for overcollections in the 2017-2018 delivery year, although the Agency would reserve the right to develop a revised procurement plan should overcollections occur in 2018-2019 or 2019-2020),~~ then “the Agency shall submit a procurement plan to the Commission no later than September 1, 2018, that proposes how the Agency will procure

<sup>154</sup> These are the appropriations for Fiscal Year 2017 (July 1, 2016 through June 30, 2017), Fiscal Year 2018 (July 1, 2017 through June 30, 2017), and Fiscal Year 2019 (July 1, 2018 through June 30, 2019).

<sup>155</sup> Following each of the 2017-2018, 2018-2019, and 2019-2020 delivery years, the Agency asked or will ask each of ComEd, Ameren Illinois, and MidAmerican to provide an accounting of the utility’s RPS rider collections during the preceding delivery year and the costs it incurred for Section 1-75(c) contracts during that delivery year.

programs on behalf of the applicable utility.”<sup>156</sup> ~~The Commission would have until November 1, 2018 to approve any such plan.~~

The IPA filed its Illinois Solar for All Supplemental Funding Plan for approval with the Illinois Commerce Commission on August 30, 2018. That Plan concluded as follows regarding whether to use any unspent RPS rider collections to provide additional funding for the Illinois Solar for All Program:

Taking into account the status of the Illinois Solar for All Program, the statutory priority attached to ILSFA’s annual RRB allocation, the legally-required availability of RERF funds previously transferred to general funds under Section 5h.5 of the State Finance Act, Section 1-56(h)’s requirement that the RERF “shall not be subject to sweeps, administrative charges, or chargebacks,” and thus the expected availability of funding sufficient to satisfy the Solar for All annual budgets included in the Long-Term Plan, the IPA does not propose supplemental funding for Illinois Solar for All using the Section 16-108(k) supplemental funding mechanism.<sup>157</sup>

The Illinois Commerce Commission affirmed this determination in Docket No. 18-1457, entering its Final Order on October 25, 2018. The Supplemental Funding Plan did note, however, that the Agency would seek to work with stakeholders and potentially reopen that proceeding should a change in circumstances (namely, permanent depletion of the RERF’s balance) necessitate funding the Illinois Solar for All Program using the 16-108(k) funding shortfall mechanism.<sup>158</sup>

Under the Illinois Solar for All Program, payments “shall be in exchange for an assignment of 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.”<sup>159</sup> The contract “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 utility and is energized,” giving the Agency flexibility in proposing contract structures.<sup>160</sup>

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

While the Act does not require any particular annual budgetary allocation to ILSFA, the Agency chose in the Initial Plan, and continues to propose in this draft Revised Plan, to allocate funds and consider project applications within ILSFA 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 proposed budget allocations by program year are described in detail in Chapter 8.

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<sup>156</sup> 20 ILCS 3855/1-56(b)(7). Perhaps notably, while the requirement that the IPA submit a Plan is prescriptive, Section 16-108(k)’s funding allocation language is merely “permissive” (“up to half this excess amount . . . **may** be used to fund the programs”). The IPA thus ~~did not need not to~~ propose, ~~and nor did~~ the Commission need ~~not to~~ approve, a full (or any) statutorily authorized allocation. ~~In preparing its Section 16-108(k) procurement plan, the IPA plans to examine the availability and sufficiency of existing RERF funds and Solar for All program interest and uptake before offering its recommendation for a funding allocation.~~

<sup>157</sup> Docket No. 18-1457, Final Illinois Solar for All Funding Shortfall Plan, dated November 26, 2018, at 30.

<sup>158</sup> See *id.* at 31.

<sup>159</sup> 20 ILCS 3855/1-56(b)(3).

<sup>160</sup> *Id.*

In addition to payments for REC delivery contracts, the law provides that “[t]he Agency shall ensure collaboration with community agencies, and allocate up to 5% of the funds available under the Illinois Solar for All Program to community-based groups to assist in grassroots education efforts related to the Illinois Solar for All Program.”<sup>161</sup> Notably, for grassroots education efforts, this amount is not based only on the balance of the RERF; it is instead “up to 5% of the funds available under the Illinois Solar for All Program,” and thus also inclusive of any Section 1-75(c) or 16-108(k) funds. In implementation, the Agency 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.<sup>162</sup>

In addition to grassroots education, “costs associated with procuring experts, consultants, and the program administrator . . . and related incremental costs, and costs related to the evaluation of the Illinois Solar for All Program” may be paid out of the RERF.

### **2.6.2. Illinois Solar for All—Sub-programs**

Illinois Solar for All is designed to incent specific defined project types, and to this end, Illinois Solar for All features four sub-programs with percentage-based Fund balance allocations applicable to each. Notably, and as described further in Chapter 8, the Agency understands these percentage-based allocations to be applicable only to RERF funds, and not to funds collected by the utilities but available for Illinois Solar for All use (as the law uses the phrasing “monies available in the Illinois Power Agency Renewable Energy Resources Fund”<sup>163</sup> in making those percentage-based assignments).

For the first three sub-programs, these allocations may be changed if, after stakeholder input through a stakeholder process, the Agency or its administrator determines that incentives for any those three sub-programs “have not been adequately subscribed to fully utilize the Illinois Power Agency Renewable Energy Resources Fund.”<sup>164</sup> As explained further in Chapter 8, there have been varying levels of initial participation across the three sub-programs; however, the Agency believes that given that Illinois Solar for All opened for project applications only months ago, any such reallocation of funding would be premature.

The first three 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.”<sup>165</sup> The Agency’s definition offered to the term “environmental justice community” 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.<sup>166</sup>

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<sup>161</sup> Id.

<sup>162</sup> More information on the Illinois Solar for All grassroots education process can be found here: <https://www.illinoisfa.com/grassroots-education> and in Section 8.15.5.

<sup>163</sup> 20 ILCS 3855/1-56(b)(2).

<sup>164</sup> Id.

<sup>165</sup> 20 ILCS 3855/1-56(b)(2)(A), (B), (C).

<sup>166</sup> See: <https://www.illinoisfa.com/environmental-justice-communities>.

Discussion of the four sub-programs is below. In addition to these four sub-programs, “a party may propose an additional low-income solar or solar incentive program, or modifications to the programs proposed” and that additional program or modification will be approved “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.”<sup>167</sup>

### **2.6.2.1. Low-Income Distributed Generation Incentive**

The Low-Income Distributed Generation Incentive 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.”<sup>168</sup> Used for this sub-program and others, the term “solar provider” ~~is undefined and unclear; for purposes of allowing~~ has no definition in the statute; to allow the market to determine appropriate models, the Agency ~~believes~~ 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).

This program contains a firm, unequivocal commitment to using job trainees; the law provides that “companies participating in this program that install solar panels shall commit to hiring job trainees for a portion of their low-income installations,”<sup>169</sup> although the term “portion” is undefined in the law. Nevertheless, the IPA believes that “portion” should not be understood as too small to be de minimis, nor too large to be a “majority” (a term which likely would have been used had it been intended), and its determination for the required level of job trainee participation is discussed further in Chapter 8.

For this sub-program, 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.”<sup>170</sup> The IPA understands this to mean its third-party Program Administrator engaging in such facilitation, and commits to having its this is presently part of the ~~Program Administrator do the same~~ Administrator’s scope of work.

The law 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,”<sup>171</sup> ~~although~~ It is presently 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).

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<sup>167</sup> 20 ILCS 3855/1-56(b)(4). While an additional program (focused on multi-family properties) was proposed by Elevate Energy and GRID Alternatives in Docket No. 17-0838, that proposal was not adopted by the Commission; instead, the Commission suggested that the IPA “monitor the treatment of multi-family buildings under the Low-Income Distributed Generation Incentive sub-program” and “include the results of that monitoring for the Commission and explain its decision regarding whether to propose a program for this market segment” as part of its 2019 Plan revision filing. Docket No. 17-0838, Final Order dated April 3, 2018 at 153.

<sup>168</sup> 20 ILCS 3855/1-56(b)(2)(A).

<sup>169</sup> Id.

<sup>170</sup> Id.

<sup>171</sup> Id.



This sub-program is allocated 22.5% of available RERF funds.

### **2.6.2.2. 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 the participation of low-income subscribers of community solar projects.”<sup>172</sup> Again, the term “developer” is undefined; as community solar project subscriptions may be actively marketed by entities other than the literal definition of photovoltaic project “developers,” ~~#no guidance is unclear~~provided as to whether this phrasing is intended to include all entities marketing such subscriptions or only the project’s actual developer. The Agency ~~will interpret~~has interpreted “developer” to be an Approved Vendor or their project partner.

A requirement of this program is that each participating project’s developer “shall identify its partnership with community stakeholders regarding the location, development, and participation in the project.”<sup>173</sup> ~~Unclear from 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).

The law further provides 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.”<sup>174</sup> This phrasing leaves program eligibility unclear—must all subscribers be “low-income” for eligibility, or—as the law uses the term “also” in designating 100% low-income projects for eligibility—only a portion (and if so, what portion)? Not all subscriptions are “ownership”; does ownership matter, and should it result in a heightened incentive? These questions have no obvious answer, ~~and from the phrasing is too ambiguous to reveal any clear intent~~law, but the Agency’s approaches are discussed further in Chapter 8.

The law also provides that “[c]ontracts entered into under this paragraph may be entered into with developers,”<sup>175</sup> which the IPA ~~understands~~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 37.5% of available RERF funds.

### **2.6.2.3. Incentives for Non-profits and Public Facilities**

The third sub-program provides that funding “shall be used 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.”<sup>176</sup> Stated differently, the program operates similarly to the first sub-program—an incentive for on-site DG through a higher-priced REC contract—only with different eligibility

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<sup>172</sup> 20 ILCS 3855/1-56(b)(2)(B).

<sup>173</sup> *Id.*

<sup>174</sup> *Id.*

<sup>175</sup> *Id.*

<sup>176</sup> 20 ILCS 3855/1-56(b)(2)(C).

requirements (not-for-profit customers and public sector customers taking service at public buildings).

This 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 the law provides very specific thresholds (such as 25% from environmental justice communities) when a specific threshold is intended, the IPA believes that the law may provide for participation from all non-profit and public sector customers taking service at public buildings, but~~ 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 ~~(as discussed further in Chapter 8).~~<sup>177</sup>

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,”<sup>178</sup> which carries similar challenges ~~and open questions~~ to those referenced above.

This sub-program is allocated 15% of available RERF funds.

#### **2.6.2.4. Low-Income Community Solar Pilot Projects**

The fourth sub-program allows that “persons, including, but not limited to, electric utilities, shall propose pilot community solar projects.”<sup>179</sup> Such projects are allowed by law to be larger than 2 megawatts (“MW”), but “the amount paid per project under this program may not exceed \$20,000,000.”<sup>180</sup> Such projects “must result in economic benefits for the members of the community in which the project will be located” and “must include a partnership with at least one community-based organization” (with that term again undefined).<sup>181</sup>

Beyond the allowance that the project may be proposed by an electric utility and may be larger than the law otherwise allows, it is not clear what other requirements make such facilities sufficiently distinct so as to be considered a “pilot project.” While it may be tempting to require demonstration of innovation through this program, at present, the IPA does not believe that any additional limitations or conditions on such projects should be inferred.

While the manner through which contracts are entered into in the other sub-programs is not established in the statute, the low-income community solar pilot project sub-program must be “competitively bid by the Agency,” which the Agency understands to be consistent with the procurement requirements of Section 16-111.5 of the PUA where applicable.

The law further provides that funding under this sub-program “may not be distributed solely to a utility,” and that some funds “must include a project partnership that includes community ownership by the project subscribers.” The IPA thus understands that, for bid selection purposes, disbursement

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<sup>177</sup> 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>.

<sup>178</sup> Id.

<sup>179</sup> 20 ILCS 3855/1-56(b)(2)(D).

<sup>180</sup> Id.

<sup>181</sup> Id.

to an entity other than a utility is a prerequisite for a utility bid to win, while satisfying the referenced partnership through a winning bid is a prerequisite for any other bid to win.

As with the other sub-programs, the law again provides that contracts under the Low-Income Community Solar Pilot Project program “may be entered into with an entity that will develop and administer the program or with developers.”<sup>182</sup>

This sub-program is allocated 25% of available RERF funds.

### **2.6.3. Illinois Solar for All—Additional Requirements**

Section 1-56(b) also provides 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 energy and economic benefits, at a level determined by the Agency to be reasonable, for the participating low income customer.”<sup>183</sup> The Agency believes that this requirement is in part met through the premium attached to the REC price under Illinois Solar for All (and “energy benefits” for community solar and distributed generation projects are already handled through bill crediting and net metering provisions over which the Agency lacks jurisdiction), and provides support for consumer protections to ensure that low income customers indeed receive benefits in entering into contractual arrangements with installers, project developers, aggregators, or other intermediaries. Those specific requirements are discussed in more detail in Section 6.13 and Chapter 8.

Illinois Solar for All contracts must also “ensure the wholesale market value of the energy is credited to participating low-income customers or organizations,”<sup>184</sup> which, again, is an issue handled through net metering, but can be emphasized in resulting contracts. Contracts must also ensure 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,”<sup>185</sup> while it is unclear what constitutes a “tangible economic benefit” (or, for that matter, a “program participant,” especially if the underlying contract is with a project developer or other such entity), the Agency will continue to require, consistent with the ~~recent~~ Commission Order approving the Initial Plan,<sup>186</sup> that ongoing annualized payments by the customer (if any) must be less than 50% of the annual first year estimated production and/or utility default service net metering value to be received by the customer. Additionally, this language appears to provide further support for ensuring that marketing practices are standardized such that low-income customers receive clear, standardized information about the benefits to be expected from an Illinois Solar for All project.

The law also seeks for priority to be given to projects that “demonstrate meaningful involvement of low-income community members in designing the initial proposal.”<sup>187</sup> 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,

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<sup>182</sup> 20 ILCS 3855/1-56(b)(2)(D).

<sup>183</sup> 20 ILCS 3855/1-56(b)(2).

<sup>184</sup> *Id.*

<sup>185</sup> *Id.*

<sup>186</sup> Docket No. 17-0838, Final Order dated April 3, 2018 at 150-151.

<sup>187</sup> 20 ILCS 3855/1-56(b)(2).

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 ~~Chapter~~Chapters 6 and 8.

As growing the low-income solar market involves more than just REC delivery contracts making photovoltaics more economic, the law also requires that projects “must include job training opportunities if available,” and seeks that such job training opportunities should be effected through coordination with the job training programs proposed in ComEd’s Workforce Development Plan. 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.

#### **2.6.4. 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) provides that the Agency may retain a third-party program administrator (or administrators) through a Request For Qualifications 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.”

As both its Illinois Solar for All third-party program administrator and the “expert consulting firms” to assist with implementing and operating the Adjustable Block Program merely “may” be retained, the Agency understands that it could, in theory, use the same entity to assist it with the implementation of both programs (and is not prohibited from using either third-party administrator to assist it with the implementation of the Community Renewable Generation Program).<sup>188</sup> In September 2018, after the conclusion of its RFQ and RFP process, the Agency entered into a contract with Elevate Energy (“Elevate”) under which Elevate serves as the third-party program administrator for the Illinois Solar for All Program.

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<sup>188</sup> In its Order approving the Plan, the Commission rejected a proposal requiring that the IPA use separate administrators for the Adjustable Block Program and Illinois Solar for All Program and rejected a proposed requirement that the program administrator and its subcontractors be limited to non-profit entities. See Docket No. 17-0838, Final Order dated April 3, 2018 at 161-164. ~~On July 12, 2018, the Commission approved the selection of InClimate, Inc. as the Adjustable Block Program Administrator; at the time this Final Plan was filed and published, a program administrator for the Illinois Solar for All Program had yet to be selected.~~

## **2.7 2019 Legislative Proposals**

During the Spring 2019 session of the Illinois General Assembly, multiple bills were introduced that would impact the IPA's planning and procurement processes for not only procuring renewable energy credits, but also for supporting the development of additional renewable energy generation more generally. These bills include the following:

- HB 3624/SB 2132 (the "Clean Energy Jobs Act")
- HB 2861/SB 660 (known colloquially as the "Clean Energy Progress Act")
- HB 2966/SB 1781 (known colloquially as the "Path to 100 Act")
- HB 2713/SB 2080 (the "Coal to Solar and Energy Storage Act")
- HB 125/SB 135 (the "Competitive Clean Energy Act")

The Spring 2019 session concluded on May 31, 2019 without any of the above bills making significant advancement.<sup>189</sup> The General Assembly is presently scheduled to meet once again during its Fall 2019 veto session, scheduled for October 28-30 and November 12-14. After the conclusion of these two weeks of veto session, the General Assembly is not scheduled to assemble again until sometime in 2020, possibly after the likely approval of this Revised Plan.

If any such bill or bills listed above were to be signed into law, this Revised Plan development process could be pre-empted, as the statutory authority under which this Revised Plan is being developed could be significantly modified. The Agency understands, however, that negotiations among at least certain principal bill interests are ongoing, and that should any legislation pass prior to the approval of this Revised Plan, that legislation would a) likely reflect some combination of ideas proposed in various bills and b) hopefully expressly address how the IPA's ongoing Revised Plan development and approval process should be handled—as happened in P.A. 99-0906 in December 2016, which was finalized and passed by the General Assembly while the Commission was entertaining the IPA's 2017 Procurement Plan (at that time, the Agency's annual procurement plan contained the Agency's renewable energy resource and energy efficiency procurement proposals, each of which was comprehensively reformed through the new legislation).

The Agency is presently monitoring legislative discussions and plans to be an active participant in any hearings, negotiations, or other discussions in which its interests are implicated. As discussed further above, that level of progress could impact the Agency's recommended timeline for the consideration and approval of this Revised Plan. The Agency plans to file a modified version of this its Revised Plan with the Illinois Commerce Commission for approval on September 30, 2019; by that time, the Agency hopes to update this section with additional insights into the possibility of significant new renewable energy legislation in 2019.

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<sup>189</sup> For more background, see: <https://www.dailyherald.com/news/20190521/energy-legislation-on-the-back-burner-in-springfield>.

### 3. RPS Goals, Targets, and Budgets

The original Illinois Renewable Portfolio Standard was established in 2007 through Public Act 95-0481 and became effective on June 1, 2008. That RPS set annual percentage goals relative to eligible retail loads in the state for the procurement of renewable energy resources, starting with at least 2% by the beginning of the 2008-2009 delivery year and rising to 25% by the 2025-2026 delivery year.<sup>190</sup> These goals initially applied only to the load associated with “eligible retail customers”—the residential and small commercial customers who receive fixed-price bundled service from the utilities, rather than switching to hourly priced service or to service from an Alternative Retail Electric Supplier. In 2009, Public Act 96-0033 added Section 16-115D to the Public Utilities Act, which created separate RPS obligations for ARES. The ARES RPS goals were based on the quantity of 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.

P.A. 99-0906 revised the RPS to apply the goals to all retail customers and to phase out the ARES compliance obligations over a two-year period ~~terminating which terminated~~ on May 31, 2019 (see Section 3.2 for more information). These revisions also ~~consolidate~~consolidated the RPS into a single, centralized planning mechanism for procurements and programs as described in this Plan. ~~Significantly, the revisions to the RPS shift the focus from the procurement of renewable energy resources to the procurement of renewable energy credits or RECs.~~<sup>191</sup> draft Revised Plan.

The revisions to the RPS include a number of REC procurement goals and targets. As used in this draft Revised Plan, the Agency considers a “goal” to be 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.<sup>192</sup> A “target,” on the other hand, is the number of RECs for a specific procurement event or program based upon the specific goal or numerical mandate.

Under the changes to the RPS made via P.A. 99-0906, the annual RPS percentage goal remains the same as was previously found in ~~P.A. 95-0481—13~~Section 1-75(c)(1) of the IPA Act—17.5% in the ~~2017~~2020-2021 delivery year, rising incrementally by 1.5 percentage points annually to 25% by ~~2025-2026~~—but this goal ~~will~~is now ~~be~~ applied to all retail electricity sales rather than sales limited to eligible retail customers. Meeting the RPS goals of the Act ~~starts with the need to procure for this Revised Plan would require procuring~~ an additional ~~7.5~~16.2 million RECs for the ~~2017-2018~~2020-2021 delivery year, increasing to the forecasted procurement of ~~27.5~~an additional 19.8 million RECs for the 2030-2031 delivery year.

In addition, ~~while staying within the mandated goals~~, specific REC targets call for various quantities of RECs to be procured in increasing steps starting with the 2017-2018 delivery year through the end of the 2030-2031 delivery year, including:

- 1,000,000 RECs from new utility-scale wind projects and 1,000,000 RECs from new utility-scale and brownfield site solar projects to be delivered annually (with delivery beginning no

<sup>190</sup> 220 ILCS 5/16-111.5(a).

<sup>191</sup> ~~20 ILCS 3855/1-75(e)(1)(B).~~

<sup>192</sup> For example, the RPS “goal” for the 2020-2021 delivery year is 17.5% of the retail load.

earlier than June 1, 2019, and no later than June 1, 2021<sup>193</sup>) procured through the Initial Forward Procurement which was conducted separately from ~~this~~the Initial Plan; and

- A total of at least 2,000,000 RECs delivered annually each from new wind and new photovoltaic projects by the end of the 2020-2021 delivery year, ramping up to 3,000,000 RECs delivered annually each from new wind and new photovoltaic projects by the end of the 2025-2026 delivery year, and reaching 4,000,000 RECs delivered annually each from new wind and new photovoltaic projects by the end of 2030-2031. (RECs from the Initial Forward Procurement count toward these targets.)

This Chapter contains calculations of RPS targets, summaries of RPS portfolios, and summaries of RPS budgets for delivery years 2020-2021 through 2025-2026. Additional details are available in Appendix B.

### **3.1. 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 2,000,000 RECs from new wind and new photovoltaics by 2020-21—are statewide targets which do not specify individualized REC targets for each utility. In 2017, 2018, and 2019, the Agency ~~thus~~procured RECs through its competitive procurements based on statewide RPS targets rather than individual targets by utility. Contract quantities stemming from those procurements were then assigned to each of the three participating utilities based on an RPS Budget-weighted basis.

For this draft Revised Plan, the Agency proposes to ~~conduct~~continue conducting the procurement of RECs under this Plan(to the extent possible given budget constraints discussed elsewhere in this Chapter) based on statewide RPS goals and targets, rather than viewing those targets by utility, which, due to changes in load forecasts and the presence of new RECs under contract, have been updated from those contained in the Initial Plan. The cost of the RECs associated with RPS procurements will be allocated to each utility, through REC procurement contracts ~~that are~~ 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");]. Table 3-1 shows the proposed allocation:<sup>194</sup> across each of the three utilities based on each utilities cost cap rate and eligible load.<sup>195</sup>

<sup>193</sup> Public Act 101-0113 allows for an extension of this date if "the project has delays in the establishment of an operating interconnection with the applicable transmission or distribution system as a result of the actions or inactions of the transmission or distribution provider, or other causes for force majeure as outlined in the procurement contract." In such a case, the first REC delivery deadline may be extended to "not later than June 1, 2022."

<sup>194</sup> 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 3-1, the allocation to each utility is based on the utility's share of the 2020-2021 delivery year RPS Budget. As noted in Chapter 6, the same allocation will be used for the Adjustable Block Program procurements to each utility.

<sup>195</sup> 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 3-1, the allocation to each utility is based

**Table 3-1: Utility REC Cost Allocations**

Utility	Reference Year Forecasted Delivered Volume ([MWh]) <sup>196</sup>	Cost Cap Rate <sup>197</sup> (\$/[\$/MWh])	RPS Budget for 2020-2021 Delivery Year (\$)[\$] <sup>198</sup>	Allocation Based on RPS Budget for 2020-2021 Delivery Year (%) [%]
Ameren Illinois	<del>38,017,110</del> <u>35,079,537</u>	1.8054	<del>68,636,091</del> <u>63,332,597</u>	<del>29.33</del> <u>27.79</u> 3%
ComEd	<del>87,012,436</del> <u>86,640,000</u>	1.8917	<del>164,601,426</del> <u>163,896,888</u>	<del>70.34</del> <u>71.92</u> 5%
MidAmerican*	<del>616,844</del> <u>517,599</u>	1.2415	<del>765,812</del> <u>642,599</u>	<del>0.33</del> <u>28</u> 2%

\*Load covered by IPA procurements

~~This means that~~\*MidAmerican Applicable load, explained in Section 3.4

~~Under this allocation~~, for every \$1,000,000 of cost incurred to procure RECs, ~~\$277,930~~293,300 and associated REC contracts would be allocated to Ameren Illinois, ~~\$719,250~~703,400 and associated RECs to ComEd, and ~~\$2,820~~3,300 and associated RECs to MidAmerican. ~~The IPA plans to review and update this allocation in its next Plan in 2019.~~

### 3.2. Impact of the Phase out of Alternative Retail Electric Supplier RPS Obligations

P.A. 99-0906 resulted in changes to the requirements for ARES RPS compliance. ~~As outlined in Section 2.1.3~~, prior to ~~the RPS P.A. 99-0906's~~ revisions ~~contained into~~ Section 16-115D of the Public Utilities Act, ARES could meet their compliance requirements through Alternative Compliance Payments (~~"ACP"~~) or through a combination of ACPs, generation using eligible renewable resources, purchasing electricity generated using eligible renewable resources, and purchasing RECs. ~~A maximum of 50% of the ARES requirements could be met with self-procurement or generation, while ACPs could account for a minimum of 50% up to a maximum of 100% of the requirements. In general practice, the ARES tended toward the use of the minimum 50% ACP requirement, relying on the procurement of eligible renewable energy resources to meet the remaining compliance requirement. In order to be eligible for ARES compliance, the renewable resources producing the RECs could be located in Illinois, states that adjoin Illinois, or within the U.S. footprints of PJM or MISO.~~<sup>199</sup>

~~on the utility's share of the 2020-2021 delivery year RPS Budget. As noted in Chapter 6, the same allocation will be used for the Adjustable Block Program procurements to each utility.~~

<sup>196</sup> The 2019-2020 delivery year is the reference year for the 2020-2021 delivery year.

<sup>197</sup> The Cost Cap Rate for each utility is defined in Section 1-75(c)(1)(F) of the Act as "the greater of 2.015% of the amount paid per kilowatthour by [eligible retail] customers during the year ending May 31, 2007 or the incremental amount per kilowatthour paid for these resources in 2011." 2.015% of the bundled price paid per kWh by eligible retail customers in the 2006-2007 delivery year was 0.18054 cents for Ameren Illinois, 0.18917 cents for ComEd, and 0.12415 cents for MidAmerican. -The incremental amount per kWh paid for renewable resources in 2011 was 0.00584 cents for Ameren Illinois, and 0.0057 cents for ComEd. MidAmerican did not participate in IPA-administered renewable energy procurements in 2011; therefore, it did not have an incremental amount for that year.

<sup>198</sup> 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.").

<sup>199</sup> MISO also includes the Canadian province of Manitoba, as well as parts or all of several U.S. states.



Under the ~~new~~ RPS requirements enacted through P.A. 99-0906, after a two-year transition period that ended May 31, 2019, the IPA ~~will be~~ is now responsible for procuring RECs for virtually all retail load in Illinois, including load served by ARES. During the transition period, the REC quantity associated with ARES load ~~to be~~ covered by the Agency's programs and procurements ~~will be~~ was based on 50% of ARES load for the 2017-2018 delivery year, and 75% for the 2018-2019 delivery year, For the 2019-2020 and ~~100% for~~ each delivery year thereafter.<sup>200</sup>

~~Starting, the Agency is responsible for procuring the REC quantity associated with the 2017-2018 delivery year, 100% of ARES will have to certify that the RECs used for compliance were not produced by facilities whose costs were being recovered through rates regulated by any state or states on or after January 1, 2017.~~<sup>201</sup> ~~Starting with the 2019-2020 delivery year and continuing for subsequent delivery years load through its programs and procurements.~~<sup>202</sup> Therefore, ARES ~~do not~~ no longer have an obligation to procure RECs or make ACPs for RPS compliance.<sup>203</sup>

The impact of the ARES RPS compliance ~~obligations~~ obligation phase-out is that the volume of RECs required to be procured by the IPA to meet Section 1-75(c)(1)(B)'s percentage-based goals ~~increases~~ increased significantly over the prior volumes required to meet those same percentages.

### **3.3. 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 3.2. Under this exception, an ARES ~~could~~ may use self-supplied RECs to meet a portion (and possibly all) of ~~its~~ 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 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.

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

Section 1-75(c)(1)(H) of the Act provides that the procurement of renewable energy resources for a given year shall be reduced if the ARES uses RECs from an ARES-owned generation facility to supply its retail customers. 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*

<sup>200</sup> ~~20 ILCS 3855/1-75(c)(1)(B); 220 ILCS 5/16-115D(a)(3.5).~~

<sup>201</sup> ~~220 ILCS 5/16-115D(a)(3.5); 83 Ill. Adm. Code § 455.120(b)(4).~~

<sup>202</sup> ~~20 ILCS 3855/1-75(c)(1)(B); 220 ILCS 5/16-115D(a)(3.5).~~

<sup>203</sup> 220 ILCS 5/16-115D(i).

*electric supplier to Illinois retail customers during the delivery year ending May 31, 2016.”<sup>204</sup>*

*“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.”<sup>205</sup>*

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.”<sup>206</sup>*

In order to take into account the self-supply by the ARES, the Act requires that the charges which are applicable to the retail customers of the 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.”<sup>207</sup>*

~~The Agency will post on its website~~ 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

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<sup>204</sup> 20 ILCS 3855/1-75(c)(1)(H)(iii).

<sup>205</sup> Id.

<sup>206</sup> Id.

<sup>207</sup> Id.

year under this provision, starting June 1.<sup>208</sup> This quantity will be accounted as RECs from “other technologies” (i.e., other than wind or solar) and will reduce the overall RPS Target for that delivery year. Those targets are shown (unadjusted) in ~~Table 3-10. Technology-specific targets are shown in~~ Table 3-11 Table 3-13.

### **3.4. 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, IL), 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 ~~which 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 ~~is has traditionally been~~ only ~~that~~ load that is subject to the ~~IPA~~IPA’s annual planning and procurement process for conventional power. As mentioned above, that amount ~~is has been~~ the forecast load ~~which is~~ in excess of MidAmerican’s Illinois-allocated generation in any given delivery year, which ~~is approximately~~has generally been only 25-35% of its total jurisdictional load.<sup>209</sup>

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.

#### **3.4.1. 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.<sup>210</sup> This change caused a sudden and significant reduction of the load subject to the IPA electricity procurement process, as seen in Table 3-2 below.

<sup>208</sup> For the 2018-2019 delivery year, see: <https://www2.illinois.gov/sites/ipa/Documents/2018ProcurementPlan/ARES-REC-Report-2018-2019-delivery-year-20180516.pdf>. For the 2019-2020 delivery year, see: <https://www2.illinois.gov/sites/ipa/Documents/2019ProcurementPlan/ARES-REC-Report-2019-2020-delivery-year-04-01-2019.pdf>.

<sup>209</sup> 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.

<sup>210</sup> Docket No. 18-1564, Final Order dated November 26, 2018.

**Table 3-2: MidAmerican Applicable Load and RPS Budget before and after Change in Forecast Approach**

<u>Compliance Delivery Year</u>	<u>Reference Delivery Year</u>	<u>Applicable Load Before Change [MWh]<sup>211</sup></u>	<u>Applicable Load After Change [MWh]<sup>212</sup></u>	<u>RPS Budget Before Change [\$]</u>	<u>RPS Budget After Change [\$]</u>
<u>2020-2021</u>	<u>2019-2020</u>	<u>616,844</u>	<u>0</u>	<u>765,812</u>	<u>0</u>
<u>2021-2022</u>	<u>2020-2021</u>	<u>527,768</u>	<u>0</u>	<u>655,224</u>	<u>0</u>
<u>2022-2023</u>	<u>2021-2022</u>	<u>519,093</u>	<u>126</u>	<u>644,454</u>	<u>156</u>
<u>2023-2024</u>	<u>2022-2023</u>	<u>509,457</u>	<u>400</u>	<u>632,491</u>	<u>497</u>
<u>2024-2025</u>	<u>2023-2024</u>	<u>390,919</u>	<u>644</u>	<u>485,326</u>	<u>800</u>
<u>2025-2026</u>	<u>2024-2025</u>	<u>372,831</u>	<u>929</u>	<u>462,870</u>	<u>1,153</u>

In the 2019 Electricity Procurement Plan, 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.<sup>213</sup>

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

<sup>211</sup> Based on load volumes presented in the Initial Plan.

<sup>212</sup> Based on volumes provided by MidAmerican in its response submitted for the preparation of this Revised Plan.

<sup>213</sup> 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 3-2 above, one unintended consequence of this reduction is that it caused 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 leaves entities holding contracts with MidAmerican at risk of contract curtailment (i.e., the curtailment of delivered contract quantities in line with money available for 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. Such a curtailment could cause 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.

### **3.4.2. Proposal to Correct Unintended Consequences of MidAmerican's Changed 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 – the load forecasts received from ComEd and Ameren Illinois feature lower funding availability than the Agency perhaps expected, due to projected decline in the demand for electricity – year-over-year 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. Within the spirit of these efforts, the Agency believes steps must be taken to stabilize MidAmerican's year over year RPS budgets. By so doing, the Agency can ensure that those funds collected can be put toward their intended use (facilitating the development of new generation), while protecting existing contract holders against unforeseen curtailments.<sup>214</sup>

Perhaps notably, MidAmerican's Zero Emissions Credit ("ZEC") payment calculation uses a fixed percentage allocator based upon the ratio of the supply gap (electricity procured by the IPA on behalf of MidAmerican) to MidAmerican's retail load. In determining that percentage (13.266%), actual load data for the 2016-2017 delivery year was used.

The IPA believes a similar approach is warranted for MidAmerican's RPS budgets. Thus, the IPA proposes in this draft Revised Plan to use a proxy to calculate MidAmerican's Applicable Load. This proxy for applicable load would likewise be a percentage of MidAmerican's total Illinois retail load.

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<sup>214</sup> The risk of under collection may not be an issue through 2020-2021, as through that period, MidAmerican's balance collected in prior delivery years (which may then be "rolled over" for future years until 2020-2021) should be sufficient to cover its contracted annual RPS expenditures.

Going forward, the Agency proposes that MidAmerican’s Applicable Load for the purposes of RPS compliance (i.e., calculations of REC targets, budgets, and allocation of REC contracts in this draft Revised Plan) should be fixed at 26.025% of MidAmerican’s annual total Illinois retail load. This percentage was 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 would produce Applicable Load volumes that are equivalent to those used in the Initial Plan, as shown on Table 3-3, 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, 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 that resulted in years of advocacy to “fix” a “broken” RPS does not persist for MidAmerican.

**Table 3-3: Comparison of MidAmerican’s Applicable Load Using the Generation Forecast before Change and the Proposed Proxy for Determining Applicable Load and Budget**

<u>Compliance Delivery Year</u>	<u>Reference Delivery Year</u>	<u>Applicable Load Before Change August 1, 2017 [MWh]<sup>215</sup></u>	<u>RPS Budget Before Change August 1, 2017 [\$]<sup>216</sup></u>	<u>Applicable Load Using Proxy [MWh]<sup>217</sup></u>	<u>RPS Budget Using Proxy [\$]</u>
<u>2019-2020</u>	<u>2018-2019</u>	<u>704,364</u>	<u>874,468</u>	<u>528,791</u>	<u>656,494</u>
<u>2020-2021</u>	<u>2019-2020</u>	<u>616,844</u>	<u>765,812</u>	<u>517,599</u>	<u>642,599</u>
<u>2021-2022</u>	<u>2020-2021</u>	<u>527,768</u>	<u>655,224</u>	<u>518,437</u>	<u>643,640</u>
<u>2022-2023</u>	<u>2021-2022</u>	<u>519,093</u>	<u>644,454</u>	<u>519,350</u>	<u>644,774</u>
<u>2023-2024</u>	<u>2022-2023</u>	<u>509,457</u>	<u>632,491</u>	<u>520,308</u>	<u>645,963</u>
<u>2024-2025</u>	<u>2023-2024</u>	<u>390,919</u>	<u>485,326</u>	<u>521,252</u>	<u>647,135</u>
<u>2025-2026</u>	<u>2024-2025</u>	<u>372,831</u>	<u>462,870</u>	<u>522,222</u>	<u>648,338</u>

<sup>215</sup> Based on load volumes presented in the Initial Plan.

<sup>216</sup> Budget used in the Initial Plan.

<sup>217</sup> Applicable Load equals 26.025% of Forecast Retail Load.

<u>2026-2027</u>	<u>2025-2026</u>	<u>475,331</u>	<u>590,123</u>	<u>523,149</u>	<u>649,490</u>
<u>2027-2028</u>	<u>2026-2027</u>	<u>395,422</u>	<u>490,916</u>	<u>524,135</u>	<u>650,713</u>
<u>2028-2029</u>	<u>2027-2028</u>	<u>472,535</u>	<u>586,652</u>	<u>525,148</u>	<u>651,972</u>
<u>2029-2030</u>	<u>2028-2029</u>	<u>432,084</u>	<u>536,432</u>	<u>526,220</u>	<u>653,302</u>
<u>2030-2031</u>	<u>2029-2030</u>	<u>396,202</u>	<u>491,885</u>	<u>527,567</u>	<u>654,974</u>
<u>2031-2032</u>	<u>2030-2031</u>	<u>405,524</u>	<u>503,458</u>	<u>529,097</u>	<u>656,875</u>
<u>2032-2033</u>	<u>2031-2032</u>	<u>386,254</u>	<u>479,534</u>	<u>530,592</u>	<u>658,730</u>
<u>2033-2034</u>	<u>2032-2033</u>	<u>556,310</u>	<u>690,659</u>	<u>532,165</u>	<u>660,683</u>
<u>2034-2035</u>	<u>2033-2034</u>	<u>795,579</u>	<u>987,711</u>	<u>533,702</u>	<u>662,592</u>
<u>2035-2036</u>	<u>2034-2035</u>	<u>706,470</u>	<u>877,083</u>	<u>535,287</u>	<u>664,559</u>
<u>2036-2037</u>	<u>2035-2036</u>	<u>693,364</u>	<u>860,811</u>	<u>536,991</u>	<u>666,675</u>
<u>2037-2038</u>	<u>2036-2037</u>	<u>654,366</u>	<u>812,395</u>	<u>538,704</u>	<u>668,801</u>
	<u>Total All Years</u>	<u>10,010,717</u>	<u>12,428,305</u>	<u>10,010,717</u>	<u>12,428,305</u>

For the ~~To account for the transition from the RPS previously applicable only to eligible retail customer load to the RPS now being applicable to all retail sales (including those made by ARES), MidAmerican’s targets and budgets will be calculated also to include the share of ARES load in MidAmerican’s service area. The ARES load will be prorated by an amount equal to the share of MidAmerican’s supply load covered by the IPA energy procurement process, the same discount applied to MidAmerican’s non ARES supplied load, and further adjusted by 50% for the 2017-2018 delivery year, and 75% for the 2018-2019 delivery year, to account for the ARES load transition period.<sup>218</sup>~~

~~As a consequence, the number of RECs to be procured for MidAmerican is a very small portion of the total number of RECs to be procured statewide. Based on the data presented in Table 3-1, for the 2017-2018 through 2020-2021 period, MidAmerican’s applicable retail load is approximately 0.55% of the statewide applicable load.~~

balance of this draft Revised Plan, MidAmerican’s Applicable Load will be determined by using the proxy approach proposed in this Section. As with all its proposals, the Agency is very interested in stakeholder feedback on the propriety of this approach, and whether alternative solutions to solve this challenge may be preferable.

### **3.5. Cost Cap and Cost Recovery**

The IPA’s procurement of RECs on behalf of Illinois electric utilities is subject to monetary limitations in the form of a cost cap ~~based on limiting that limits~~ the annual average net increase to all eligible

<sup>218</sup> Tables in this Plan do not yet reflect the ARES share of MidAmerican’s retail load. The Agency will update MidAmerican REC targets and budgets based on updated load forecasts from MidAmerican which include ARES load.

retail customers to “no more than the greater of 2.015% of the amount paid per kilowatt-hour by those customers during the year ending May 31, 2007 or the incremental amount per kilowatt-hour paid for these resources in 2011.”<sup>219</sup> On a percentage basis, the cost cap determined under these criteria is unchanged from the ~~prior~~ RPS cost cap predating Public Act 99-0906; however, it is now applied to the actual quantity of electricity delivered in the prior delivery year to all applicable retail customers in the utility’s service territory.<sup>220</sup> The cost cap rate, in cents per kilowatt-hour, is provided in Table 3-4.

**Table 3-4. REC Procurement Cost Cap Rate by Utility<sup>221</sup>**

Utility	RPS Cost Cap Rate ( <del>¢</del> <u>¢</u> /kWh)
Ameren Illinois	0.18054
ComEd	0.18917
MidAmerican	0.12415

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...”<sup>222</sup>

~~Beginning with~~Since the start of the 2017-2018 delivery year, the utilities are able to recover all of their costs—whether associated with ~~the~~ RECs previously procured ~~and~~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 plans<sup>223</sup>—through tariffs applicable to all of the utilities’ customers. These tariffs took effect as of the June 2017 billing period and allow collections by utilities to recover the costs of RECs procured by the IPA. The Commission will conduct a single review, reconciliation and true-up of the utility’s collections covering REC costs for the 2017-2018, 2018-2019, 2019-2020, and 2020-2021 delivery years no earlier than August 31, 2021.<sup>224</sup> ~~Subject to limits (discussed in Chapters 2 and 8 of this Plan) based on any shortfall of funding to the IPA’s Renewable Energy Resources Fund, a portion of any over-collection, up to half, will be used to fund the Illinois Solar for All Program. This funding for the Illinois Solar for All Program will not reduce the overall RPS Budget.~~<sup>225</sup>

<sup>219</sup> 20 ILCS 3855/1-75(c)(1)(E).

<sup>220</sup> Id.

<sup>221</sup> These figures are the same rates used in the IPA’s 2017 Electricity Procurement Plan approved by the Commission. See: <https://www.illinois.gov/sites/ipa/Documents/2017ProcurementPlan/2017-IPA-Procurement-Plan.pdf>; See: [https://www2.illinois.gov/sites/ipa/pages/Prior\\_Approved\\_Plans.aspx](https://www2.illinois.gov/sites/ipa/pages/Prior_Approved_Plans.aspx) at 12.

<sup>222</sup> 220 ILCS 5/16-108(k).

<sup>223</sup> For which the utility is the counterparty; for the Illinois Solar for All Program, the State of Illinois is (or will be) the counterparty to many REC delivery contracts with those payments funded using the Renewable Energy Resources Fund.

<sup>224</sup> See id.

<sup>225</sup> Subject to limits (discussed in Chapters 2 and 8 of this draft Revised Plan) based on any shortfall of funding to the IPA’s Renewable Energy Resources Fund, a portion of any over-collection, up to half, in each of the 2017-18, 2018-2019, and 2019-2020 delivery years may be used to fund the Illinois Solar for All Program.



### 3.6. RPS Compliance Procurement Priorities

The Act provides guidelines for prioritizing the 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.<sup>226</sup> These priorities regarding the procurement of RECs take the following order, arranged based on descending priority:

- RECs procured under existing contracts;
- 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 Program);
- RECs procured to meet the remaining RPS targets (REC Gap).

Based on the list above, the procurement of RECs under existing contractual obligations will have the highest priority, with the procurement of RECs to meet remaining RPS requirements having the lowest priority. The RPS Budget for each year will therefore be allocated in the order of these priorities, until goals are met, or there are no remaining funds available for that year (as well as allocation of expected expenditures for future years).

### 3.7. Wind/Solar Matching Requirement and Solar Split

The Act defines the annual REC targets for wind and solar resources generation in terms of the timing of the annual quantities to be procured and the technology preferences for the renewable resources facilities generating the RECs.<sup>227</sup> The overall quantity of RECs procured to meet the RPS goals must include at least a combined 75% from wind and photovoltaic projects. This is a change from the prior RPS construct, under which there was a goal that 75% of the renewable energy resources come from wind, 6% from photovoltaics, and 1% from distributed generation.<sup>228</sup>

In addition to the wind and photovoltaic requirements that apply to the overall RPS goals, there are also specific numerical targets that apply to RECs from new wind and new photovoltaic projects. New projects are those projects energized after June 1, 2017.<sup>229</sup> The REC target deliveries from new projects from each technology are 2,000,000 RECs by the end of the 2020-2021 delivery year, 3,000,000 RECs by the end of the 2025-2026 delivery year, and 4,000,000 RECs by the end of the 2030-2031 delivery year. The new photovoltaic project REC procurement targets are further broken down to reflect the procurement of 50% at least 50% of these targets from distributed photovoltaic renewable generation projects or photovoltaic community renewable generation projects using the Adjustable Block Program, at least 40% from utility-scale photovoltaic projects, at least 2% from brownfield site photovoltaic projects that are not community solar projects, and the remaining 8% not specified but determined through this Plan.

Furthermore, the total amount of RECs targeted for delivery from all new wind sources is intended not to exceed the total amount of RECs to be delivered from all new photovoltaic projects. In the event

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<sup>226</sup> 20 ILCS 3855/1-75(c)(1)(F).

<sup>227</sup> 20 ILCS 3855/1-75(c)(1)(C).

<sup>228</sup> 220 ILCS 5/16-111.5(a).

<sup>229</sup> The IPA, in accounting for RECs from new projects towards the Section 1-75(c)(1)(C) REC targets, excludes RECs procured from through the DG projects procurements in 2017 because of their relative small quantity and uncertainty around their energized date. They are, however, included in compliance calculations to ensure that at least a combined 75% of RECs be from wind and photovoltaic projects.

that the projected cumulative quantity of new wind project RECs to be delivered exceeds the quantity of new solar project RECs projected to be delivered by 200,000 RECs or more, the procurement targets for the programs contained in the Initial Plan will be adjusted as needed to bring the wind and solar REC quantities back into balance.<sup>230</sup> Per the definition of “new photovoltaic projects” in the Act, RECs procured as part of the Illinois Solar for All Program (see Chapter 8) cannot be counted as new photovoltaic RECs for purpose of meeting Section 1-75(c)(1)(C)’s quantitative targets and therefore are not accounted as such in this draft Revised Plan, although these RECs would count toward the overall 75% of RECs coming from wind or photovoltaic resources.<sup>234</sup>

In its Order approving the Initial Plan, the Commission confirmed that this balancing or “matching” requirement becomes effective as of June 1, 2021 (the last point at which projects from the Initial Forward Procurements can begin delivery of RECs).<sup>232</sup> Since that time, Public Act 101-0113 was signed into law, which extends the last point at which projects from the Initial Forward Procurements can begin delivery of RECs to “not later than June 1, 2022” should the project feature “delays in the establishment of an operating interconnection with the applicable transmission or distribution system as a result of the actions or inactions of the transmission or distribution provider, or other causes for force majeure as outlined in the procurement contract.” As discussed in Chapter 2, this change in state law then arguably should extend the applicable date under which the “matching” requirement until this new date on which deliveries from Initial Forward Procurement projects could be initiated.

### **3.8. REC Portfolio**

For the planning and development of the various procurements and programs under this draft Revised Plan, it is necessary to aggregate the utility level portfolios of all existing RECs under contract, including/in addition to all expected (procured and RECs from to be procured upon the closing of all blocks authorized under the Initial Forward Procurement mandated in the Act) RECs under the Adjustable Block Program, into a single, statewide portfolio of RECs. That resulting statewide portfolio can then be examined against REC goals and targets mandated in the Act to estimate gaps that need to be closed through the future procurement of RECs.

The following sections examine existing REC portfolios and the resulting statewide REC Portfolio after accounting for expected deliveries of RECs resulting from the Initial Forward Procurement, upcoming Second Forward Procurement of utility scale wind RECs, and the procurement of RECs from the Community Renewable Generation Program Forward Procurement. These procurements are scheduled for the fall of 2019 (“Fall 2019 Procurements”).

### **3.9. Existing REC Portfolios - RECs Already Under Contract**

~~Each of the three utilities has an existing portfolio of RECs from IPA procurements approved prior to the enactment of P.A. 99-0906.~~ The tables that follow show the existing REC portfolio of each utility

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<sup>230</sup> ~~In its Order approving the Plan, the Commission confirmed that this balancing or “matching” requirement becomes effective as of June 1, 2021 (the last point at which projects from the Initial Forward Procurements can begin delivery of RECs).~~ See Docket No. 17-0838, Final Order dated April 3, 2018 at 47-48.

<sup>234</sup> ~~20 ILCS 3855/1-75(c)(1)(B), (C).~~

<sup>232</sup> 20 ILCS 3855/1-75(c)(1)(B), (C).

and the aggregated statewide portfolio.<sup>233</sup> ~~In~~ as of August 15, 2019.<sup>234</sup> The following glossary applies to these tables:

- “LTPPA” means includes RECs procured under the Long-Term Power Purchase Agreements entered into in 2010; “Rate Stability” means the Rate Stability Block Procurement conducted in 2012;<sup>235</sup> ~~and~~
- “Legacy DG” means includes RECs procured under the Distributed Generation procurements procurement events conducted by the IPA in 2015, 2016, and 2017;<sup>236</sup>
- “Forward Procurements” include RECs procured under the initial forward procurements and the procurement events conducted to date by the IPA pursuant to the Initial Plan;
- “ABP Solar” includes existing RECs procured and under contract resulting from the Adjustable Block Program as of July 15, 2019.

Additionally, summary estimates of RECs to be procured and under contract upon the closing of all blocks authorized under the Initial Plan for the Adjustable Block Program (i.e., the new installed photovoltaic capacity estimated as needed to meet 2020’s 1,000,000 REC target) are presented in Section 3.10, and additional details are presented in Chapter 6.

**Table 3-5: Ameren Illinois Existing REC Portfolio**

<u>Deliverable Year</u>	<u>LTPPA Wind RECs</u>	<u>LTPPA Solar RECs</u>	<u>Rate Stability Wind Legacy DG Solar RECs</u>	<u>Rate Stability Solar Forward Procurements Wind RECs</u>	<u>DG Wind Forward Procurements Solar RECs</u> <sup>237</sup>	<u>DG ABP Solar RECs</u>	<u>Total Wind RECs</u>	<u>Total Solar RECs</u>	<u>Total All RECs</u>
<del>2017 - 2018</del> <u>2020 - 21</u>	596,571	3,429	<del>251,767</del> <u>77,475</u>	<del>2,629,409</del> <u>153</u>	<del>293,300</del> <u>8</u>	<del>6,797,183</del> <u>733</u>	<del>848,356</del> <u>1,005,724</u>	<del>12,855,487</del> <u>7,937</u>	<del>861,211</del> <u>493,661</u>
<del>2018 - 2019</del> <u>2021 - 22</u>	596,571	3,429	<u>7,040</u>	<u>863,696</u>	<del>188,958</del> <u>35</u>	<del>8,411,243</del> <u>913</u>	<del>596,589</del> <u>1,460,267</u>	<del>11,840,117</del> <u>50,217</u>	<del>608,429</del> <u>610,484</u>
<del>2019 - 2020</del>	596,571	3,429	<u>4,529</u>	<u>863,696</u>	<del>188,958</del> <u>35</u>	<del>8,411,243</del> <u>913</u>	<del>596,589</del> <u>1,460,267</u>	<del>11,840,117</del> <u>47,706</u>	<del>608,429</del> <u>607,973</u>

<sup>233</sup> RECs from the Initial Forward Procurement events conducted in August 2017 through April 2018 are not included in these tables; instead they are shown in the Section that follows.

<sup>234</sup> ILSFA REC commitments will begin being included in the utilities’ existing REC portfolios when the program implementation is in more advanced stages.

<sup>235</sup> Procurement conducted pursuant to 220 ILCS/16-111.5(k-5) (Repealed, effective June 1, 2017).

<sup>236</sup> For procurement and budget planning purposes, the IPA assumes that RECs from the Spring 2017 DG Procurement will be delivered starting in the 2017-2018 delivery year, and RECs from the Fall 2017 DG Procurement will be delivered starting in the 2018-2019 delivery year.

<sup>237</sup> Including Brownfield Site Photovoltaics.

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<u>2022</u> <u>-23</u>									
<u>2020</u> <u>-</u> <u>2021</u> <u>2023</u> <u>-24</u>	596,571	3,429	<u>4,330</u>	<u>863,696</u>	<u>895,835</u>	<del>7,475</del> <u>243,913</u>	<u>1,460,267</u> <del>596,571</del>	<del>10,904</del> <u>11,47,507</u>	<del>2,607</del> <u>475,774</u>
<u>2024</u> <u>-25</u>	<u>596,571</u>	<u>3,429</u>	<u>:</u>	<u>863,696</u>	<u>895,835</u>	<u>243,913</u>	<u>1,460,267</u>	<u>1,143,177</u>	<u>2,603,444</u>
<u>2025</u> <u>-26</u>	<u>596,571</u>	<u>3,429</u>	<u>:</u>	<u>863,696</u>	<u>895,835</u>	<u>243,913</u>	<u>1,460,267</u>	<u>1,143,177</u>	<u>2,603,444</u>

**Table 3-6: ComEd Existing REC Portfolio**

Delivery Year	LTPPA Wind RECs	LTPPA Solar RECs	Rate Stability Other Regulatory DG Solar RECs	DG Forward Procurement Wind RECs	DG Forward Procurement Solar RECs <sup>238</sup>	ABP Solar RECs	Total Wind RECs	Total Solar RECs	Total All RECs		
2017-2020-2021	1,233,838	27,887	271,473 21,181	22 981,244	703,400 16,556	1,233,860 42,611	44,443 2,215,082	1,549,776 179,079	3,394,161		
2018-2021-22	1,233,838	27,887	20,138	22 2,071,340	23,095 2,148,417	1,233,860 56,787	50,982 3,305,178	1,284,842 276,431	6,069,497		
2019-2022-23	1,233,838	27,887	=	22 2,071,340	23,095 2,148,417	1,233,860 56,787	50,982 3,305,178	1,284,842 274,418	6,049,359		
2020-2023-24	1,233,838	27,887	=	2,071,340	2,148,417	567,877	3,305,178	212,744,181	6,049,359 <del>594,232,929</del>	49,068	1,282,906
2024-25	1,233,838	27,887	=	2,071,340	2,148,417	567,877	3,305,178	2,744,181	6,049,359		
2025-26	1,233,838	27,887	=	2,071,340	2,148,417	567,877	3,305,178	2,744,181	6,049,359		

<sup>238</sup> Including Brownfield Site Photovoltaics.

**Table 3-7: MidAmerican Existing REC Portfolio**

Delivery Year	LTPPA Wind RECs	LTPPA Solar RECs	Legacy DG Solar RECs	Forward Procurements Wind RECs	Forward Procurements Solar RECs <sup>239</sup>	ABP Solar RECs	Total All Wind RECs	Total Solar RECs	Total RECs
2017-2018		655	655						
2018-2019		655	655						
2019-2020	655	655	580	3,184	3,300	-	3,184	3,880	7,064
2020-2021	655	655	449	9,717	10,079	-	9,717	10,528	20,245
2022-23	-	-	-	9,717	10,079	-	9,717	10,079	19,796
2023-24	-	-	-	9,717	10,079	-	9,717	10,079	19,796
2024-25	-	-	-	9,717	10,079	-	9,717	10,079	19,796
2025-26	-	-	-	9,717	10,079	-	9,717	10,079	19,796

Initial

**3.10. Forward Procurement**

The Act requires Procurements Scheduled for the IPA to conduct an Initial Forward Procurement for RECs generated by new utility-scale wind projects, new utility-scale solar projects, and new brownfield site photovoltaic projects through 15-year contracts with the goal of procuring 1,000,000 new wind project RECs and 1,000,000 new solar project RECs delivered annually.<sup>240</sup> The utility-scale projects are specified as those with a generating capacity that is greater than 2,000 kW,<sup>241</sup> while there is no minimum size requirement for the capacity of the brownfield site solar projects. The Initial Forward Procurement was held as a single procurement event for wind RECs and across multiple procurement events for solar RECs.

**3.11.3.10. The first Initial Forward Procurement event was held on August 31, 2017 with procurement targets of 1 million annually-delivered wind RECs and 200,000 annually-delivered solar RECs to be generated by utility-scale and brownfield site photovoltaic projects.<sup>242</sup> Two additional procurement events**

<sup>239</sup> Including Brownfield Site Photovoltaics.

<sup>240</sup> 20 ILCS 3855/1-75(e)(1)(G)(i), (ii).

<sup>241</sup> 20 ILCS 3855/1-10.

<sup>242</sup> Results of the August 31, 2017 procurement are available at:

~~were then held on March 19 and April 26, 2018 to procure the remaining 800,000 annually-delivered solar RECs.<sup>243</sup> For procurement and budget planning purposes, the IPA assumes that RECs from the Initial Forward Procurement will be delivered starting in the 2019-2020 delivery year as shown in Table 3-6. This assumption allows the Agency to be conservative in terms of estimating future expenditures; the Agency will monitor when actual deliveries commence and will in the future update actual goals and budgets accordingly.~~  
Procured under the Adjustable Block Program

In accordance with competitive procurements approved in the Initial Plan, the Agency has two competitive procurements scheduled for the Fall of 2019: the Second Subsequent Forward Procurement (described in Section 5.8.2 of the Initial Plan), and the Community Renewable Generation Program Forward Procurement (described in Section 5.8.4 of the Initial Plan). REC volumes and delivery assumptions for these two procurements are summarized in Table 3-8 below.

Also, as described in Section 6-17 of this draft Revised Plan, the Adjustable Block Program is presently in the process of being implemented, with blocks still open and some quantities targeted in the Initial Plan yet to be procured. The balance and deliverable estimates of ABP RECs yet to be procured and under contract is shown in Table 3-9.

**Table 3-8. ~~Initial~~; Forward Procurement RECs Scheduled for the Fall of 2019<sup>244</sup>**

<b>Delivery Year</b>	<b><u>Wind</u>Utility Scale Target <u>Wind RECs</u> <u>(estimate)</u></b>	<b><u>Solar</u>Community Renewable Target RECs <u>(estimate)</u></b>	<b>Total All RECs <u>(estimate)</u></b>
<del>2017-2018</del> <u>2021-2022</u>	<u>1,000,000</u>	<u>50,000</u>	<u>1,050,000</u>
<del>2018-2019</del> <u>2022-2023</u>	<u>1,000,000</u>	<u>50,000</u>	<u>1,050,000</u>
<del>2019-2020</del> <u>2023-2024</u>	<u>965,100,000</u>	<u>1,000,50,000</u>	<u>1,965,050,000</u>

<https://www.icc.illinois.gov/downloads/public/Public%20Notice%20of%202017%20Wind%20and%20Solar%20REC%20Procurement%20Results%202017-09-07.docx>. Note that after the Commission's approval of the results, one winning wind bidder declined to accept its portion of the procurement volume (which represented a prorated amount of that bidder's bid, given the Initial Forward Procurement's statutory limitation of a 1,000,000 REC procurement volume). The quantities listed in Table 3-1 reflect that decision.

<sup>243</sup> Results of the March 19, 2018 procurement are available at: <https://www.icc.illinois.gov/downloads/public/Public%20Notice%20of%20March%202018%20Solar%20REC%20Procurement%20Results%202018-03-21.pdf>. Results of the April 26, 2018 procurement are available at: <https://www.icc.illinois.gov/downloads/public/Public%20Notice%20of%20April%202018%20Solar%20REC%20Procurement%20Results%202018-05-02.pdf>.

<sup>244</sup> Section 1-75(c)(1)(G) of the Act contemplates that deliveries from the Initial Forward Procurement will begin delivery "on June 1, 2019, if available, but not later than June 1, 2021." Therefore, no RECs are indicated for delivery years 2017-2018 and 2018-2019. The IPA plans to update these figures upon completion of the scheduled procurements in December of 2019.

<del>2020-2021</del> <del>2024-2025</del>	<del>965</del> <u>1,000,000</u> <del>0</del>	<del>1,000</del> <u>50,000</u>	<del>1,965</del> <u>1,050,000</u>
<u>2025-2026</u>	<u>1,000,000</u>	<u>50,000</u>	<u>1,050,000</u>

**Table 3-9: Balance of ABP RECs Envisioned in Initial Plan But Yet to be Procured**<sup>245</sup>

<u>Delivery Year</u>	<u>Balance of ABP Solar RECs (estimate)</u>
<u>2020-2021</u>	<u>273,123</u>
<u>2021-2022</u>	<u>324,238</u>
<u>2022-2023</u>	<u>324,238</u>
<u>2023-2024</u>	<u>324,238</u>
<u>2024-2025</u>	<u>324,238</u>
<u>2025-2026</u>	<u>324,238</u>

### **3.12.3.11.Statewide REC Portfolio**

The utilities’ existing REC portfolios ~~and, plus~~ the expected RECs resulting ~~RECs~~ from the Initial Forward Procurements shown above, scheduled procurements in the Fall of 2019, plus the estimated Adjustable Block Program balance of RECs to be procured and under contract,<sup>246</sup> in the aggregate, produce the Statewide REC Portfolio presented in ~~Table 3-7.~~ Table 3-10. This table indicates the volume of RECs expected to be available to meet the various RPS goals and targets mandated in the Act without new authorization for additional procurements or program capacity.

<sup>245</sup> Chapter 6, particularly Table 6-4, provides further details of the Adjustable Block Program procurement of RECs.

<sup>246</sup> REC deliveries for ABP are based on the “Assumed Energization” rate shown in Table 3-23.



**Table 3-10. Statewide REC Portfolio**

Del. Year	Existing Wind RECs	Existing Solar RECs	Existing Other <sup>247</sup>		Initial Fall 2019 Forward Wind RECs (estimate) <sup>248</sup>	Late 2019 Community Renewable Generation RECs (estimate) <sup>248</sup>	Initial Forward Balance of ABP Solar RECs (estimate)	Total Wind RECs <sup>249</sup>	Total Solar RECs	Total Other	Total All RECs
2017-2018	2,082,216	57,953		271,473			2,082,216	57,953	271,473	2,411,642	
2018-2021	3,223,990	1,830,449	670,896	63,477	=	273,123	3,223,990	1,830,449	4,019	63,477,516,009	1,893,926
2019-2022	1,830,449,775,162	63,477,392,5,064		965,000	1,000,000	2,795,495,000	1,063,477,324,238	5,775,162	3,858,926,424,302		10,074,464
2020-2023	1,830,409,775,162	60,627,390,1,966		965,000	1,000,000	2,795,409,500	1,060,627,324,238	5,775,162	3,856,036,426,204		10,051,366
2023-2024	4,775,162		3,901,767	1,000,000	50,000	324,238	5,775,162		4,226,005		10,051,167
2024-2025	4,775,162		3,897,437	1,000,000	50,000	324,238	5,775,162		4,221,675		10,046,837
2025-2026	4,775,162		3,897,437	1,000,000	50,000	324,238	5,775,162		4,221,675		10,046,837

**3.13.3.12. Loads, RPS Goals and Targets, and REC Gaps**

The various procurements and programs under this Plan are designed to meet RPS goals and targets mandated by the Act. To start the procurement planning process, it is first necessary first to calculate the annual REC targets and the gaps that to be filled. In the prior Section, a statewide REC portfolio

<sup>247</sup> "Other" refers to RECs from other technologies, other than wind or solar.

<sup>248</sup> Technology type not yet known. Could be from any eligible renewable energy resources other than photovoltaic.

<sup>249</sup> These totals reflect quantities from the LTPPAs, which do not count against Section 1-75(c)(1)(G)(iv)'s balancing requirement (as these are not from "new" projects, as that term is defined in the Act); as a result, these totals do not demonstrate that the 200,000 REC wind/solar balancing requirement is expected to be exceeded.

was presented. The ~~RECs~~REC quantities in that portfolio will be used in conjunction with the REC targets developed in this Section to estimate ~~the~~REC gaps.

### 3.14.3.13. Applicable Retail Customer Load

The table below shows the forecasted retail customer load subject to RPS compliance through the ~~2020-2021~~2025-2026 delivery year.<sup>250</sup> Because the Act mandates ~~the transition to a single RPS procurement mechanism in which~~that statewide RPS goals are applied to all retail customer load by the 2019-2020 delivery year and beyond, this table takes into account ~~the transition provisions as explained in Section 3.2.~~that transition.

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<sup>250</sup> As customary, in support of the IPA procurement processes, in the summer of ~~2017~~2019 the utilities developed and provided the actual and forecast loads used in this Revised Plan.

**Table 3-11: Retail Customer Load Applicable to the Compliance Year**

Compliance Delivery Year	Reference Delivery Year	Ameren Illinois [MWh]	ComEd [MWh]	MidAmerican [MWh] <sup>251</sup>	Statewide [MWh]
<u>2017-2018</u>	<u>2016-2017</u>	<u>21,152,970</u>	<u>54,420,529</u>	<u>539,165</u>	<u>76,112,664</u>
<u>2018-2019</u>	<u>2017-2018</u>	<u>29,995,820</u>	<u>71,460,380</u>	<u>503,181</u>	<u>101,959,381</u>
<u>2019-2020-2021</u>	<u>2018-2019-2020</u>	<u>37,993,441</u> <u>35,079,537</u>	<u>87,121,731</u> <u>86,640,000</u>	<u>704,364</u> <u>517,599</u>	<u>125,819,536</u> <u>122,237,136</u>
<u>2020-2021-2022</u>	<u>2019-2020-2021</u>	<u>38,017,110</u> <u>34,608,468</u>	<u>87,012,436</u> <u>85,892,000</u>	<u>616,844</u> <u>518,437</u>	<u>125,646,391</u> <u>121,018,905</u>
<u>2022-2023</u>	<u>2021-2022</u>	<u>34,330,656</u>	<u>85,314,000</u>	<u>519,350</u>	<u>120,164,007</u>
<u>2023-2024</u>	<u>2022-2023</u>	<u>34,093,802</u>	<u>84,797,000</u>	<u>520,308</u>	<u>119,411,110</u>
<u>2024-2025</u>	<u>2023-2024</u>	<u>33,873,550</u>	<u>84,578,000</u>	<u>521,252</u>	<u>118,972,802</u>
<u>2025-2026</u>	<u>2024-2025</u>	<u>33,873,550</u>	<u>84,258,000</u>	<u>522,222</u>	<u>118,653,772</u>

The Agency notes that,

for the forecast quantity used for the 2020-2021 delivery year, the Ameren Illinois load declined 7.73% from the forecast numbers included in the Initial Plan, for ComEd it declined by 0.43%, and for MidAmerican 16.09%.<sup>252</sup> This decrease in forecasted load will have a corresponding impact on estimated annual RPS goals and budget collections. The impact of variations in load forecasts is discussed further in Section 3.21.

### **3.15.3.14.RPS Goals and Targets**

RPS annual goals are derived fromexpressed 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

<sup>251</sup> As noted in Section 3.4, unlike Ameren Illinois and ComEd for which all retail load is subject to the RPS goals and targets, the MidAmerican applicable load subject to the RPS goals and targets is only the percentage of load that is subject to the IPA procurement process.

<sup>252</sup> Note that the MidAmerican load is impacted by the proposed adjustment to the calculation methodology contained in Section 3.4 and thus reflects a methodological change.

year RPS goal is applied to the reference year applicable retail customer load (“Applicable Load”) as shown in equation (1).

$$(1) \quad \text{Delivery Year Overall RPS Target} = \text{Delivery Year RPS Goal} * \text{Reference Year Applicable Load}$$

The statewide RPS Goals and Targets for ~~2017-2018 through~~ 2020-2021 through 2025-2026 are shown in the table below.

**Table 3-12: Statewide RPS Goals and Targets**

Delivery Year	RPS Goal	Reference Year	Reference Year <u>Load</u> [Applicable Load] [MWh]	Overall RPS Target [RECs]
<del>2017-2018</del>	<del>13.0%</del>	<del>2016-2017</del>	<del>76,112,664</del>	<del>9,894,646</del>
<del>2018-2019</del>	<del>14.5%</del>	<del>2017-2018</del>	<del>101,959,381</del>	<del>14,784,110</del>
<del>2019-2020</del>	<del>16.0%</del>	<del>2018-2019</del>	<del>125,819,536</del>	<del>20,131,126</del>
2020-2021	17.5%	2019-2020	<del>125,646,391</del> <u>122,237,136</u>	<del>21,988,118</del> <u>391,499</u>
<u>2021-2022</u>	<u>19.0%</u>	<u>2020-2021</u>	<u>121,018,905</u>	<u>22,993,592</u>
<u>2022-2023</u>	<u>20.5%</u>	<u>2021-2022</u>	<u>120,164,007</u>	<u>24,633,621</u>
<u>2023-2024</u>	<u>22.0%</u>	<u>2022-2023</u>	<u>119,411,110</u>	<u>26,270,444</u>
<u>2024-2025</u>	<u>23.5%</u>	<u>2023-2024</u>	<u>118,972,802</u>	<u>27,958,609</u>
<u>2025-2026</u>	<u>25.0%</u>	<u>2024-2025</u>	<u>118,653,772</u>	<u>29,663,443</u>

**3.16.3.15. Overall REC Procurement Targets (- REC Gaps) Gap**

The overall number of RECs ~~targeted for procurement~~needed to be procured for each year to meet annual goals ~~(“the “REC Gap”)~~, is simply the difference between the RPS Target RECs from Table 3-12 and the total number of RECs in the Statewide REC Portfolio from Table 3-10, as shown below.

**Table 3-13: Statewide Overall REC Gap**

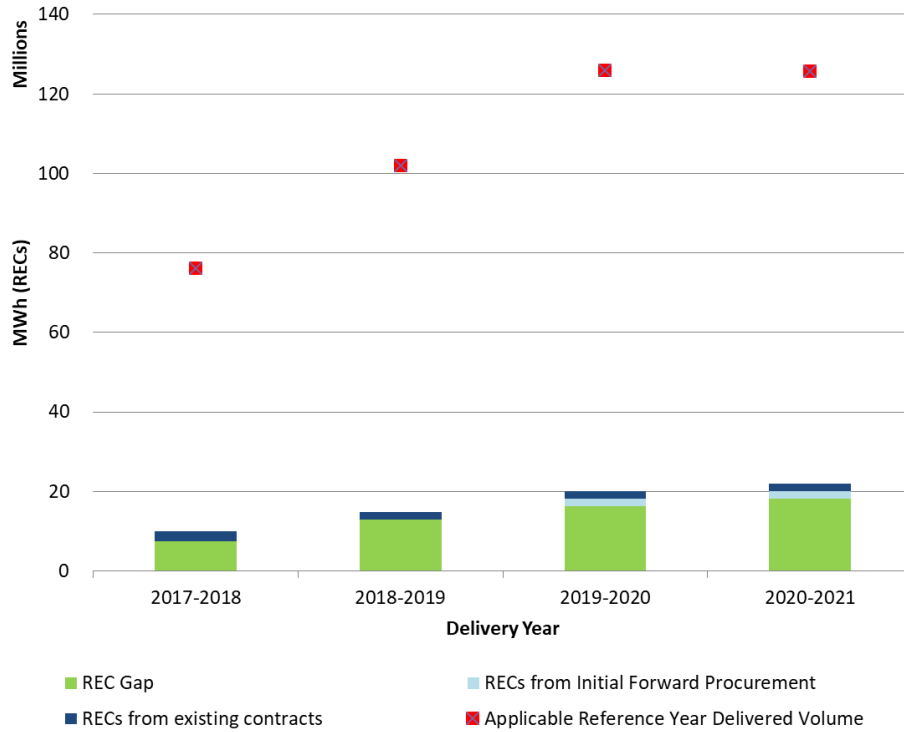
Delivery Year	Overall RPS Target RECs	Statewide Portfolio Total All RECs	Overall REC Procurement Target (-REC Gap)
<del>2017-2018</del>	<del>9,894,646</del>	<del>2,411,642</del>	<del>7,483,004</del>
<del>2018-2019</del>	<del>14,784,110</del>	<del>1,893,926</del>	<del>12,890,184</del>
<del>2019-2020</del>	<del>20,131,126</del>	<del>3,858,926</del>	<del>16,272,200</del>

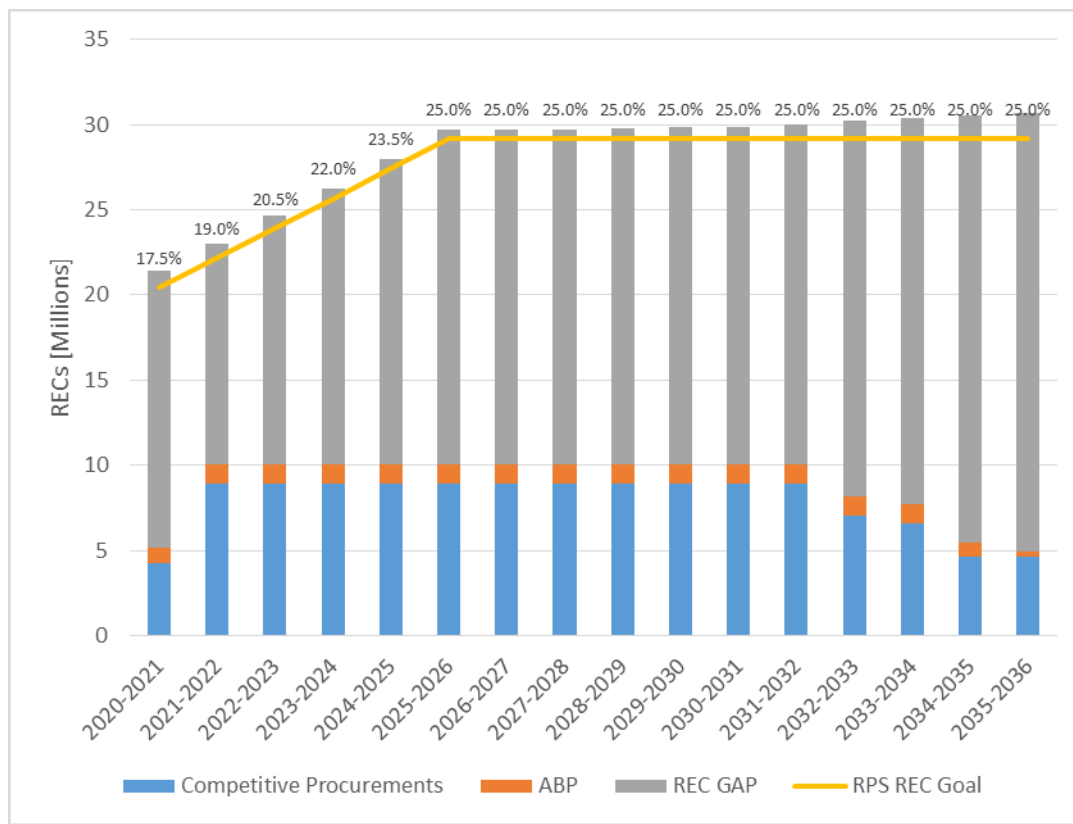
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2020-2021	<del>21,988,118,391,499</del>	<del>3,856,0365.168,009</del>	<del>18,132,08216,223,490</del>
<u>2021-2022</u>	<u>22,993,592</u>	<u>10,074,464</u>	<u>12,919,128</u>
<u>2022-2023</u>	<u>24,633,621</u>	<u>10,051,366</u>	<u>14,582,255</u>
<u>2023-2024</u>	<u>26,270,444</u>	<u>10,051,167</u>	<u>16,219,277</u>
<u>2024-2025</u>	<u>27,958,609</u>	<u>10,046,837</u>	<u>17,911,772</u>
<u>2025-2026</u>	<u>29,663,443</u>	<u>10,046,837</u>	<u>19,616,606</u>

Figure 3-1 below provides a visual representation of the ~~Applicable Loads~~ Annual Statewide RPS Goals, REC Portfolio, and ~~Overall REC Gaps~~ Gap discussed in this Section.

**Figure 3-1: Statewide ~~Applicable Retail Load~~ Annual RPS Goal, REC Portfolio and ~~Overall REC~~ Gap**





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

Section 1-75(c)(1)(C) of the Act, as explained in Section 3.1 above, requires that the overall quantity of RECs procured to meet the RPS goals must include at least a combined 75% from wind and photovoltaic projects. ~~Analysis of the Statewide REC Portfolio against the overall RPS Target produces minimum REC Procurement Targets for wind and photovoltaics.~~ Table 3-14 below shows that currently the minimum REC Procurement Targets for entire portfolio of RECs is made up of RECs from wind and solar (i.e., photovoltaic) projects and RECs of any technology to meet. While it is possible that the overall RPS Targets community renewable generation procurement scheduled for late 2019 may procure RECs that are not wind<sup>253</sup>, the quantities to be procured under that procurement are not significant.

<sup>253</sup> RECs from photovoltaic (solar) community renewable generation projects are not eligible for this procurement.



**Table 3-14: Statewide REC Wind and Solar RECs in the Portfolio and Minimum REC Procurement Targets**

RPS Target [Total RECs]				Wind RECs <sup>254</sup>	Solar RECs	Combined 75% Wind/ and Solar REC Requirement RECs	Sum Percentage of Wind and Solar RECs in REC Portfolio	Minimum REC Procurement Target for Wind and Solar
(c)				(d)	(e)	(f)		
				= (b) - (c)		= (a) - (c) - (d) - (e)		
5				2,140,169	5,280,816	271,473	2,202,189	
3				1,893,926	9,194,157	650,419	3,045,609	
15,098,344				3,858,926	11,239,418	5,032,781		16
9	3,856,036	12,635,053		5,497,030	18,132,082	10,024,464		
	10,001,366			5,775,162	4,226,204	10,001,366		
	10,001,167			5,775,162	4,226,005	10,001,167		
	9,996,837			5,775,162	4,221,675	9,996,837		
	9,996,837			5,775,162	4,221,675	9,996,837		

**3.18.3.17.RPS Budget**

As described in Section 3-5.3.5, 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 ~~all-eligible~~ retail customers. The cost cap rate, in cents per kilowatt-hour, is unique to each utility and is provided in ~~Table 3-2~~ Table 3-4. 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*

<sup>254</sup> These totals reflect quantities from the LTPPAs, which do not count against Section 1-75(c)(1)(G)(iv)’s balancing requirement (as these are not from “new” projects, as that term is defined in the Act); as a result, these totals do not demonstrate that the 200,000 REC wind/solar balancing requirement is expected to be exceeded.

*retail customers in connection with electric service to no more than the greater of 2.015% of the amount paid per kilowatthour by those customers during the year ending May 31, 2007 or the incremental amount per kilowatthour paid for these resources in 2011. 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 service territory. The calculations required by this subparagraph (E) 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.”<sup>255</sup>*

A utility’s annual RPS Budget is calculated as shown in equation (2).

$$(2) \quad \text{Annual RPS Budget (\$/Year)} = \text{Prior Year Delivered Electricity (MWh)} * \text{Cost Cap Rate (\$/MWh)}$$

A utility’s delivery year remaining available ~~grossnet~~ RPS Budget (“Available ~~GrossNet~~ RPS Budget”) is determined by subtracting from the utility’s total RPS Budget the direct financial obligations associated with existing REC contracts (“Contracted REC Spend”) ~~and~~, the estimated direct financial obligations associated with the ~~Initial Forward Procurement (“Estimated REC Spend”), as shown in equation (3).~~<sup>256</sup>

$$(3) \quad \text{Delivery Year Available RPS Budget} = \text{Annual RPS Budget (equation 2)} - \text{Contracted REC Spend} - \text{Estimated REC Spend}$$

~~For the purpose of establishing funds available Procurements scheduled for REC purchases, as explained in the following Section, the Fall of 2019 and the balance of the Available Gross Budget amount will be adjusted prior to any Adjustable Block Program REC procurement to account for authorized under the Initial Plan (“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).~~<sup>257</sup>

<sup>255</sup> 20 ILCS 3855/1-75(c)(1)(E).

<sup>256</sup> 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 the RPS goals or targets, priority for procurement shall first be given to RECs under existing contractual obligations, followed by RECs for the Illinois Solar for All Program, followed by RECs necessary to comply with the new wind and solar procurement requirements, and finally RECs necessary to meet the remaining RPS requirements. 20 ILCS 3855/1-75(c)(1)(F). In its Order approving the Plan, the Commission determined that “such a conflict is possible” if the Agency were to conduct procurements to meet the remaining RPS requirements (i.e., the annual goals found in Section 1-75(c)(1)(B) of the Act), and thus granted various parties’ requests to cancel those procurements. Docket No. 17-0838, Final Order dated April 3, 2018 at 41-42.

<sup>257</sup> 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 the RPS goals or targets, priority for procurement shall first be given to RECs under existing contractual obligations, followed by RECs for the Illinois Solar for All Program, followed by RECs necessary to comply with the new wind and solar procurement requirements, and finally RECs necessary to meet the remaining RPS requirements. 20 ILCS 3855/1-75(c)(1)(F). In its Order

(3) Delivery Year Available Net RPS Budget = Annual RPS Budget (equation 2) – Contracted REC Spend – Scheduled REC Spend – 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.

3.18.1.3.17.1. Utilities Budgets

Table 3-15 through ~~Table 3-14~~ Table 3-17 show, for each utility, the corresponding ~~Cost Cap Rate, the RPS Budget, the Prior Year Delivered Electricity,~~ Contracted REC Spend, ~~Estimated~~Scheduled REC Spend associated with the ~~Initial Forward Procurement, remaining competitive procurements scheduled for the Fall of 2019~~ and the balance of the ABP REC procurement, the allocation of administrative Set Asides including the ILSFA Program allocation, the Available GrossNet RPS Budget, and an estimate of the roll-over balance for delivery years ~~2017-2018~~2019-2020 through ~~2020-2021~~2025-2026. The Available GrossNet RPS Budget is an estimate that will be updated prior to conducting competitive REC procurements and prior to the ~~implementation~~expansion of Programs under this Revised Plan that depend on the RPS Budget.

In addition to direct expenditures on RECs, RPS budgets ~~will~~ also feature allocations for several additional purposes, collectively referred to as “Set Asides”. First, pursuant to Section 1-75(c)(1)(O) of the Act, the greater of 5% ~~or \$10,000,000~~ (of the combined RPS budgets of the utilities) or \$10,000,000 each year will be allocated to the Illinois Solar for All Program. See Section ~~8.4.8.4~~ for details on that allocation. Second, also pursuant to Section 1-75(c)(1)(O), in each of the delivery years 2017-2018, 2021-2022, and 2025-2026, \$10,000,000 of ComEd’s RPS Budget will be allocated to fund solar job training programs pursuant to Section 16-108.12 of the PUA. Third, a reasonable amount of each budget will be set aside for administrative expenses (including, but not limited to, expenses related to development of this Revised Plan and future updates, the management of procurements and programs, Adjustable Block Program Administrator expenses not covered by fees charged to participants, and fees charged by tracking systems for the retirement of RECs). The IPA, for this draft Revised Plan, proposes ~~initially~~ to set aside ~~30.65%~~ of the budget for these administrative expenses, and will refine this Set Aside as more information becomes available.<sup>258</sup> Table 3-18 shows the annual RPS funds to be allocated to each of these Set Asides.

Unspent funds for delivery years 2017-2018 through ~~2019-2020-2021~~ will roll over and be available for the subsequent delivery year, ~~provided that the roll-over funds must be applied on or before May 31, 2021~~. Up to half of any roll over funds, moreover, may be allocated to cover any “funding shortfall” for the Illinois Solar for All Program (see Sections ~~2.6.1 and 8.4.3 for more details~~).<sup>259</sup> ~~The Agency will update RPS budgets on an annual basis to reflect these various adjustments. 2.6.1, 3.20, and 8.4.3 for more details~~; however, at this time no allocation is planned or expected.<sup>260</sup> The Agency will request updated data from the utilities each spring and fall and will update RPS budgets and goals to reflect

approving the Initial Plan, the Commission determined that “such a conflict is possible” if the Agency were to conduct procurements to meet the remaining RPS requirements (i.e., the annual goals found in Section 1-75(c)(1)(B) of the Act), and thus granted various parties’ requests to cancel those procurements. Docket No. 17-0838, Final Order dated April 3, 2018 at 41-42.

<sup>258</sup> The percentage set aside for administrative expenses assumes a retirement fee of 5 cents per REC and an estimated one million dollars for program administration cost annually.

<sup>259</sup> See 220 ILCS 5/16-108(k).

<sup>260</sup> See 220 ILCS 5/16-108(k) and ICC Docket No. 18-1457.

that updated information. The update will be posted to the Agency’s website. The Agency will use those updates to make determinations related to utilization of any available funds as described further in Section 3.22.

The estimated expenditures presented in these tables are intentionally a high-end estimate that assumes all projects contracted to produce RECs are successfully completed and deliver RECs in accordance with the schedule shown in Table 3-10. Additionally, the estimates assume that, for community solar projects in the Adjustable Block Program, such projects satisfy the high end of adders for small subscribers (e.g., all projects have over 75% small subscribers by capacity). This allows these tables to portray the most constrained view of RPS budgets, which the Agency believes is the appropriate approach to take for planning purposes. Should projects fail to become energized, or should community solar subscription mixes change, it is possible that actual expenditures will be lower. At this time, the Agency lacks sufficient information to confidently predict those occurrences.

During the 2017-2018 through the 2020-2021 delivery years, RPS funds collected by the utilities and not spent each year are effectively “rolled over” to be available for the next delivery year. Because the first two years of collections primarily saw the development of the Initial Plan and building out programs for implementation, and because projects from competitive procurements have generally not yet began making deliveries, significant balances have accrued for the utilities to date. Funds from this four-year period not spent by the end of the 2020-2021 delivery year will be refunded to customers per Section 16-108(k) of the PUA. The potential amounts of those refunds are shown in the top cell (corresponding to 2020-2021) of the Remaining RPS Funds Balance column of Table 3-15 through Table 3-17. For the same reason, the Accumulated RPS Funds Balance column has no values for delivery years after 2020-2021.

The Available Net RPS Budgets do not include the ACPs held by the utilities<sup>261</sup> These ACP funds are potentially available to fill the shortfalls listed for delivery years 2021-2022 through 2023-2024. As of the release of this draft Revised Plan, Ameren Illinois has \$34,976,977 in uncommitted ACPs, and ComEd has \$64,648,693. Based on present load forecasts and cost assumptions, these amounts would be barely sufficient to cover the total projected shortfalls (\$31,282,707 for Ameren Illinois and \$64,605,284 for ComEd).

For further discussion of the Agency’s proposed update to the use of the utility-held ACPs, see Section 3.19.

**Table 3-15: Ameren Illinois RPS Budget<sup>262</sup> (\$)**

<b>Delivery Year</b> <sup>263</sup>	<b>Prior Year Delivered Electricity (MWh)</b>	<b>Cost Cap Rate (\$/MWh)</b>	<b>Annual RPS Budget Collection</b>	<b>Total Available</b>	<b>Contracted REC Spend Already Under Contract</b>	<b>Estimated Anticipated Approved REC Spend Initial</b>	<b>Set Asides</b> <sup>264</sup>	<b>Total Expenditures</b>	<b>Remaining RPS Funds Balance at end of DY</b>	<b>ACP Balance at Start of DY</b>	<b>Available Gross ACP Drawdown for DG REC Payment</b>
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<sup>261</sup> ACPs were collected either from hourly pricing customers prior to June 1, 2017 or from ARES for their RPS obligations after June 1, 2017.

<sup>262</sup> Does not include indirect allocations, administrative set aside, ARES ACP funds collected by the utility, or uncommitted Hourly ACP funds.

<sup>264</sup> See Table 3-18.

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		Accumulated RPS Funds at Start of DY				Forward Procurement <sup>263</sup>					Balance at the End of RPS Budget (est.)
<del>2017-2018</del>	20-21; 1 5 2, 9 7 0	<del>1,805,493,457,668</del>	\$38,189,571,633 32,597	\$9,412,155,156,790.2 65	50,128,850	\$28,777,416 45,828,991	3,578.191	99,536,032	57,254.233	37,507.083	-933,851
21-22		=	62,482,128	62,482,128	60,905,367	13,473,351	3,542.632	77,921,350	15,439.222	36,573.232	16,305.946
<del>2018-2019</del>	<del>22-23</del>	<del>29,995,820</del>	<del>1,805,461,980,567</del>	<del>54,154,453,61,980,567</del>	<del>59,525,841</del>	<del>7,011,818</del>	<del>3,517.604</del>	<del>70,055,263</del>	<del>\$-8,000,000,074,696</del>	<del>20,267.286</del>	<del>\$46,154,453,845,215,1</del>
2019-2020			37,993,441	1,805,454	\$68,593,358	\$7,999,000	\$2,742,210			\$57,852,148	
<del>2020-2021</del>	<del>23-24</del>	<del>38,017,110</del>	<del>1,805,461,552,950</del>	<del>61,552,950</del>	<del>58,084,841</del>	<del>7,011,818</del>	<del>3,495.550</del>	<del>\$68,636,091,592,209</del>	<del>\$-7,753,000,039,259</del>	<del>\$2,742,210,11,815,135</del>	<del>\$58,140,881,739,133,4</del>
24-25		=	61,155,307	61,155,307	46,339,367	5,735,476	3,482.819	55,557,661	5,597.646	4,423.801	=
25-26		=	61,155,307	61,155,307	21,149,419	3,182,792	3,473.332	27,805,543	33,349.764	4,423.801	=

<sup>263</sup> Includes the balance of approved ABP Procurement, and the scheduled Fall 2019 Wind Procurements (Non-Solar Community Procurement, and Forward Wind Procurement).

**Table 3-16: ComEd RPS Budget<sup>265</sup> (\$)**

Deliver Year	Prior Year Delivered Electricity (MWh) (Accumulated RPS Funds at Start of DY)	Cost Cap Rate (\$/MWh)	Annual RPS Budget Collection	Total Available	Contracted REC Spend Already Under Contract	Estimated Anticipated Approved REC Spend Initial Forward Procurement <sup>266</sup>	Set Asides <sup>267</sup>	Total Expenditures	Remaining RPS Funds Balance at end of DY	ACP Balance at Start of DY	Available Gross ACP Drawdown for DG REC Payments and Balancing the RPS Budget (est.)	
2017-2021	54,420,529,219,314,377		1,891,716,888	\$102,947,315,383,211,265	\$23,718,264,117,267,447	117,363,159	\$79,229,051,925,9913	243,890,519	139,320,746	69,330,866	-2,408,621	
21-22	-		162,481,896	162,481,896	149,617,940	34,027,655	19,167,892	202,813,487	-40,331,591	66,922,246	-42,605,143	
2018-2023	71,460,380		1,891,716,849	\$135,181,601,161,388,494	\$23,357,415,147,721,881	17,458,700	\$111,824,186,910,3123	174,283,703	-12,895,209	24,317,103	-12,895,209	
2019	87,121,731		1,891,716,048	160,410,485	144,821,544	17,458,700	9,046,049	171,326,293	\$164,10,915,808,179	\$23,484,084,11,421,893	\$6,576,451	\$134,747,644

<sup>265</sup> Does not include indirect allocations, administrative set-aside, ARES ACP funds collected by the utility, or uncommitted Hourly ACP funds.

<sup>266</sup> Includes the balance of approved ABP Procurement, and the scheduled Fall 2019 Wind Procurements (Non-Solar Community Procurement, and Forward Wind Procurement).

<sup>267</sup> See Table 3-18.

20-24										10,915.808	
20-25	87,012,436.2	1,891,715,999.6203	\$164,601,426,159.96,203	\$23,095,360,116.997,005	\$6,576,451,423,7050	\$134,929,615,901,3102	140,247,156	19,749,046	506,086		-
25-26	-	159,390,859	159,390,859	57,625,749	7,793,750	18,988,550	84,408,049	74,982,809	506,086		-

**Table 3-17: MidAmerican RPS Budget<sup>268</sup> (\$)**

Delivery Year	Prior Year Delivered Electricity (MWh) <sup>A</sup> Accumulated RPS Funds at Start of DY	Cost Cap Rate (\$/MWh)	Annual RPS Budget <sup>†</sup> Collection	Total Available	Contracted REC Spend Already Under Contract	Estimated Anticipated Approved REC Spend Initial Forward Procurement <sup>269</sup>	Set Asides <sup>270</sup>	Total Expenditures	Remaining RPS Funds Balance at end of DY	ACP Balance at Start of DY	Available Gross <sup>A</sup> CP Drawdown for DG REC Payments and Balancing the RPS Budget (est.)
20-21	539,165,876,991		642,599	1,241,519,590	\$669,373,128,830	\$111,829,289,065	36,306	\$557,544,454,201	1,065,389	12,483	-
21-22	-		643,640	643,640	166,147	220,950	35,945	423,042	220,598	12,483	-
20-23	503,181.2		1,241,564,774	644,774	93,045	\$624,196,699	\$111,829,35,691	325,436	\$512,870,319,338	12,483	-

<sup>268</sup> Does not include indirect allocation, administrative set aside, or ARES ACP funds collected by the utility.

<sup>269</sup> Includes the balance of approved ABP Procurement, and the scheduled Fall 2019 Wind Procurements (Non-Solar Community Procurement, and Forward Wind Procurement).

<sup>270</sup> See Table 3-18.

20-19										
-20	704,364	1,2415	\$874,46	\$111,8	\$30,85	\$731,7	325,212	320,751	12,483	-
20-23		645,963	8-645,963	2993,045	1-196,699	87-35,467				
20-24										
20-20										
-20	616,844	1,2415	\$765,81	\$111,8	\$30,85	\$623,1	281,270	365,865	12,483	-
20-21		647,135	2-647,135	2993,045	1-152,887	31-35,338				
24-25										
25-26	-	648,338	648,338	93,045	65,262	35,242	193,549	454,789	12,483	-

**Table 3-18: Statewide RPS Budget<sup>274</sup> Set Asides (\$)**

Delivery Year	Illinois Solar for All RPS Budget	Contracted REC Spend/Job Training (ComEd Budget)	Estimated REC Spend Initial Forward Procurement REC Spend Administrative Expenses (Est. as 0.65% of Annual RPS Budget)	Available Gross RPS Budget (est.) Total Set Asides
2017-2018	\$141,806,259	\$33,242,248		\$108,564,011
2018-2019	\$189,960,753	\$31,469,244		\$158,491,509
2019-2020	\$234,276,005	\$31,594,913	-\$9,349,512	-\$193,331,500
2020-2021	\$234,003,329 11,393,283	\$30,960,189	-\$9,349,512-1,481,127	-\$193,693,627 12,874,410
2021-2022	11,280,062	10,000,000	1,466,408	22,746,470
2022-2023	11,200,370	-	1,456,048	12,656,418
2023-2024	11,130,147	-	1,446,919	12,577,066
2024-2025	11,089,609	-	1,441,649	12,531,258
2025-2026	11,059,401	10,000,000	1,437,722	22,497,124

<sup>274</sup> Does not include indirect allocation, administrative set-asides, ARES ACP funds collected by the utilities, or uncommitted Hourly ACP funds.



**Table 3-19. Statewide RPS Budget (\$)**

DY	Accumulated RPS Funds at Start of DY	Annual RPS Collection	Total Available	REC Spend Already Under Contract	Anticipated Approved REC Spend <sup>272</sup>	Set Asides <sup>273</sup>	Total Expenditures	Remaining RPS Funds Balance at end of DY*	ACP Balance at Start of DY	ACP Drawdown for DG REC Payments and Balancing the RPS Budget
20-21	313,649,036	227,872,083	541,521,119	167,525,127	163,481,215	12,874,410	343,880,752	197,640,368	106,850,432	-3,342,472
21-22	-	225,607,664	225,607,664	210,689,454	47,721,956	22,746,470	281,157,879	-55,550,215	103,507,961	-58,911,089
22-23	-	224,013,835	224,013,835	207,340,767	24,667,217	12,656,418	244,664,401	-20,650,567	44,596,872	-21,347,361
23-24	-	222,609,397	222,609,397	202,999,430	24,667,217	12,577,066	240,243,713	-17,634,315	23,249,511	-18,307,142
24-25	-	221,798,645	221,798,645	163,429,417	20,125,413	12,531,258	196,086,088	25,712,557	4,942,369	-
25-26	-	221,194,504	221,194,504	78,868,214	11,041,804	22,497,124	112,407,141	108,787,362	4,942,369	-

**3.19.3.18. Summary of REC Procurement Targets and RPS Budgets**

The aggregation of REC Targets and RPS Budgets at a statewide level provides an important tool for planning and implementing the various procurements and programs under this draft Revised Plan. The table below presents a snapshot summary of the REC Gap to be procured and the Available GrossNet RPS Budget, which together are under procurements approved through the Initial Plan, two essential factors to achieve the RPS Goals set forth by the Act.

**Table 3-20. Statewide REC Gap and Available RPS Budget<sup>274</sup>**

Delivery Year	Overall REC Procurement Target (REC Gap)	Available GrossNet RPS Budget (est.) estimated (\$) <sup>275</sup>	Potential Refund to Customers (\$)
2017-2018	7,483,004	\$108,564,011	
2018-2019	12,239,765	\$158,491,509	
2019-2020-2021	16,272,200 223,490	\$193,331,580 197,640,368	197,640,368
2020-2021-2022	18,132,082 12,919,128	\$193,693,627 -55,550,215	-

<sup>272</sup> Includes the balance of approved ABP Procurement, and the scheduled Fall 2019 Wind Procurements (Non-Solar Community Procurement, and Forward Wind Procurement).

<sup>273</sup> See Table 3-18.

<sup>274</sup> Does not include indirect allocation, administrative set asides, ARES ACP funds collected by the utilities, uncommitted Hourly ACP funds.

<sup>275</sup> Does not include ARES ACP funds collected by the utilities, or uncommitted Hourly ACP funds.

<u>2022-2023</u>	<u>14,582,255</u>	<u>-20,650,567</u>	<u>:</u>
<u>2023-2024</u>	<u>16,219,277</u>	<u>-17,634,315</u>	<u>:</u>
<u>2024-2025</u>	<u>17,911,772</u>	<u>25,712,557</u>	<u>25,712,557</u>
<u>2025-2026</u>	<u>19,616,606</u>	<u>108,787,362</u>	<u>108,787,362</u>

### **3.20.3.19. Alternative Compliance Payment Funds Held by the Utilities**

As of June ~~30, 2018~~1, 2019, Ameren Illinois ~~had held \$15.8 million,~~107,339 and ComEd ~~\$31.8 million,~~held \$30,083,279 of alternative compliance payments collected from retail customers that take service under electric utilities' hourly pricing tariff or tariffs. ("HACP"). These funds are ~~being used presently in part committed~~ to fund the REC purchases from the 2015 through 2017 Distributed Generation procurements the Agency conducted for the utilities, which featured five-year REC delivery contracts with payment upon delivery (and not prepayment).<sup>276</sup> ~~The final distributed generation procurement occurred on October 13, 2017. With the completion of that procurement, and~~As of June ~~30, 2018~~1, 2019, the remaining balance of ~~unallocated uncommitted~~ hourly alternative compliance payments—~~those not set aside to fund the Distributed Generation procurements—is~~ \$11.2 million,525,296 for Ameren Illinois, and \$22 million,773,129 for ComEd. ~~Also, as of June 30, 2018, Ameren Illinois had \$23.4 million, ComEd \$41 million, and MidAmerican \$0.01 million of alternative compliance payment funds collected from ARES since June 1, 2017.<sup>277</sup> The utilities will continue to collect alternative compliance payments from ARES in 2018 and 2019 as ARES RPS compliance obligations phase out.~~

~~Also, as of June 1, 2019, Ameren Illinois held \$23,451,681, ComEd held \$41,875,564, and MidAmerican held, as of June 30, 2019, \$12,483 of alternative compliance payment funds collected from ARES since June 1, 2017 ("ARES ACP").<sup>278</sup> The utilities will continue to collect alternative compliance payments from ARES in 2019 as ARES RPS compliance obligations phase out, although the Agency understands that these collections are likely to be de minimis in amount for planning purposes. The final amount of ARES ACP payments, relating to delivery year 2018-2019, should be known in fall 2019.~~

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

**Table 3-21: Balance of HACP as of June 1, 2019 (\$)**

<sup>276</sup> 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.

<sup>277</sup> 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).) 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.

<sup>278</sup> 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).) 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.

<u>Ameren</u>	<u>ComEd</u>	<u>MidAmerican</u>
<u>15,107,339</u>	<u>30,083,279</u>	<u>:</u>

**Table 3-22: Available ACPs as of June 1, 2019 (\$)**

<u>ACP</u>	<u>Ameren</u>	<u>ComEd</u>	<u>MidAmerican</u>	<u>All Utilities</u>
<u>Uncommitted HACP</u>	<u>11,525,296</u>	<u>22,773,129</u>	<u>:</u>	<u>34,298,426</u>
<u>ARES ACP</u>	<u>23,451,681</u>	<u>41,875,564</u>	<u>12,483</u>	<u>65,339,728</u>
<u>Total Available ACPs</u>	<u>34,976,977</u>	<u>64,648,693</u>	<u>12,483</u>	<u>99,638,154</u>

In its filed Initial Plan, the IPA proposed to set aside the uncommitted balance of the Hourly ACP funds, as well as the ARES ACP funds collected by the utilities (a total of \$97.6 millionapproximately \$100,000,000 as of June 30, ~~2018~~2019<sup>279</sup>) for use at a later date in the event of a shortfall in the Available RPS Budgets, contemplating that the uncommitted funds could also be a source of the available funds used to help support the Illinois Solar for All Program. -In its Order approving the Initial Plan, while the Commission agreed with the IPA that “spending ACP funds on RECs in the first four delivery years, while funds collected pursuant to Section 16-108(k) are unspent and refunded, would be contrary to the statutory intent of increasing the amount of renewable energy resources procured,” the Commission ultimately found that “the best use of these funds is to provide funding for new wind and new solar” and thus ACP funds should be used to fund “an additional forward procurement,” with funding for that procurement “prioritized such that any funds collected pursuant to Section 16-108(k) should be used prior to the ACP funds.”<sup>280</sup> However, unlike the Adjustable Block Program, those procurements feature RECs paid upon delivery: meaning that such ACPs may not begin being spent until 2022 (when new utility scale projects begin REC deliveries) and could be tied up through 2037, frozen through being committed to funding those contract obligations when more urgent priorities exist which ACPs could help address.

### **3.21. — Impact of RPS Budget on Procurement Volumes**

As explained in prior sections of In this Chapterdraft Revised Plan, the available RPS Budgets may limitAgency proposes to revise how the quantity of RECs that can be procured to meet the RPS goals. For example, as presented in the tables above, for the 2020-2021 delivery year, an estimate of the available Gross RPS Budget statewide is \$192 million; for a delivery year featuring a gap of approximately 18 million RECs; this indicates that a budget of roughly \$11 per REC is available to meet the RPS Goal for that delivery year. However, the REC Gap is expected to be addressed through RECs procured from a various procurements and programs: forward procurements, the Adjustable Block Program, and the Illinois Solar for All Program. The REC prices for these will likely vary greatly, and the Adjustable Block Program and Illinois Solar for All Program both feature payment for RECs that is heavily front-loaded.

<sup>279</sup> Additional ARES ACP funds will be collected by the utilities in the late Summer or early Fall of ~~2018 and~~ 2019.

<sup>280</sup> Docket No. 17-0838, Final Order dated April 3, 2018 at 8.

~~While the Agency in Chapter 6 has proposed REC prices for the Adjustable Block Program, the timing between when a project reserves its REC price from an applicable Block and when it is energized and thus begins receiving payments (which are front-loaded to varying degrees) is not yet known because that program is designed to allocate RECs to projects before they are built, and the lag between reserving funds and the start of payment after development is complete and the project energized could be as much as two years.<sup>281</sup> Furthermore utility-held ACPs should be utilized. With the end of the rollover period rapidly approaching, the Agency has proposed measures to is facing a potentially cap the number of projects in specific Block groups under the Adjustable Block Program to help prevent creating contractual obligations greater than the available significant funding available. In addition, the Agency has a long-standing policy not to publicly speculate on, or suggest, future REC prices related to competitive procurements. This creates a slight challenge in terms of discussing when the RPS Budgets will become limited. One mitigating factor is that through the 2020-2021 delivery year, bottleneck starting in the 2021-2022 delivery year as unspent funds can be rolled over from one year to the next. Given that the proposals contained in this Plan will not launch until the 2018-2019 delivery year, the Agency expects that the amount of accumulated roll-over in the initial years could be substantial. That roll-over will be further supplemented by the hourly ACP funds that have been collected and not allocated to the prior utility DG procurements, as well as the ARES ACP funds that have been collected and will be collected in 2017-2018 and 2018-2019 (although under the are returned to customers and RPS budgets begin being calculated only based on annual collections. Despite the Commission's Order conclusion in Docket No. 17-0838, ACP funds are dedicated specifically for the purpose of funding seeking to utilize ACPs for additional Forward Procurements, as discussed above).<sup>282</sup><sup>283</sup> the Agency requires more flexibility in its use of ACPs given the significant expected expenditures in coming years needed to fulfill the prepayment requirements of Adjustable Block Program contracts.~~

Additionally, Sections 3.20 and 3.21 below provide a discussion of how uncertainty about project energization timelines and annual load variations, respectively, create budget uncertainty. This uncertainty has been further exacerbated by updated utility load forecasts received for the Revised Plan that indicate lower expected loads, and thus reduced RPS budget collections from customers than the Agency had previously expected. These factors create both additional uncertainty about annual RPS budget obligations and an increased likelihood that expenditures will outpace collections in certain future years.

Consequently, for this draft Revised Plan, the Agency is proposing 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 can cover -expenditures in excess of Section 16-108(k) collections. This approach may be necessary to avoid the potential curtailment of contracts in at least the 2021-2022 delivery year and possibly the two years directly thereafter. Additional flexibility with the use of utility-held ACPs will help mitigate these challenges.

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<sup>281</sup> See Sections 6.15.1 and 6.15.2.

<sup>282</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 8.

<sup>283</sup> The additional forward procurements authorized in the Initial Plan are estimated to require \$35 million a year in funding assuming all projects are successfully energized.

**3.20. Budget Uncertainty Due to Unknowns in Project Energization Timelines.**

One challenge the Agency has faced in understanding pending budget impacts is that project energization and REC deliveries—and thus resultant budget impacts—are not scheduled to begin at a 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 (20% of contract value for distribution generation above 10 kW up to 2,000 kW (“Large DG”) and for community solar; 100% of contract value for distribution generation up to 10 kW (“Small DG”)), and because the ability to roll over prior years’ collections sunsets with the conclusion of the 2020-21 delivery year. Assuming a project becomes energized during the 2021-22 delivery year (or even just that its first payment would occur in that year) carries very different budget consequences than if that project becomes energized in 2019-20, as in the latter scenario, previously collected funds could help meet first year payment obligations—including the large payment due upon energization.

Because the Agency cannot have certainty about when funds for specific projects will begin to be spent, this dynamic has proven to be a significant challenge in modeling budgets for future delivery years. For example, Table 3-23 compares three different energization scenarios for projects from the Adjustable Block Program. Each column outlines the share of all projects across Blocks 1-4 that would be energized in the first year after the execution of ABP REC contracts began in spring 2019, the share energized in the second year, and the share energized in the third year.<sup>284</sup>

As shown below, the differences between the first and the third year in the “slow” and the “fast” energization scenarios are significant. It would be prudent to maintain RPS funds in reserve to absorb the budget impact associated with this uncertainty. As indicated in Section 3.18, the IPA proposes additional flexibility with the use of utility-held ACPs to help mitigate budget uncertainty—although a statutory change allowing for extension of the 4-year rollover period would be more helpful still.

**Table 3-23: Payments to Adjustable Block Projects under Various Energization Schedules**

<u>Delivery Year</u>	<u>Slow Energization</u>	<u>Fast Energization</u>	<u>Assumed Energization</u>
	<u>10% Year 1</u>	<u>50% Year 1</u>	<u>25% Year 1</u>
	<u>40% Year 2</u>	<u>40% Year 2</u>	<u>53% Year 2</u>
	<u>50% Year 3</u>	<u>10% Year 3</u>	<u>22% Year 3</u>
	<u>[\$ MM]</u>	<u>[\$ MM]</u>	<u>[\$ MM]</u>
<u>2019-2020</u>	<u>41.8</u>	<u>208.9</u>	<u>104.4</u>
<u>2020-2021</u>	<u>184.6</u>	<u>254.7</u>	<u>289.1</u>
<u>2021-2022</u>	<u>296.5</u>	<u>199.5</u>	<u>199.5</u>
<u>2022-2023</u>	<u>175.2</u>	<u>175.2</u>	<u>175.2</u>

<sup>284</sup> For Table 3-23, Year 1 is delivery year 2019-2020, Year 2 is delivery year 2020-2021, and Year 3 is delivery year 2021-2022.

<u>2023-2024</u>	<u>175.2</u>	<u>175.2</u>	<u>175.2</u>
<u>2024-2025</u>	<u>157.7</u>	<u>87.6</u>	<u>131.4</u>
<u>2025-2026</u>	<u>87.6</u>	<u>17.5</u>	<u>43.8</u>

These In light of those observations, the Agency does not expect that the procurements and programs proposed in this Plan will be limited by available RPS budget funds through at least the 2020–2021 delivery year.<sup>285</sup> ~~The Agency will refine and update this estimate when it updates this Plan in 2019 for implementation in calendar year 2020, and if it appears there will be limitations created in the available RPS Budget, the Agency will propose procurement and program approaches to address those limitations proactively including potentially setting specific budgets for individual programs and procurements.<sup>286</sup> Nonetheless, through 2019, the Agency will carefully monitor the results of its procurements and programs and will adjust procurement and program volumes accordingly if it finds it necessary to do so.~~

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<sup>285</sup> ~~While the Commission’s Order in Docket No. 17-0838 significantly increased REC procurement volumes for additional forward procurements of RECs from new wind projects and new photovoltaic projects, those contracts do not feature prepayment and the Agency believes that those projects are unlikely to begin REC deliveries until well after contract execution—and thus are unlikely to significantly impact RPS budgets prior to the 2020–2021 delivery year.~~

<sup>286</sup> ~~Any such allocations would be made consistent with the priorities outlined in Section 1–75(c)(1)(F) of the Act and consistent with any other immutable obligations in the governing law.~~

payments make the conservative (for planning purposes) assumption that community solar projects are fully subscribed and have at least 75% small subscribers (by capacity). Subscriber levels will not be finalized until one year after each project is energized. If subscription levels (particularly for small subscribers) are ultimately lower, payments would be lower.

### **3.21. Budget Uncertainty Due to Annual Load Variations.**

The annual RPS Budget used in this draft Revised Plan is a function of the base-case load forecasts provided by the utilities and each utility’s 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 Table 3-4.<sup>287</sup> 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. The results are presented in Table 3-24.

**Table 3-24: Effect on RPS Budget of Annual Load Variations to the Utilities’ Load Forecast**

<u>Delivery Year</u>	<u>Base Case Load Forecast [MWh]</u>	<u>Low Load Forecast [MWh]</u>	<u>Low Load Effect on RPS Budget [\$]</u>	<u>High Load Forecast [MWh]</u>	<u>High Load Effect on RPS Budget [\$]</u>
<u>2020-2021</u>	<u>121,719,53</u>	<u>117,961,970</u>	<u>(6,896,275)</u>	<u>125,477,105</u>	<u>6,896,275</u>
<u>2021-2022</u>	<u>120,500,468</u>	<u>115,506,875</u>	<u>(9,237,310)</u>	<u>125,532,061</u>	<u>9,309,194</u>
<u>2022-2023</u>	<u>119,644,656</u>	<u>113,438,510</u>	<u>(11,532,775)</u>	<u>125,966,802</u>	<u>11,752,212</u>
<u>2023-2024</u>	<u>118,890,802</u>	<u>111,502,236</u>	<u>(13,770,990)</u>	<u>126,511,368</u>	<u>14,209,864</u>
<u>2024-2025</u>	<u>118,451,550</u>	<u>109,894,401</u>	<u>(15,982,928)</u>	<u>127,392,698</u>	<u>16,709,341</u>

As shown in Table 3-24 above, the impact of the low load forecast on the RPS Budget ranges from a shortfall of approximately \$7 million in delivery year 2020-2021 to a shortfall of approximately \$16 million in delivery year 2024-2025. Alternatively, the impact of the high load forecast on the RPS Budget ranges from a surplus of approximately \$7 million in delivery year 2020-2021 to a surplus of approximately \$17 million in delivery year 2024-2025.

Because of the budget risk associated with load variability, the IPA recommends a cautious approach to making financial commitments such as the forward procurement of RECs and the expansion of ABP. The Agency notes that the scale of load forecast uncertainty increases the further out the

<sup>287</sup> 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 Revised Plan.

forecasts are made, which is logical because factors such as economic indicators are compounded and inherently difficult to predict. That increasing uncertainty underscores the need for caution as the Agency considers the impact of procurements and programs on future year budgets.

### **3.22. Impact of RPS Budget on Procurement and Program Activities**

As described in Section 3.16, the Agency's current projection of forecast Section 16-108(k) collections, accounting for the sunseting in mid-2021 of the ability to roll over past collections to pay for future contractual deliveries, and supplemented by utility-held ACPs, is barely sufficient to cover expected expenses in each delivery year (starting with 2021-2022) stemming from the programs and procurements authorized under the Initial Plan.

However, multiple factors could result in additional funding becoming available, including one or more of the following: First, future changes in utility load forecasts could demonstrate greater than expected retail sales of electricity, thus resulting in additional RPS budget funds. Second, community solar projects could seek reduced levels of small subscribers than presently expected, thus resulting in lower REC prices applicable to those systems. Third, some community solar projects could achieve less than complete subscribership of their physical capacity. Fourth, projects presently under contract could fail to be developed, freeing up additional budget capacity.<sup>288</sup> And fifth, legislative changes (short of an overhaul that would fundamentally rewrite the entire paradigm through which this Revised Plan is being developed) could extend the budget rollover's sunset period, thus freeing up funds collected under Section 16-108(k) tariffs but not spent by May 31, 2021 for future REC procurement rather than having those funds refunded to ratepayers.

The Agency is committed to biannually reviewing updated utility load forecast information and new/existing contract obligation/payment information to determine expected RPS budget availability, and will publish the resulting updated budget forecasts on its website. These budget analyses will provide the grounds for undertaking the procurement activity outlined below, and, starting with the 2021-2022 delivery year, the Agency will in all cases seek to have under contract projects with likely annual expenditures equaling no more than 95% of expected available funds for any given delivery year to guard against the potential curtailment of existing contracts. For this draft Revised Plan the Agency seeks stakeholder feedback on if this 95% level is an appropriate balancing of risks of budget fluctuations and the desire to maximize the RECs procured.

Should funding be or become available, for this draft Revised Plan the Agency has developed a contingency approach addressing which programs and procurements it will prioritize supporting beyond those authorized by the Initial Plan. That approach is as follows:

First, the Agency proposes that it would prioritize opening additional blocks of capacity for the Adjustable Block Program (potentially at smaller block sizes than those specified in Section 6.3.1) to accommodate whatever funds are available, but up to a total of 500,000 additional annually delivered RECs) over conducting procurements for RECs from utility-scale projects. As described in Section 5.9.1, RECs already procured from new utility-scale solar are well beyond the statutory 2025-2026 and 2030-2031 delivery years targets; for utility-scale wind, totals under contract are expected to be

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<sup>288</sup> Reductions in payment obligations to a community solar or a Large DG project within the ABP would have a ripple effect across the projected RPS expenditures in each of five sequential delivery years, due to the statutory payment schedule that compensates such a project for its RECs ratably over four years (further refined as seventeen quarterly payments by the initial ABP REC Contract). For example, a project that is expected to receive its first REC payment in September 2020, within the 2020-2021 delivery year, would receive its final payment in September 2024, within the 2024-2025 delivery year.



just short of the 2030-31 target, but an additional wind procurement should not be conducted without a planned corresponding solar procurement given the ongoing matching requirement. By contrast, while the Adjustable Block Program is making strong progress towards the statutory 2020-2021 delivery year 1 million RECs delivered annually target, the 2025-2026 delivery year target of 1.5 million RECs delivered annually is not scheduled to be met under present allocations. The specific Groups/Categories and allocations thereof to be supported within the Adjustable Block Program would be determined at the Agency's discretion.

Second, should the additional/unexpected funding be adequate to meet the Adjustable Block Program's 2025-2026 targets and still sustain additional program or procurement activity, the Agency would next look to conduct an additional brownfield site photovoltaic project competitive procurement ("brownfield procurement") with a target quantity of 50,000 RECs delivered annually. This would provide ongoing support for a market segment that was offered robust narrative support in the declaratory passages of Public Act 99-0906, but with a relatively small minimum target (only 2% of new photovoltaic project RECs).

Third, should funding be deemed inadequate to support a brownfield procurement, or should additional funding be available beyond supporting both the Adjustable Block Program expansion and the brownfield procurement, the Agency would next seek to conduct a competitive procurement for RECs from utility-scale photovoltaic projects. A photovoltaic-focused procurement would help ensure that the wind/solar matching requirement would not be violated, and the procurement quantity would be determined based on an analysis of available budget.

Forth, should more funding still be available, the Agency would conduct a subsequent forward procurement for new utility-scale wind in addition to its utility-scale photovoltaic project procurement (and in addition to all of the other aforementioned program and procurement activities).

While the Agency appreciates that prioritizing new utility-scale projects over the Adjustable Block Program could offer more RECs under contract at a lower price, Adjustable Block Program projects feature a fundamentally different pipeline of potential projects reflecting decisions by individual Illinois residents or businesses to invest in, and host, a project. The sales cycle to develop that interest benefits from being able to find ways to keep the Adjustable Block Program open through ongoing support, and doing so could also help preserve the job growth that the solar industry has seen in the state. Likewise, community solar projects currently on waitlists already have substantial sunk costs that were incurred as part of their application to the Adjustable Block Program. Utility-scale projects have seen massive support to date; of RECs procured since the passage of P.A. 99-0906, nearly 7 million RECs delivered annually are expected to come from utility-scale projects. Expanding the Adjustable Block Program by approximately 500,000 additional annually delivered RECs is a proportionately small level of additional support.

For this draft Revised Plan, the Agency welcomes stakeholder feedback on these priorities and its overall contingency funding approach.

## 4. Renewable Energy Credit Eligibility

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. ~~The revised definition contained in the Act removes the category “other alternative sources of environmentally preferable energy” from the definition.~~<sup>289, 290</sup> Second, ~~Public Act 99-0906 added two new eligibility requirements in~~ Subsections (I) and (J) of Section 1-75(c)(1-), ~~create additional eligibility criteria.~~ Subsection (I) ~~creates~~contains locational eligibility criteria, while subsection (J) ~~creates~~contains criteria related to how a facility that generates RECs recovers its costs. This Chapter discusses how the Agency interprets and ~~will implement these two new~~implements the requirements ~~of Subsections (I) and (J).~~

### 4.1. Adjacent State Requirement

Section 1-75(c)(1)(I) of the ~~IPA Act, a new provision contained in Public Act 99-0906, created a new~~ contains a locational eligibility requirement for the Illinois RPS. Enacted through P.A. 99-0906, this requirement ~~replaces~~replaced the prior locational standard, under which ~~was that~~ renewable energy resources could come from Illinois and adjoining states, and if not available, then they could come from elsewhere.<sup>291</sup> ~~The new locational requirement specifies that~~ By contrast, Section 1-75(c)(1)(I) now requires qualifying renewable energy credits can be generated by facilities located in Illinois, and may be sourced from facilities in adjacent<sup>292</sup> states—but only if these facilities can meet a set of public interest criteria spelled out in the law. While not explicitly stated in the statute, the Agency understands that the consideration of the public interest criteria for adjacent states means that renewable energy credits from states that are not adjacent to Illinois (or ~~for that matter,~~ from other countries) ~~would~~will not be eligible for the Illinois RPS.

The public interest criteria that the Agency ~~is instructed to consider~~considers include:

1. Minimizing sulfur dioxide, nitrogen oxide, particulate matter and other pollution that adversely affects public health in this State
2. Increasing fuel and resource diversity in this State

<sup>289</sup> This leaves the definition as, “[r]enewable energy resources’ 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, tree waste, and hydropower that does not involve new construction or significant expansion of hydropower dams. 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 other than tree waste, railroad crossties, utility poles, or construction or demolition debris, other than untreated and unadulterated waste wood.”

<sup>290</sup> That definition is: “[r]enewable energy resources’ 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, tree waste, and hydropower that does not involve new construction or significant expansion of hydropower dams. 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 other than tree waste, railroad crossties, utility poles, or construction or demolition debris, other than untreated and unadulterated waste wood.” (20 ILCS 3855/1-10). Note that Public Act 99-0906 removed “other alternative sources of environmentally preferable energy” from this definition.

<sup>291</sup> Former 20 ILCS 3855/1-75(c)(3), repealed June 1, 2017.

<sup>292</sup> 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](https://www.dnr.illinois.gov/cmp/documents/3_boundary.pdf).

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.”<sup>293</sup>

To do so, and to “ensure that the public interest criteria are applied to the procurement and given full effect”,<sup>293</sup> 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.

In originally developing a methodology for considering and weighting these public interest criteria creates, 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 prevent/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.

~~Instead~~In its Initial Plan, the Agency ~~has~~ developed what it believes are reasonable proxies for each criterion. ~~The Agency notes that it developed a similar set of criteria for use in its Zero Emission Standard Procurement Plan (“ZES”<sup>294</sup> In the Final Order approving the Initial Plan) developed pursuant to Section 1-75(d-5) of the Act, which was approved by the Commission on September 11, 2017~~April 3, 2018 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).~~0838, the Commission found the Agency’s methodology and assumptions for considering the eligibility of RECs sourced from the potential closure of zero emission facilities (i.e., nuclear plants located in PJM or MISO) adjacent states to be reasonable. That approach, described in more detail below, is generally unchanged in this draft Revised Plan.

~~The circumstances under consideration in that plan were different; for the ZES Plan, the challenge was in determining what generation would replace a zero emission (nuclear) facility should it close (and its associated environmental effects), rather than assessing the value that a renewable generating facility would add to the grid and the environment. For example, While based conceptually on the same approach used for the ZES~~Agency’s Zero Emission Standard (“ZES”) Plan, the basis for determining compliance with one of the pollution and emissions public interest criteria in this draft Revised Plan is focused on the displacement of potential new 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 renewable generating facilities are likely to be intermittent rather than baseload (a defining characteristic of

<sup>293</sup> 20 ILCS 3855/1-75(c)(1)(I) (emphasis added).

<sup>294</sup> 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).

zero emission facilities), typically impact generation on the margin of the dispatch order, and 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 ~~will assign~~ 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 ~~IPA proposes that an~~ adjacent state facility ~~would need~~ 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 score threshold – previously affirmed by the ICC in Docket No. 17-0838,<sup>295</sup> and one which 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 – provides a balanced approach to ensuring that adjacent state facilities indeed provide sufficient benefits consistent with the law's directive.<sup>296</sup>~~

For this draft Revised Plan, the Agency ~~commits to review~~ has reviewed and ~~analyze~~ analyzed not only this scoring threshold, but also the ~~Agency's proposed~~ methodology for the consideration of adjacent state facilities, ~~for its 2019 update of this Plan. After review and analysis, this scoring threshold and methodology (described further below) remains the same as presented in the Initial Plan.~~

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, while one in Indiana has a contract with ComEd. As these facilities were granted contracts at a time that Illinois law viewed them as providing sufficient benefits to Illinois residents for their renewable energy resources to be used to meet the Illinois RPS, the Agency ~~proposes that~~ considers these two facilities to be grandfathered into this requirement.

#### **4.1.1. Public Interest Criteria**

##### **1. Minimizing sulfur dioxide, nitrogen oxide, particulate matter and other pollution that adversely affects public health in this State**

In the Zero Emission Standard Procurement Plan, the Agency developed a scoring methodology for sulfur dioxide, nitrogen oxide, and particulate matter that considered the likely location of replacement generation compared to a bidding zero emission facility that could be at risk of ceasing operation. That methodology calculated, for any given zero emission facility, the percentage of the replacement generation that would occur in various states, an emissions factor related to each of those states based on its existing coal and gas generation, and an adjustment factor that recognized the frequency of prevailing winds and the distance from Illinois that could predict the amount of pollution that would impact the residents (and thus public health) of Illinois.

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<sup>295</sup> In its Order approving the Plan, the Commission approved of this 60 point scoring threshold, finding that “the IPA’s general methodology is a reasonable implementation of PA 99-0906 and a basic passing score of 60 points is an appropriate threshold.” Docket No. 17-0838, Final Order dated April 3, 2018 at 20.

<sup>296</sup> In its Order approving the Plan, the Commission approved of this 60 point scoring threshold, finding that “the IPA’s general methodology is a reasonable implementation of PA 99-0906 and a basic passing score of 60 points is an appropriate threshold.” Docket No. 17-0838, Final Order dated April 3, 2018 at 20.

For the purposes of its Initial Plan (and maintained in this draft Revised Plan) and the consideration of this criterion, the Agency ~~refines/refined~~ and ~~simplifies/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; for the purposes of this draft Revised Plan, the Agency ~~will consider/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).<sup>297</sup> ~~For this Plan,~~ The Agency ~~simplifies that 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<sup>298</sup> and natural gas is increasingly the fuel on the margin for both PJM and MISO, and thus more appropriate for comparison than, say, a baseload coal facility.<sup>299</sup> -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).

~~To simplify the calculation,~~ The emissions comparison includes sulfur dioxide (SO<sub>2</sub>) and nitrogen oxide (NO<sub>x</sub>) as proxies for all emissions because higher emissions of SO<sub>2</sub> and NO<sub>x</sub> are generally correlated with higher emissions of PM, especially with regard to facilities that involve the combustion of solid fuels. ~~The~~ SO<sub>2</sub> and NO<sub>x</sub> are primary emission sources for the formation of PM<sub>2.5</sub> in ambient air away from the immediate emissions source, ~~as coarse~~ Larger PM (PM<sub>10</sub>) is deposited nearer the source, while secondary PM<sub>2.5</sub> increases based on the formation of sulfates and nitrates from the SO<sub>2</sub> and NO<sub>x</sub> in the atmosphere as the pollutants move away from the primary source.<sup>300</sup> The following table shows SO<sub>2</sub>, NO<sub>x</sub>, and CO<sub>2</sub> emissions rates of new natural gas-fired generation based upon 2016 data from the U.S. Energy Information Agency (“EIA”).<sup>301</sup>

~~<sup>297</sup> 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/cdocket/451223.pdf>, at 37.~~

<sup>298</sup> ~~The North American Electric Reliability Corporation 2016 Long-Term Reliability Assessment (December 2016) notes that capacity additions in the Eastern Interconnection (which includes PJM and MISO) for the period 2015 through 2016 are forecasted to be more than 95 percent natural gas, wind, or solar. U.S. FERC, Office of Energy Enforcement, Division of Market Oversight, “State of the Markets Report 2018.” Item No.: A-3, April 18, 2019, p. 17. In the March 2017 report, “PJM’s Evolving Resource Mix and System Reliability” (<http://www.pjm.com/~media/library/reports-notices/special-reports/20170330-pjms-evolving-resource-mix-and-system-reliability.ashx>), PJM states that from 2010 to 2016, natural gas and renewable made up 87 percent of new megawatts placed in service.~~

<sup>299</sup> See: MISO Market and Operations Analytics, MISO 2018-2019 Winter Assessment Report, April 2019; MISO 2018 Summer Assessment Report, September 2018. Potomac Economics, “~~2016~~2017 State of the Market Report for the MISO Electricity Markets,” Analytic Appendix” June 20172018, <https://www.potomaceconomics.com/wp-content/uploads/2017/06/2016-SOM-Report-Final-Rev.pdf><https://www.potomaceconomics.com/wp-content/uploads/2018/06/2017-SOM-Report-Final-Rev.pdf>; Monitoring Analytics, LLC, “Q2 2017Q1 2019 State of the Market Report for PJM January through June,” August 10, 2017, “May 9, 2019, [http://www.monitoringanalytics.com/reports/PJM\\_State\\_of\\_the\\_Market/2017.shtml](http://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2017.shtml).

<sup>300</sup> U.S. EPA, “Particulate Matter Emissions,” Report on the Environment, <http://www.epa.gov/roe/><http://www.epa.gov/roe/>.

<sup>301</sup> Emissions rates for a natural gas turbine operating in combined cycle with a heat rate of 6,600 Btu/kWh are shown in Table 2-5 of the November 2016 U.S. EIA Report “Capital Cost Estimates for Utility Scale Electricity Generating Plants.” The CO<sub>2</sub> emissions in pounds per

**Table 4-1: Natural Gas-Fired Combined-Cycle Generation Emissions Rates**

Pollutant	Pounds/MWh
SO <sub>2</sub>	0.007
NO <sub>x</sub>	0.05
CO <sub>2</sub>	772

~~The calculation of~~ The score ~~will multiply~~ calculated by multiplying an 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 of the eligible renewable resource's SO<sub>2</sub> and NO<sub>x</sub> emissions in pounds/MWh divided by the sum of the SO<sub>2</sub> and NO<sub>x</sub> emissions from a new natural gas-fired combined-cycle generation facility in pounds/MWh.

The emissions factor for renewable energy generating facilities such as wind, solar, or hydro, which do not emit SO<sub>2</sub>, NO<sub>x</sub>, 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.

For other renewable generating technologies, the Agency notes that those technologies eligible for the Illinois RPS include a combination of technologies that rely on combustion of a fuel source including biodiesel, anaerobic digestion (which presumably would create a biogas that is then burned), biomass, and tree waste; and other technologies that do not involve combustion (e.g., wind, solar thermal, photovoltaic, and hydro power).<sup>302</sup> Renewable generation technologies that involve combustion to generate electricity generate sulfur dioxide, nitrogen ~~oxide~~oxides, particulate matter, and CO<sub>2</sub>, among other things.—~~In order~~ To assess the emissions impact of renewable resource technologies that involve combustion, the emissions from these facilities are compared to the emissions from a new natural gas-fired combined-cycle facility. To the extent that the technologies that involve combustion generate SO<sub>2</sub> and NO<sub>x</sub> emissions, and the emissions in pounds/MWh are lower than the emissions from a new gas-fired facility, then the calculation for the renewable energy facility would result in the facility receiving some points for this criterion—~~based upon the formula listed below that also accounts for wind duration/direction (as would be the case for technologies with no emissions such as wind or solar for which the points would only be based on the wind duration/direction and not discounted by emissions rate)~~. On the other hand, if the emissions are equal to or greater, on a pounds/MWh basis, than from a new natural gas-fired facility, then the calculation would result in the facility receiving zero points for this criterion. This reflects that an emissions rate that is greater than that for a natural gas-fired combined-cycle facility does not have a positive impact on the environment and public health.

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 for this~~ draft Revised Plan, the Agency ~~simplifiessimplified~~ the wind

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MMBtu are 117 for CO<sub>2</sub>, 0.001 for SO<sub>2</sub>, and for NO<sub>x</sub> 0.0075; which at the heat rate of 6,600 Btu/kWh, are 772 pounds per MWh of CO<sub>2</sub>, 0.007 pounds per MWh of SO<sub>2</sub>, and 0.05 pounds per MWh of NO<sub>x</sub>. See:

[https://www.eia.gov/analysis/studies/powerplants/capitalcost/pdf/capcost\\_assumption.pdf](https://www.eia.gov/analysis/studies/powerplants/capitalcost/pdf/capcost_assumption.pdf)

<https://www.eia.gov/analysis/studies/powerplants/capitalcost>. Typical emissions rates have not changed since 2016.

<sup>302</sup> While landfill gas produced in Illinois is eligible, it is not relevant to this discussion of facilities located in adjacent states.

duration/direction approach— that was utilized in the Zero Emission Standard Plan. 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 consideration of distance of the emission source from Illinois is less important and will not be considered in the approach adopted for this draft Revised Plan.

The following table provides the wind duration/direction factors for each adjacent state.

**Table 4-2: Wind Duration/Direction Factors**

Adjacent State	Wind Direction Sectors	Wind Direction and Duration Factor <sup>303</sup>
Indiana	SSE, SE, ESE, E, NNE, NE, ENE	0.256
Kentucky	S, SSE, SE	0.201
Missouri	W, WSW, SW, SSW, S	0.439
Iowa	W, WNW, NW, NNW	0.269
Wisconsin	N, NNW	0.096
Michigan	NE, NNE	0.088

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 21 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 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 solar facility located in Indiana would receive 1 x 0.256 x 20 or 5.1 points.- The following equation shows how this score is obtained (with the caveat that the minimum possible score is zero and cannot be a negative score):<sup>304</sup>:

**Figure 4-1: Pollution -Score Calculation**

$$Score = \left( 1 - \frac{\sum_{renewable\ resource} SO_2\ and\ NO_x \left( \frac{lbs}{MWh} \right)}{\sum_{gas\ resource} SO_2\ and\ NO_x \left( \frac{lbs}{MWh} \right)} \right) \times Wind\ Duration\ /\ Direction\ Factor \times 20$$

The Agency’s review of the scoring methodology for this criterion showed that the assumptions and analytical approach remain valid for this draft Revised Plan. In particular, the wind duration/direction factors were developed based on 21 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 through 2016.

<sup>303</sup> Total factors exceed 1.0 because there may be more than one state represented in a given wind direction sector.

<sup>304</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 21.

## 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.”<sup>305</sup> In effect, fuel and resource diversity can act as a hedge to help ensure a stable and reliable supply of electricity.

Any generation source that promotes more reliance on generation sources other than coal and nuclear, which ~~presently have in 2018 had~~ generation shares of ~~3831.8%~~ and ~~5052.2%~~ of Illinois’ total generation respectively,<sup>306</sup> would contribute to increasing fuel and resource diversity in Illinois. By this measure, any of the eligible renewable energy resource generating technologies would contribute to diversity in Illinois. ~~However, since if~~ these facilities ~~would be were~~ located outside of Illinois, in the adjacent states, the full impact on the State’s fuel and resource diversity ~~depends would depend~~ on whether the electricity generated by these facilities could actually be available to Illinois end-users.

Given that renewable generation ~~is currently accounts for~~ only a relatively small fraction of the resource mix ~~for in~~ Illinois, ~~the (7.1% of total generation in 2018), an~~ increase of renewable generation in the region ~~could 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. ~~But~~ 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. ~~In order~~ To the extent that any electricity generated outside of Illinois but consumed in the state is generated by resources other than coal or nuclear, this generation is assumed to address add to the fuel and resource diversity in Illinois.

In addressing this issue for facilities located in the adjacent states, the Agency ~~will use 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 ~~will be is~~ calculated for each facility.<sup>307</sup> The distance factor ~~will be is~~ based on the distance from the facility to Morris, Illinois (which is the town city closest to the population weighted geographic center of Illinois,<sup>308</sup> and thus can serve as a reasonable proxy for the load-weighted center of the state). ~~The factor will be is~~ calculated as 1 minus the ratio of (i) the distance from the facility to 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~~

<sup>305</sup> 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>.

<sup>306</sup> U.S. EIA. Electric Power Monthly with data for December 2018, February 2019. 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 84%), which indicates that the fuel and resource diversity of the state has increased slightly.

<sup>307</sup> Because wind farms cover a large geographic area, a wind farm’s distance would be based on the ~~border geographic center~~ of the closest county area containing turbines that are part of that wind farm.

<sup>308</sup> Based on the 2010 Census. See: [https://www2.census.gov/geo/docs/reference/cenpop2010/CenPop2010\\_Mean\\_ST.txt](https://www2.census.gov/geo/docs/reference/cenpop2010/CenPop2010_Mean_ST.txt).



center point of the City of Morris ~~will be~~ used for this calculation.<sup>309</sup> That factor ~~will be~~ multiplied by the maximum possible 20 points to provide the score for this criterion for potentially eligible renewable resource facilities located in adjacent states. The fuel and resource diversity score formula is shown in Figure 4-2.

Additionally, consistent with the Commission’s Order in Docket No. 17-0838 and the approach taken with respect to the third ~~criteria~~criterion below, a facility “that is not connected to either PJM or MISO” will receive a Fuel and Resource Diversity Score of zero.<sup>310</sup> -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.<sup>311</sup>

### Figure 4-2: Fuel and Resource Diversity Score

$$\text{Score} = (1 \text{ if in PJM/MISO, else } 0) \times \left(1 - \frac{\text{Distance from facility to Morris, IL (miles)}}{470 \text{ miles}}\right) \times 20$$

### 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 ~~is 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 ~~proposes~~has come to interpret this criterion more liberally and ~~consider~~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 havehas a transmission usage agreement with PJM or MISO”) would be eligible to receive points. -To obtain the distance factor, the Agency ~~will use~~uses an approach that considers proximity to Illinois and thus an increased likelihood that electricity produced will provide increased system reliability and resilience.

<sup>309</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 21.

<sup>310</sup> 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.

<sup>311</sup> Id.

The scoring for this public interest criterion ~~will utilize~~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 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.

**Figure 4-3: 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

~~Due to~~At the stay of the United States Environmental Protection Agency's ("US federal level, on June 19 2019, the U.S. EPA") issued the Affordable Clean Energy Rule (ACE) as the replacement for the Clean Power Plan imposed by the U.S. Supreme Court in February 2016, there are not currently any enforceable federal laws or regulations that limit carbon dioxide. The ACE focuses on heat rate improvement at individual coal-fired power plants as a means to reduce CO<sub>2</sub> emissions from existing power generation facilities.<sup>312</sup> by improving plant operating efficiency. ACE does not contain specific CO<sub>2</sub> emissions limits; instead, ACE provides guidelines for states to follow in limiting CO<sub>2</sub> emissions.<sup>313</sup>

At the state level, Illinois does not have ~~any~~any 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. To recognize the value in reducing carbon dioxide emissions, the Agency ~~will determined~~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 CO<sub>2</sub> emissions from the renewable resource to the CO<sub>2</sub> emissions from a new natural gas ~~-fired~~combined cycle generating facility, 772 pounds of CO<sub>2</sub> per MWh, as shown in Table 4-1 above. This ~~will be~~is done by using the formula applied to the first emissions criterion except that the inputs ~~will be~~are pounds of CO<sub>2</sub> emitted per MWh. ~~The factor applied to the 20 points available for this public interest criterion will be~~is calculated as follows:

<sup>312</sup> See, e.g., <http://www.nytimes.com/2016/02/10/us/politics/supreme-court-blocks-obama-epa-coal-emissions-regulations.html>; <http://www.scotusblog.com/wp-content/uploads/2016/02/15A773-Clean-Power-Plan-stay-order.pdf>.

See also <https://www.regulations.gov/document?D=EPA-HQ-OAR-2017-0355-0002> (Proposed Rule, Repeal of Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Generating Units, October 16, 2017); <https://www.regulations.gov/document?D=EPA-HQ-OAR-2017-0545-0001> (Advanced Notice of Proposed Rulemaking, State Guidelines for Greenhouse Gas Emissions from Existing Electric Utility Generating Units, December 28, 2017).

<sup>313</sup> <https://www.epa.gov/stationary-sources-air-pollution/electric-utility-generating-units-repealing-clean-power-plan>.

**Figure 4-4: CO<sub>2</sub> Score Calculation**

$$Score = \left( 1 - \frac{CO_2 \text{ renewable resource} \left( \frac{\text{lbs}}{\text{MWh}} \right)}{CO_2 \text{ gas resource} \left( \frac{\text{lbs}}{\text{MWh}} \right)} \right) \times 20$$

Renewable generating facilities that do not emit any CO<sub>2</sub> ~~will~~ receive the full 20 points, while renewable generating facilities that emit CO<sub>2</sub> ~~will~~ receive points based on the factor multiplied by the 20 points. ~~Since~~ Because CO<sub>2</sub> emissions are generally considered to be a global problem, ~~(in that CO<sub>2</sub> 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 ~~are not included in the calculation.~~<sup>314</sup> therefore are not included in the calculation.<sup>315</sup> Comparing the CO<sub>2</sub> 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. ~~Generally speaking,~~ 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 ~~generally~~ associated with the containment and disposal of radioactive materials ~~of that result from~~ nuclear generation. Under this draft Revised Plan, the points awarded for this public interest criterion ~~will be~~ are the average of the points awarded under the first and fourth public interest criteria described above. This approach ~~will take~~ 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.

### 4.1.2. Application Process

The eligibility of ~~renewable energy credits~~ 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

<sup>314</sup> ~~The Agency notes that the Zero Emission Standard Plan contains a different scoring methodology for CO<sub>2</sub> 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.~~

<sup>315</sup> The Agency notes that the Zero Emission Standard Plan contains a different scoring methodology for CO<sub>2</sub> 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.

operation meets the public interest criteria discussed above.<sup>316</sup> That determination requires an active request (demonstration) by an interested generator. ~~Therefore, after this Plan was approved, the Agency asked M-RETS to remove all out-of-state facilities from eligibility for the Utility RPS (this removal will not impact eligibility for the ARES RPS under Section 16-115D of the PUA). As GATS does not distinguish in its facility or REC eligibility between the Utility RPS and the ARES RPS, and with no spot procurements scheduled to be conducted for the Utility RPS, GATS eligibility for out-of-state facilities will be similarly updated after the end of the ARES RPS obligations.~~ Renewable generating facilities in adjacent states may apply to the Agency for consideration for eligibility for the Utility RPS.<sup>317</sup>

Shortly after the approval of its Initial Plan, the Agency ~~has~~ developed an application form (~~i.e., in the form of an Excel~~ spreadsheet) for use by owners/agents of adjacent-state facilities that wish to have renewable energy credits~~RECs from those projects~~ considered to be eligible for the Illinois RPS.<sup>318</sup> 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 geographical center of Morris, IL, the Regional Transmission Organization (“RTO”) where the facility is or planned to be interconnected (e.g., PJM, MISO, SPP), and the tracking system ID (for existing facilities). ~~The application form will automatically calculate the score for the facility. In addition, the generator will also have to include information related to the provision limiting the recovery of costs in rates described in the next Section. The Agency will review and, as necessary, update the data used in the eligibility calculations on an a bi-annual basis in conjunction with the Plan update to use the most recent available inputs, (and has done so for this draft Revised Plan, determining that no changes are needed).~~ 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.

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. ~~Such a submittal must also include documentation from the applicable RTO (or utility for distributed resources) that the facility has entered the interconnection queue and is actively pursuing an interconnection agreement.~~ 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 will be 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.

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<sup>316</sup> 20 ILCS 3855/1-75(c)(1)(I).

<sup>317</sup> An exception ~~will be~~ made for the out-of-state facilities that have LTPPA contracts with the utilities. As discussed in Section 4.1, those facilities will be grandfathered into this consideration and will remain eligible to provide RECs for compliance with the Illinois RPS.

<sup>318</sup> Available at: <https://www2.illinois.gov/sites/ipa/Documents/2018ProcurementPlan/IL-RPS-Adjacent-State-Facility-Determination-of-Eligibility-20180404.xls>.

The Agency will review final system information to verify consistency with the information submitted for the pre-approval.

## 4.2. Cost Recovery Requirement

Section 1-75(c)(1)(J) of the Act contains the following provision ~~that~~:

*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.*

~~Similar language also applies to RECs procured by ARES for their RPS obligations (“...shall not include any resources from a facility whose costs were being recovered through rates regulated by any state or states on or after January 1, 2017”<sup>319</sup>). The ICC recently updated rules<sup>320</sup> for ARES RPS compliance to comply with this new statutory provision (among others).<sup>321</sup> As part of the process of implementing those rules, the Agency will work with ICC staff to review facility eligibility in GATS and M-RETS to make reasonable determinations of what existing facilities would meet these criteria and would have RECs eligible for use by ARES for their RPS compliance.~~

Generally speaking, the Agency understands that facilities owned by a rural electric cooperative or a municipal utility ~~would~~are not ~~be~~ 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, ~~there~~the Agency will not be issuing 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 ~~generally~~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 rates 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

<sup>319</sup> 220 ILCS 5/16-115D(a)(3.5).

<sup>320</sup> 83 Ill. Adm. Code Part 455.

<sup>321</sup> The Commission’s Second Notice Order was issued August 25, 2017, and the Rules were approved by JCAR on October 24, 2017 with an effective date of October 26, 2017.

~~through state-regulated rates. Consequently, the IPA understands such projects' RECs as being barred from participation in the Illinois RPS 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")<sup>322</sup> (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.

~~Additionally, the Agency endeavors to provide consistent application of this rate regulated language in making facility determinations for both the RPS under Section 1-75(c) and also ARES RPS eligibility under Section 16-115D of the PUA, and proposes to work with Illinois Commerce Commission Staff (with whom the Agency has traditionally made and is likely to be making joint determinations on ARES RPS facility eligibility) to this end.~~

~~After the approval of this Plan by the Commission, the Agency asked M-RETS to have all facilities outside of Illinois have their REC eligibility removed for Illinois utility RPS purposes, while for GATS because that system does not distinguish between the Utility RPS and the ARES RPS, that change will be made after the end of the ARES RPS obligations. (Therefore, this change will not impact ARES RPS eligibility designations.)~~ As described in Section 4.1.2, facilities located in adjacent states will proactively have to request eligibility for the utility RPS pursuant to the public interest criteria standard explained above. Those requests to meet the public interest criteria will also be 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~~ would~~will~~ suffice. For larger facilities, the Agency ~~is~~has not ~~proposing~~utilized a firm standard of documentation, but ~~suggests that~~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 ~~in order~~ to verify a facility's status.

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<sup>322</sup> 16 U.S.C. §§ 796(17), 824a-3, 824i.

The Agency is not presently aware of any renewable facilities in Illinois that have their costs recovered through regulated rates.

In addition to the screening process described above, all contracts from ~~future~~ IPA-administered REC procurements or programs ~~will~~ 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 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.*

## 5. Competitive Procurement Schedule

As described throughout this Chapter, to help meet RPS goals outlined in Section 1-75(c) of the IPA Act, in this draft Revised Plan the IPA proposes to potentially conduct a variety of competitive procurements for RECs in calendar years ~~2018~~2020 and ~~2019~~2021. In combination with the programs described in Chapters 6, 7, and 8, subject to any limitations created as limited by the RPS budget caps, these competitive procurements ~~are intended to would help~~ make progress toward the RPS REC goals and targets outlined in Sections 1-75(c)(1)(B) and (C), ~~and identified~~ as further discussed in Chapter 3, ~~through. However, the 2019-2020 delivery years, ability to conduct the competitive procurements outlined in this Chapter depends on available funding—and as also procure additional RECs under long-term contracts outlined in Chapter 3, the Agency envisions significant funding constraints. As a consequence, this Chapter does not propose to automatically conduct any Competitive Procurements, but rather to prepare provide a framework for meeting the goals for future delivery years—such procurements should they become feasible due to updated analysis of available funds (including the allocation of utility-held ACPs), or legislative changes to RPS funding sources (such as an extension of the four-year rollover period).~~

In the Initial Plan, this Chapter ~~discusses~~discussed two types of competitive procurements: Forward Procurements and Spot Procurements. The discussion further noted that pursuant to the Commission's Final Order in Docket No. 17-0838, ~~this the initial~~ Plan no longer ~~contains~~contained proposals for Spot Procurements in the 2017-2018 through 2019-2020 delivery years,<sup>323</sup> while Forward Procurement volumes were significantly increased through ~~the that~~ Order. ~~For purposes of this Chapter (in both cases, compared to the Agency's proposed initial Plan filed for the Commission's approval in December 2017). As taken from the Initial Plan,~~ the Agency ~~will use~~uses the following definitions of these types of procurements:

- A **Forward Procurement** is a competitive procurement for RECs where the beginning delivery date is in a future delivery year and the delivery term is multiple years. Further, a Forward Procurement is for unit-specific RECs. Forward Procurements include those specifically outlined in the Act (e.g., a Subsequent Forward Procurement) and additional Forward Procurements proposed by the IPA as part of this draft Revised Plan. Unless specified otherwise in this Chapter ~~(i.e., Community Generation Program Forward Procurement in Section 5.8.4),~~ Forward Procurements will, to the extent practicable, follow the model used for the Initial Forward Procurement including:
  - 15-year REC-only contracts
  - Price per REC fixed over the term of the contract, no price escalation
  - Ability to bank RECs
  - Credit requirements and instruments
- A **Spot Procurement** is a competitive procurement for RECs for either the prior, current, or the prompt delivery year goals. The delivery term of a Spot Procurement is one delivery year. While the IPA does not believe the PUA or IPA Act requires that spot procurement proposals track exactly on the requirements of Section 16-111.5, the Agency proposes that ~~it should~~ any spot procurements ~~will be authorized and subsequently conducted,~~ to the extent

<sup>323</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 40-44.



practicable, they would follow the model the IPA has used for past similar REC procurements including:

- Fixed price per REC
- RECs must be from applicable delivery year
- Credit requirements and instruments

~~As discussed in Chapter 2, the Agency will review and update this Plan in 2019 in conjunction with the development of the Agency's 2020 Annual Procurement Plan, with those updates and revisions to take effect in calendar year 2020. The schedule of competitive procurements occurring after 2019 will be addressed in that Plan update. A discussion of the general principles for future competitive procurements is discussed in Section 5.10.~~

In this draft Revised Plan, the Agency is only proposing potential Forward Procurements.

## 5.1. Statutory Requirements

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 6, 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:<sup>324</sup>

*"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."*

While it is unclear whether procurements such as those proposed in this Chapter are *required* to be conducted as "a competitive bid process," the Agency has achieved generally positive results in past experience with its competitive bid process ~~and~~(including the Initial Forward Procurements and competitive procurements conducted pursuant to the Initial Plan). Thus, outside of the programs it proposes in later Chapters, ~~—some of which statutorily require a different structure—~~it sees no need to deviate from this approach. Section 5.3 discusses ~~in more detail~~ the Agency's competitive

<sup>324</sup>The Agency notes that subparagraph 1-75(c)(1)(G) also includes the Initial Forward Procurements that were mandated to be developed and implemented prior to the release of this Final Plan. The Agency therefore understands this provision to apply only to subparagraph (G)(iii) regarding the "Subsequent Forward Procurements" and other additional forward procurements.

procurement process specified in Section 16-111.5(e) through (i) ~~conducted by the Agency for prior electricity procurements, as well as prior renewable energy procurements, and in more detail, and specifically~~ how this process will be applied to the competitive procurements proposed in this draft Revised Plan.<sup>325</sup>

## **5.2. Background on past REC Procurements conducted by the IPA**

In the years 2009 through 2016, with the exceptions of 2013 and 2014,<sup>326</sup> the IPA held procurements for renewable energy resources to meet the RPS requirements of the utilities' eligible retail customers. These procurements were conducted through a competitive procurement process.

While changes to Section 1-75(c) of the IPA Act through P.A. 99-0906 significantly ~~increase~~increased the volume of RECs to be procured by the Agency, the Agency has a long track record of procuring renewable energy resources, predominantly RECs.<sup>327</sup> ~~The Agency's past competitive procurements for renewable energy resources resulted in the procurement of the following quantities of RECs:~~<sup>328</sup>

Prior to Public Act 99-0906, the Agency's past competitive procurements for renewable energy resources are listed below (with the quantities of RECs procured listed in some cases):<sup>329</sup>

- Spot Procurements for one-year delivery of RECs
  - 2009 REC procurements for Ameren Illinois and ComEd (720,000 RECs for Ameren Illinois, 1,564,360 RECs for ComEd)
  - 2010 REC 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 procurement for MidAmerican

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<sup>325</sup> The provisions related to this Plan contained in Section 16-111.5 of the PUA and Section 1-75(c)(1) of the Act generally refer to "competitive procurement processes" or "competitive procurement events" while in this one instance there is reference to "a competitive bid process" that shall follow the procurement process contained in Section 16-111.5. However, that provision only applies to the Initial Forward Procurement. Nonetheless, while the Agency may have the discretion to conduct other competitive procurement processes through procedures other than those envisioned by Section 16-111.5 (e.g., rather than a sealed bidding with pay-as-bid settlement, offering a standard offer price, or perhaps a single clearing price), at this time the Agency believes that all the competitive procurements it administers should follow the framework set up by Section 16-111.5.

<sup>326</sup> In the Agency's 2013 Procurement Plan, due to a decline of eligible retail customers' load served by the utilities, mainly attributable to municipal aggregation, the Agency determined, and the Commission agreed, that no new procurements of renewable energy resources (or for that matter energy) were required. See Order, Docket No. 12-0544, December 19, 2012, at 109-110.

<sup>327</sup> Section 1-75(c) of the Act prior to the changes enacted through Public Act 99-0906 focused on the procurement of "renewable energy resources." The revisions to the Section contained in Public Act 99-0906 focus the Long-Term Renewable Resources Procurement Plan on specifically acquiring "renewable energy credits" from programs and competitive procurements.

<sup>328</sup> ~~Announcements of these procurements that contain additional information can be found at: <https://www.illinois.gov/sites/ipa/Pages/Prior-Approved-Plans.aspx>. Certain REC volume information has been redacted to maintain required confidentiality in accordance with 220 ILCS 5/16-111.5(h).~~

<sup>329</sup> Announcements of these procurements that contain additional information can be found at: <https://www.illinois.gov/sites/ipa/Pages/Prior-Approved-Plans.aspx>. Certain REC volume information has been redacted to maintain required confidentiality in accordance with 220 ILCS 5/16-111.5(h).

- Procurements for multiple delivery years of RECs
  - 2010 Long-term 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)
  - 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 Supplemental Photovoltaic procurements using the RERF (5 year contracts, with provision to allow time for identification of under 25 kW systems) (21,436 SRECs 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)
  - 2017 Distributed Generation procurements (5 year contracts, also include provision to allow time for identification of under 25 kW systems) (19,549,025 SRECs per year procured in Spring 2017, 8,153 SRECs per year procured in Fall 2017)
  - ~~2017 Initial Forward Procurement (15 year contracts, 1.965 million RECs per year procured)~~

Updates to ~~With the enactment of Public Act 99-0906, the Agency began conducting procurements to meet the RPS requirements of all retail customers. The first such procurements were the Initial Forward Procurements, conducted prior to the finalization of the Initial Plan. After the Initial Plan’s approval, the Agency conducted a series of procurements conducted under the Commission’s authority granted through its Order in Docket No. 17-0838. Those procurements are listed below:~~

- 2017 and 2018 Initial Forward Procurements (15 year contracts, 965,000 Wind RECs and 1,000,000 Solar RECs per year procured)
- October 2018 First Subsequent Forward Procurement for Wind RECs (15 year contracts, 1,979,753 RECs)
- November 2018 Photovoltaic Forward Procurement for Solar RECs (15 year contracts, 2,000,000 RECs)
- July 2019 Brownfield Site Forward Procurement (15 year contracts, quantity not released due to only two projects selected)

As of the release of this draft Revised Plan, the Agency has three remaining Competitive Procurements scheduled pursuant to the Initial Plan:

- Second Subsequent Forward Procurement (for new utility scale wind):
- Community Renewable Generation Procurement (for non-PV renewable technologies)
- Low-income Community Solar Pilot Project Procurement (conducted pursuant to Section 1-56(b)(2)(D) of the Act.

Each of the above procurements is scheduled to be completed prior to the Revised Plan’s approval by the ICC.

### 5.3. The Agency's Competitive Procurement Approach

Based on ~~this~~ previous REC procurement experience, the Agency has a solid foundation to build upon for conducting the potential additional competitive procurements proposed in this draft Revised Plan. ~~While the specific products and delivery terms may vary from past procurements,~~ The Agency believes that no significant modifications to the procurement approach itself are needed. ~~Nonetheless, there are some specific items that can be updated as discussed below.~~

The procurement approach the Agency has used for prior REC procurements, including the Initial Forward Procurements and the forward procurements conducted under the Initial Plan, stems from the approach laid out in Section 16-111.5 of the Public Utilities Act for "standard wholesale product" (i.e., block energy, capacity, etc.) procurements. It includes the following key provisions:

- 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
- 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,<sup>330</sup> and ICC Staff.<sup>331</sup>
- 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.<sup>332</sup>
- 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.

<sup>330</sup> 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).

<sup>331</sup> The Agency expects that the contract will generally be based on a modified ABA-EMA-ACORE REC Purchase & Sale Agreement, although as discussed further in this Chapter, it recommends a change in approach from prior REC contracts utilized by the Agency (with those prior contracts containing separate modifications to an attached standard agreement).

<sup>332</sup> 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)).

- 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.<sup>333</sup>
- 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.<sup>334</sup>
- Release of procurement results – The Procurement Administrator releases the results of the procurement event; confidential information is protected.<sup>335</sup>
- 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.<sup>336</sup>

Unless specifically noted in the following sections, the IPA proposes that the competitive procurements for RECs ~~proposed~~described in this draft Revised Plan follow these past practices that have been refined over the past eighteen years.

#### 5.4. Contracts~~Revised REC Eligibility~~

~~Changes in the RPS will require several changes to the IPA’s approach to conducting competitive procurements. The most significant change is that the universe of eligible facilities, and thus eligible RECs, has changed significantly. Prior to 2011, the standard was:~~

~~“Resources procured pursuant to this Section shall be procured from facilities located in Illinois, provided the resources are available from those facilities. If resources are not available in Illinois, then they shall be procured in states that adjoin Illinois. If resources are not available in Illinois or in states that adjoin Illinois, then they may be purchased elsewhere.”~~

~~After 2011, the standard changed to:~~

~~“Resources procured pursuant to this Section shall be procured from facilities located in Illinois or states that adjoin Illinois. If resources are not available in Illinois or in states that adjoin Illinois, then they may be procured elsewhere.”<sup>337</sup>~~

~~This allowed the IPA to run procurements that featured a bid selection process where bids were selected on the basis of price in a series of preferential categories that reflected locational priorities. As can be seen in the public notices of winning bidders from past procurement results,<sup>338</sup> RECs were procured in the categories “Illinois and adjoining states” and “other states.”~~

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<sup>333</sup> See 220 ILCS 5/16-111.5(f).

<sup>334</sup> See id.

<sup>335</sup> See 220 ILCS 5/16-111.5(h).

<sup>336</sup> See 220 ILCS 5/16-111.5(g).

<sup>337</sup> Both provisions were contained in the prior provisions of 20 ILCS 3855/1-75(c)(3), repealed and replaced effective June 1, 2017 through Public Act 99-0906.

<sup>338</sup> See: <https://www.illinois.gov/sites/ipa/Pages/Prior-Approved-Plans.aspx> for past IPA procurement results.

**5.3.1. Starting June 1, 2017, under the revised RPS enacted through Public Act 99-0906, this paradigm changed again and the pool of potentially eligible RECs has shrunk significantly. As discussed in**

For the competitive procurements conducted pursuant to the Initial Plan (as well as the Initial Forward Procurements), the Agency updated its REC contract used in previous competitive procurements for renewable energy credits (other than the Supplemental Photovoltaic Procurements, which featured the Agency as a counterparty rather than the utilities and followed a simplified structure). This update made changes to ensure that the contract was compliant with new requirements found in P.A. 99-0906, but otherwise followed the standard format of a Cover Sheet, Revisions to the Master REC Agreement, and the Master REC Agreement itself.

The Agency is concerned that this contract structure may be confusing and overly complex: with three separate documents, each of which may address the same universe of contract terms, a party reviewing the contract may not fully understand which terms are applicable or may require sophisticated counsel to work through inherent contradictions. The Agency thus believes the development of a new, cleaner, more straightforward REC delivery contract is warranted.

Because the potential procurements outlined in this Chapter are not time sensitive, the Agency believes it can conduct a more thorough contract development process providing more time for stakeholder input during calendar year 2020. As discussed in Section 6.7, the Agency proposes a similar update to contracts for the Adjustable Block Program which currently feature the same structure as the contracts used for competitive procurements. The Agency proposes that the new contract that is developed through that process should be considered as the starting point for a new contract for any competitive procurements that are held. The Agency would provide stakeholders the opportunity to provide written comments on a proposed competitive procurement contract prior to the start of any competitive procurement process. While the Agency believes the final decision on the contract should continue to reflect the past practice of the consensus of the Agency, the ICC Staff, the Procurement Administrator, the Procurement Monitor, and the utilities, this process will help to ensure that resulting contracts properly balance the needs and concerns of both the buyers (utilities) and sellers (developers of renewable energy resources that bid into procurements) under the resulting contracts.

**5.4. REC Eligibility**

As discussed in Chapter 4, P.A. 99-0906 place two new conditions have been placed on RECs that are eligible to be used for RPS compliance: that narrowed the pool of RECs eligible for Illinois RPS compliance. First is a locational standard that allows for RECs from facilities located in Illinois to meet the Illinois RPS, and also from facilities located in adjacent states only if they those facilities meet the public interest criteria set out in Section 1-75(c)(1)(I) (as explained in Chapter 4 above). By implication, RECs from states further afield than the states adjacent to Illinois do not qualify for the Illinois RPS. Second, a P.A. 99-0906 introduced a new standard related to how generating units recover their costs. This standard not only limits prohibits the use of RECs to those from generating units that do not recover their costs through state-regulated rates, but also assesses penalties for RECs from systems later found to be non-compliant.<sup>339</sup>

<sup>339</sup> 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 ~~new~~ eligibility requirements ~~will~~ require competitive procurements conducted by the IPA to feature additional steps to verify 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. ~~How this manifests itself will depend on the type of procurement being conducted.~~ For Forward Procurements, additional review may beis now required during the bidder registration process to allow the Procurement Administrator and the Agency to verify information about proposed facilities and if facilities located in the states adjacent to Illinois meet the public interest criteria (for example, see Chapter 4 for more information on how facilities would request this determination). ~~As Spot Procurements were cancelled through the Commission's Order in Docket No. 17-0838, a distinct approach to facility eligibility screening for Spot Procurements is no longer necessary. As the Agency is not proposing Spot Procurements through this draft Revised Plan, the question of how to screen facility for Spot Procurements is not addressed herein, but the Agency notes that screening RECs from Spot Procurements would raise perhaps more complex issues than with Forward Procurements given the non-source-specific nature of those procurement events and the potential participation by aggregators or other third-parties who may have acquired those RECs through prior transactions.~~

### 5.5. 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 draft Revised Plan (and are generally determined through the contract development process), the Agency believes that the level of collateral must be low enough to encourage participation and high enough to discourage suppliers from voluntarily defaulting on contracts for economic reasons. Further, the IPA proposes a strict requirement 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 be barred from participation in future IPA procurements.

### 5.6. 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.”<sup>340</sup>

For the procurements to be conducted under the revised Section 1-75(c) ~~as described in this Plan,~~ the concept of being “cost-effective” for the competitive procurement of RECs ~~has been~~was revised. Specifically, through changes by P.A. 99-0906, “cost-effective” now means that the prices for RECs

*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*

<sup>340</sup> 20 ILCS 3855/1-75(c)(1) repealed effective June 1, 2017.

*substantially similar contract length and structure. 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.<sup>341</sup>*

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, ~~this Plan will not provide~~ additional information ~~on~~ will not be provided regarding the process for developing the benchmark or any range of potential benchmark prices.

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.<sup>342</sup>

### **5.7. Procurements for RECs from New Projects vs. RECs to Meet Annual Goals**

Section 1-75(c)(1)(F) creates a prioritization order for REC procurements, to the extent that the “budget” of utility-collected funds, pursuant to Sections 1-75(c)(1)(E) and 1-75(c)(6) of the Act and Section 16-108(k) of the Public Utilities Act, becomes a binding constraint:

1. RECs under existing contractual obligations;
2. RECs procured through funding for the Illinois Solar for All Program;
3. RECs necessary to comply with the new wind and new photovoltaic procurement requirements described in items (i) through (iii) of subparagraph (C) of this paragraph (1) [of Section 1-75 of the IPA Act];<sup>343</sup>
4. RECs necessary to meet the remaining requirements of this subsection (c).

Chapter 3 describes a substantial gap between the quantity of RECs needed to meet annual percentage RPS goals and the RECs under contract from and pending prior procurements ~~that are already under contract or will be brought. The Agency has satisfied the utility-scale new wind and photovoltaic requirements through the 2025-2026 delivery year via RECs under contract through the Initial Forward Procurement from prior procurements, but believes that additional new generation is necessary to work toward ensuring that any percentage-based goals could eventually be achieved.~~ Taking into consideration the REC procurement priorities discussed above, an in attempt to meet ~~the annual RPS percentage goals, the Agency proposes to first satisfy both quantitative targets and to help grow the pool of RECs eligible to meet the new wind and photovoltaic requirements. Then~~ Illinois RPS's annually climbing percentage-based goals, the Agency will seek to meet the remaining requirements of Section 1-75(c) (which the IPA understands to refer primarily, if not exclusively, to the percentage-based goals found in Section 1-75(c)(1)(B)) through Forward Procurements. ~~In its Plan originally filed with the Commission, the Agency also proposed “spot procurements” to meet the annual RPS percentage goals found in Section 1-75(c)(1)(B) of the Act.~~

<sup>341</sup> 20 ILCS 3855/1-75(c)(1)(D).

<sup>342</sup> Id.

<sup>343</sup> The provisions are for 2,000,000 RECs annually from each technology by the end of the 2020-2021 delivery year, 3,000,000 RECs annually from each technology by the end of the 2025-2026 delivery year, and 4,000,000 RECs annually from each technology by the end of the 2030-2031 delivery year.



~~However, in its Order approving the Plan, citing “the serious risk Spot Procurements can pose to the budget which may prevent the IPA from meeting its statutory long-term new build requirements,” the Commission granted “various parties’ requests to cancel the Spot Procurements.”<sup>344</sup> Thus, under this Plan, there will be no Spot Procurements in the 2017-2018 through 2019-2020 delivery years, to the extent budgets allow.<sup>345</sup>~~

### **5.8. Procurements Conducted Under the Initial Plan**

In the Initial Plan, the Agency proposed a series of procurements as described in Table 5-1 below. As of the release of this draft Revised Plan, the First Subsequent Forward Procurement (wind), the Brownfield Site Forward Procurement, and the Photovoltaic Forward Procurements have all been conducted.

The original Brownfield Site Forward Procurement was conducted in the fall of 2018 and did not feature any winning projects. In January of 2019, the Agency sought feedback 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. The second Brownfield Site 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,<sup>346</sup> the procurement did exceed the statutory target of 40,000 RECs annually by the 2021 delivery year (although such RECs could begin being delivered after that date under the procurement’s contracts).

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) are all scheduled for later in 2019.

With ~~Consistent with the Commission’s Order in Docket No. 17-0838, the IPA proposes to implement the competitive procurements summarized in Table 5-1 below. A description of each of these procurements follows in Sections 5.7.1 through 5.9. The Procurement Dates listed are tentative dates and may be adjusted by the Agency if needed. While the Agency will strive to keep to this procurement schedule, unforeseen circumstances could delay procurements. Likewise, if it is feasible to hold a procurement earlier than planned (but not more than one calendar quarter), the Agency may accelerate the schedule for certain procurements. The Agency will announce any changes to procurement dates at least three months prior to the earlier of the scheduled or revised date.<sup>347</sup>~~

<sup>344</sup> Docket No. 17-0838, Final Order dated April 3, 2018 at 42.

<sup>345</sup> In the Initial Plan originally filed with the Commission, the Agency also proposed “spot procurements” to meet the annual RPS percentage goals found in Section 1-75(c)(1)(B) of the Act. However, in its Order approving the Plan, citing “the serious risk Spot Procurements can pose to the budget which may prevent the IPA from meeting its statutory long-term new build requirements,” the Commission granted “various parties’ requests to cancel the Spot Procurements.” Thus, the final Initial Plan did not contain Spot Procurements, and given the budget constraints outlined in Chapter 4, the Agency is not proposing Spot Procurements in this draft Revised Plan.

<sup>346</sup> By releasing quantity information in a procurement with two bidders, each bidder would be able to determine the quantity of the other’s bid, and thus determine that bidder’s bid price.

<sup>347</sup> For the purposes of this schedule, the procurement date refers to the commencement of the process for the specific procurement, and not the bid date.

the completion of these procurements, the quantitative new wind and new utility-scale photovoltaic REC targets for the 2020-2021 delivery year and the 2025-2026 delivery years have been met.

**Table 5-1: 2018 and 2019 Forward Procurements Summary<sup>348</sup>**

<b>Section</b>	<b>Procurement</b>	<b>Technology</b>	<b>Type<sup>349</sup></b>	<b>Procurement Date</b>	<b>Term</b>	<b>Delivery Start</b>	<b>Annual REC Target<sup>350</sup></b>	<b>Annual RECs Procured</b>	<b>Annual Spend \$</b>
<del>5.7.1</del>	First Subsequent Forward	Wind (utility-scale)	New	<del>Summer</del> Fall 2018	<del>15</del> Years	<del>2020-</del> 2021- <del>2022</del>	2 million	<del>1.98</del> million <sup>351</sup>	<del>6.41</del> million
<del>5.7.2</del>	Brownfield Site Forward	Photovoltaic (brownfield site)	New	Fall 2018 /Summer 2019 <sup>352</sup>	<del>15</del> Years	<del>2020-</del> 2021- <del>2022</del>	0.08 million	Quantity not disclosed	Not disclosed
<del>5.8.1</del>	Photovoltaic Forward	Photovoltaic (utility-scale)	New	Fall 2018 <sup>353</sup>	<del>15</del> Years	<del>2020-</del> 2021- <del>2022</del>	2 million	<del>2</del> million	<del>9.28</del> million

<sup>348</sup> 15-year REC delivery term from new generating facilities.

<sup>349</sup> Type refers to whether the generating facility that produces the RECs is new or existing. "Any" means that either type is acceptable.

<sup>350</sup> All REC Targets are subject to available RPS budget limitations.

<sup>351</sup> 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.

<sup>352</sup> While 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.

<sup>353</sup> While originally scheduled for the "Summer" or "Summer or Fall" of 2018, the Brownfield Site Forward Procurement and Photovoltaic Forward Procurement are now both currently scheduled to feature a contract comment taking place in the Summer of 2018 (having already been preceded by a workshop and written comment process taking place in the Spring and Summer of 2018) with bidder registration, bid submission, bid evaluation, bid selection, and contract execution occurring in the Fall of 2018.

							<del>mini</del> <del>mum</del>		
<del>5.8.2</del>	Second Subsequent Forward <sup>354</sup>	Wind (utility-scale)	<del>New</del>	Fall 2019	<del>15</del> <del>Year</del> <del>s</del>	2021-2022	1 million <del>mini</del> <del>mum</del> <sup>355</sup>	<del>TBD</del>	<del>TBD</del>
<del>5.8.3</del>	<del>Other</del> <del>Renewable</del> <del>Forward</del> <sup>356</sup>	<del>Any other than wind/photovoltaic</del>	<del>New</del>	<del>To be determined</del>	<del>15</del> <del>Year</del> <del>s</del>	<del>To be determined</del>	<del>To be determined</del>		
<del>5.8.4</del>	Community Renewable Generation Program Forward	Any non-photovoltaic (with subscribers)	<del>New</del>	Fall 2019	<del>15</del> <del>Year</del> <del>s</del>	<del>2020-2021</del> <del>or</del> <del>later</del> <u>2022</u>	<del>To be determined</del> <sup>357</sup> <u>0.05 million</u>	<del>TBD</del>	<del>TBD</del>
<del>8.6.4</del>	Low-Income Community Solar Pilot Project	Photovoltaic (with community participation <del>+</del> subscribers)	<del>New</del>	<del>To be determined (tentatively late 2018 or early 2019)</del> <u>Fall 2019</u>	<del>15</del> <del>Year</del> <del>s</del>	To be determined	<del>TBD</del> Based on available budget	<del>TBD</del>	<del>TBD</del>

**~~5.7.1. First Subsequent Forward Procurement~~**

**~~5.9. Competitive Procurements~~**

~~While the statutory new wind and new utility-scale solar REC targets for 2020-2021 and 2025-2026 have been met through procurements conducted to date, there could be value found in additional competitive procurements for at least two reasons. First, while enough RECs to meet these targets have been procured and thus are under contract to date, procurement does not ensure that selected projects will be completed and begin to deliver RECs. Therefore, as discussed further below, the~~

<sup>354</sup> Contingent upon whether sufficient photovoltaics are projected to be procured.

<sup>355</sup> The final target REC volume for this procurement will be set in early 2019.

<sup>356</sup> To be held based on Request for Information responses.

<sup>357</sup> The final target REC volume for this procurement will be set in early 2019 based on the performance of other procurements and programs and analysis of expected available budget.

Agency proposes a process for considering holding Contingency Procurements if necessary. Second, to help make progress toward the annual percentage of load goals of the RPS, the Agency proposes a structure for potential additional Forward Procurements should ongoing analysis and review of available RPS budgets (or future legislative changes that change the rate cap, extend the budgetary roll-over period under Section 16-108(k) of the PUA, etc.) suggest that there are sufficient funds that become available in future years to conduct those procurements. However, as discussed in Section 3.22, the Agency proposes in this draft Revised Plan to first prioritize opening additional blocks of capacity for the Adjustable Block Program over conducting additional competitive procurements.

### **5.9.1. Contingency Procurements**

Contingency procurements may be necessary under two circumstances.

The first circumstance would be if the Agency receives notice that projects selected in previously conducted procurements will not be completed and thus the RECs expected from them will no longer be part of the RPS portfolio. If the reduced quantities are significant enough, this could result in the statutory 2020-2021 and/or the 2025-2026 REC targets for new wind, or new solar not being met.<sup>358</sup> In this circumstance, the Agency believes conducting an additional procurement (or if applicable and the timing allows for it, an adjustment to the REC quantities for any procurements conducted pursuant to Section 5.9.2) could be warranted, subject to a review of any budgetary limitations. However, as shown in Table 5-2, those previously conducted procurements put the RPS portfolio well ahead of those targets so this situation would only occur in very unlikely scenarios of many projects failing to be completed.

**Table 5-2: New Wind and New Utility-Scale Solar RECs Procured and Targets**

							<b><u>New Wind</u></b>	<b><u>New Utility-Scale Solar</u></b> <small><sup>359</sup></small>
<b><u>Procurement</u></b>	<b><u>Technology</u></b>	<b><u>Type</u></b> <small><sup>360</sup></small>	<b><u>Procurement Date</u></b>	<b><u>Term</u></b>	<b><u>Delivery Start</u></b>	<b><u>Annual REC Target</u></b> <b><u>RECs Procured</u></b> <small><sup>361</sup></small>	<b><u>3.945 million</u></b>	<b><u>3 million</u></b>

<sup>358</sup> Overall targets for RECs from new solar projects are the same as for new wind, however 50% of those RECs must come from the Adjustable Block Program, 2% from brownfield site solar (which could also be considered utility-scale if over 2 MW in size), and 40% from utility-scale solar (with 8% not specifically described). Therefore, this Section only considers utility-scale solar, and not other types of solar.

<sup>359</sup> 40% of overall new solar target.

<sup>360</sup> Type refers to whether the generating facility is new or existing.

<sup>361</sup> REC Target is subject to available RPS budget limitations. Assumes that the 2019 Second Subsequent Forward Procurement for RECs from utility-scale wind projects meets its goal of 1 million RECs delivered annually and that projects selected from the Initial Forward Procurements and the Forward Procurements already conducted are successfully completed and begin REC deliveries.

<u>First Subsequent Forward</u>	<u>Wind (utility-scale)</u>	<u>New</u>	<u>Summer 2018</u>	<u>15 Years</u>	<u>2020-2021 Target</u>	<u>2 million</u>	<u>0.8 million</u>
<u>2025-2026 Target</u>						<u>3 million</u>	<u>1.2 million</u>
<u>2030-2031 Target</u>						<u>4 million</u>	<u>1.6 million</u>

The first round of second circumstance would be if a new procurement conducted pursuant to Section 5.9.2 failed to meet its REC target. In this case, the Initial Forward failure to procure RECs would not necessarily impact statutory REC targets, but rather would just contribute to increasing the shortfall in meeting the annual percentage-based REC goals. Prior to considering conducting another procurement, the Agency would assess why the targets were not met and would request stakeholder feedback on any changes to the procurement that would increase the likelihood that a procurement held again would be more likely to be successful. Part of that assessment would be an evaluation of the shortfall and if it were large enough to warrant another procurement (e.g. a shortfall of 10,000 RECs out of a 1 million annual REC target would be offered different consideration than a shortfall of 800,000 RECs).

Prior to conducting any Contingency Procurement, conducted by the Agency in August 2017, selected (but did not precisely procure) 1,000,000 annual the Agency would also consult with ICC Staff. The Agency would not seek formal Commission approval for conducting a Contingency Procurement, and thus seeks authorization to conduct such procurements based on the factors outlined above through the Commission’s approval of this Revised Plan.

### **5.9.2. Forward Procurements**

Given the funding limitations described in Chapter 3, Forward Procurements for RECs from new utility-scale wind<sup>362</sup> or utility-scale solar projects will not be automatically conducted. Rather, on a biannual basis each spring and fall, the Agency will review available RPS budgets to determine if procurements can be conducted. Should available budgets (after the prioritization described in Section 3.22) allow for Forward Procurements to be conducted, the Agency will post to its website an announcement of the procurement(s) that includes an analysis of the available funding and the REC targets.

In general, the Agency recommends continuing the requirement from procurements conducted pursuant to the Initial Plan that REC deliveries begin within three years of the procurement event. However, the Agency does recognize that there are a variety of factors that can lead to project delays,

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<sup>362</sup> For the purposes of Forward Procurements, the Agency understands that to be considered a “new wind project,” a facility must be energized within three years of the Commission’s approval of the procurement results. In addition, the Agency notes that it would generally not consider a repowered wind farm a “new wind project” for purposes of Section 1-75(c)(1)(C) of the IPA Act. Providing an incentive for existing generation to simply repower for increased efficiency would be inconsistent with statutory directives encouraging the development of “new” projects to “to diversify Illinois electricity supply, avoid and reduce pollution, reduce peak demand, and enhance public health and well-being of Illinois residents” (20 ILCS 3855/1-75(1-5)(6)), as the incremental benefits offered to Illinois residents by a repowered project would be significantly less than those offered by an entirely new facility.

including the RTO interconnection process, so the Agency will continue to include extension provisions in contracts.

### **5.9.3. Brownfield Site Photovoltaic (“annual RECs” meaning the quantity of RECs to be**

In the Initial Plan, the Agency proposed a procurement for RECs from brownfield site photovoltaic projects and included a target of 80,000 RECs delivered annually under the resulting REC delivery contracts).<sup>363</sup> It also procured 200,000 annual RECs from new utility-scale photovoltaic projects. As discussed above in Section 5.8, the procurement was initially held in the fall of 2018 in conjunction with the Photovoltaic Forward Procurement and did not successfully procure any RECs. The Agency subsequently ~~conducted two~~ issued a request for comments from stakeholders to gain a better understanding of factors that may have contributed to the lack of success of the procurement, and filed a motion with the Commission in March of 2019 for a clarification to provide the authorization to conduct another 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 upcoming statutory target of 40,000 RECs delivered annually.

As discussed in Section 3.22, if funds are available and additional rounds of Initial Adjustable Block Program procurement quantities are satisfied, the Agency would conduct a procurement for 50,000 RECs delivered annually from Brownfield Site Photovoltaic Projects.

### **5.9.4. Other Renewables Forward Procurement**

As contemplated by the Initial Plan (see Section 5.8.3 of the Initial Plan), in June of 2019 the Agency issued a Request for Information to gauge developer and other stakeholder interest in a forward procurement for RECs from new renewable energy resources that are not wind or photovoltaic. The Agency received a very limited response to the Request for Information (only receiving responses from MidAmerican Energy and the Union of Concerned Scientists).<sup>364</sup> Those comments only provided limited information on a few potential projects in March and April 2018. These ~~procured an under~~ development in Iowa (but did not address if they have their costs recovered in rates regulated by a state which would make them ineligible), did not provide any insight into the economics or cost effectiveness of such a procurement, and raised a number of potential concerns related to the environmental impacts of biomass energy projects.

Based on the comments received, and with the concurrence of ICC Staff as described in the Initial Plan, the Agency does not recommend conducting a Forward Procurement for RECs from renewable energy resources that are not wind or photovoltaic.

### **5.9.5. Community Renewable Generation Program**

In the Initial Plan, the Agency proposed a Community Renewable Generation Program Forward Procurement (See Section 5.8.4 of the Initial Plan). This procurement was designed to recognize that while Section 1-75(c)(1)(N) of the IPA Act required the creation of a community renewable

<sup>363</sup> 965,000 RECs were ultimately procured due to one bidder's rejection of a partial award after approval by the Commission.

<sup>364</sup> See: <https://www2.illinois.gov/sites/ipa/Pages/Draft-Long-Term-Renewable-Resources-Procurement-Plan-Comments-2019.aspx>.

generation program, the law provided firm guidance only on how to procure RECs from community solar projects (through the Adjustable Block Program), with other renewable generating technologies unaddressed. The Community Renewable Generation Program Forward Procurement would then create an opportunity for non-photovoltaic community generation projects to be developed. The procurement is scheduled for the fall/winter of 2019; initial proposed requirements were published in late July of 2019, with an invitation for stakeholder feedback.<sup>365</sup>

As of the release of this draft Revised Plan, there are therefore no results or learnings from that procurement. While the Agency appreciates the potential opportunities for additional 800,000 of annual RECs. As required by procurements to expand the range and diversity of renewable energy resources in Illinois, due to the current budget constraints the Agency does not propose another non-photovoltaic community renewable generation procurement in this draft Revised Plan. The Agency welcomes stakeholder comments on whether the Revised Plan should include such a procurement.

### **5.10. Wind/Solar Matching Requirement**

As discussed in Section 2.4.5, Section 1-75(c)(1)(G)(ii) of the Act, these projects must start the delivery of RECs by June 1, 2021<sup>iv</sup>) of the IPA Act requires that the projected amount of RECs procured (annually) from new wind projects not exceed the projected amount of RECs procured from new photovoltaic projects by more than 200,000 RECs, and that should this occur the Agency adjust the procurement plan accordingly.

Section 1-75(c)(1)(C)(ii) specifies that by the end of the 2020-2021 delivery year (May 31, 2021), at least 2,000,000 RECs used to meet the requirements of the Illinois RPS are to be delivered annually from new wind projects, and likewise that at least 2,000,000 RECs are to be delivered annually from new photovoltaic projects.<sup>366</sup> It further specifies that at least 50% of those photovoltaic RECs (i.e., at least 1,000,000 RECs) are to come from projects developed through the Adjustable Block Program described in Chapter 6, that 40% of the photovoltaic RECs (at least 800,000 RECs) are to come from utility-scale projects, and that the Agency determine through this Plan how the remainder (200,000 RECs) are to be procured. Section 1-75(c)(1)(C)(ii) also specifies that 2% of the photovoltaic RECs (at least 40,000 RECs) be procured from brownfield site photovoltaic projects that are not community solar.

For present planning purposes, the Agency will assume that the additional rounds of the photovoltaic Initial Forward Procurement meet their targets, and that the projects from the Initial Forward Procurement are successfully developed, energized, and begin delivering their annual quantities of RECs by their statutory deadline. Under this approach, the initial forward procurements will meet 965,000 out of the 2,000,000 annual REC goal for new utility-scale wind projects by the 2020-2021 delivery year. For new photovoltaic projects, the 1,000,000 RECs from utility-scale solar projects through the Initial Forward Procurement will exceed the 40% of RECs from new utility-scale solar projects requirement (800,000 RECs), and the Agency views the additional 200,000 RECs from utility-scale solar projects as contributing to the 8% portion of the 2,000,000 new photovoltaic RECs by the 2020-2021 delivery year for which the Agency has discretion on how to procure.

<sup>365</sup> See <http://www.ipa-energyrfp.com/download/26732>.

<sup>366</sup> For the purposes of this Chapter, references to REC quantities should be understood to mean an annual delivery quantity separate from the length of the contract under which RECs are delivered.

~~Therefore, the Agency will need to conduct an additional procurement of RECs from new wind projects to meet the 2,000,000 annual REC goal. To do so, the Agency proposes to conduct its First Subsequent Forward Procurement for RECs from new utility-scale wind projects to be held pursuant to Section 1-75(c)(1)(G)(iii). That section outlines several requirements for a Subsequent Forward Procurement:~~

- ~~• The procurement must be for “at least 1,000,000 renewable energy credits delivered annually per procurement event.”~~
- ~~• The procurement “shall be planned, scheduled, and designed such that the cumulative amount of renewable energy credits delivered from all new wind projects in each delivery year shall not exceed the Agency’s projection of the cumulative amount of renewable energy credits that will be delivered from all new photovoltaic projects, including utility scale and distributed photovoltaic devices, in the same delivery year at the time scheduled for wind contract delivery.”~~

~~In the Plan filed for ICC approval, the Agency projected that at least 1,035,000 additional annual RECs from new wind projects through the First Subsequent Forward Procurement would be required. In approving this Plan, the Commission required that the Agency instead “increase the size of the targeted annual REC minimums for the long-term utility-scale PV forward procurement in Spring 2019 or as soon as possible (Plan at Section 5.8.1) and the long-term utility-scale wind ‘first subsequent forward’ procurement in Summer 2018 (Plan at Section 5.7.1) to at least 2 million RECs per year.”<sup>367</sup> Therefore, the target annual volume for the First Subsequent Forward Procurement will be The new photovoltaic project REC quantities presently under contract include RECs procured through the Adjustable Block Program and the Illinois Solar for All Program. As of the release of this draft Revised Plan (inclusive of expected volumes to be procured in the remaining 2019 procurements and the full allocation of the Adjustable Block Program RECs), it appears that new photovoltaic RECs procured exceed new wind RECs procured as shown in Table 5-1. Absent a significant fall off of RECs procured due to projects not being completed and energized, it appears that this matching requirement may not be a significant concern in the near future.~~

### **Table 5-3: New Wind/Solar RECs Procured**

~~2 million RECs:~~

~~The First Subsequent Forward Procurement for RECs from new utility-scale wind projects will, to the extent practicable, follow the approaches used by the IPA in previous procurements including the Initial Forward Procurement. The Agency understands that to be considered a “new wind project,” a facility must be energized within three years of the Commission’s approval of the procurement results. See Section 2.4.2 for additional discussion of this issue.<sup>368</sup>~~

<sup>367</sup> Docket No. 17-0838, Final Order dated April 3, 2018 at 43.

<sup>368</sup> In addition, the Agency notes that it would generally not consider a repowered wind farm a “new wind project” for purposes of Section 1-75(c)(1)(C) of the IPA Act. Providing an incentive for existing generation to simply repower for increased efficiency would be inconsistent with statutory directives encouraging the development of “new” projects to “to diversify Illinois electricity supply, avoid and reduce pollution, reduce peak demand, and enhance public health and well-being of Illinois residents” (20 ILCS 3855/1-75(1-5)(6)), as the incremental benefits offered to Illinois residents by a repowered project would be significantly less than those offered by an entirely new facility.



~~In order to maximize federal tax incentives (reducing potential REC prices) and to maximize the likelihood that projects will be completed by the end of the 2020-2021 delivery year, the First Subsequent Forward Procurement will be held in the summer of 2018.~~

**5.7.2. ~~Brownfield Site Forward Procurement~~**

<del>Procurement</del>	<del>Technology</del>	<del>Type</del> <sup>369</sup>	<del>Procurement Date</del>	<del>Term</del>	<del>Delivery Start Year</del>	<del>Annual REC Target</del> <sup>370</sup> <del>All Solar RECs</del>	<del>All Wind RECs</del>	<del>Solar In Excess of Wind</del>
<del>Brownfield Site Forward</del>	<del>Photovoltaic (brownfield site)</del>	<del>New</del>	<del>Fall 2018</del>	<del>15 Years</del>	<del>2020 - 2021</del>	<del>0.08 million</del> <del>1,883,467</del>	<del>1,393,581</del>	<del>489,886</del>
			<u>2021-2022</u>			<u>4,190,359</u>	<u>3,944,753</u>	<u>245,606</u>
			<u>2022-2023</u>			<u>4,190,359</u>	<u>3,944,753</u>	<u>245,606</u>
			<u>2023-2024</u>			<u>4,190,359</u>	<u>3,944,753</u>	<u>245,606</u>
			<u>2024-2025</u>			<u>4,190,359</u>	<u>3,944,753</u>	<u>245,606</u>
			<u>2025-2026</u>			<u>4,190,359</u>	<u>3,944,753</u>	<u>245,606</u>
			<u>2026-2027</u>			<u>4,190,359</u>	<u>3,944,753</u>	<u>245,606</u>
			<u>2027-2028</u>			<u>4,190,359</u>	<u>3,944,753</u>	<u>245,606</u>
			<u>2028-2029</u>			<u>4,190,359</u>	<u>3,944,753</u>	<u>245,606</u>
			<u>2029-2030</u>			<u>4,190,359</u>	<u>3,944,753</u>	<u>245,606</u>
			<u>2030-2031</u>			<u>4,190,359</u>	<u>3,944,753</u>	<u>245,606</u>
			<u>2031-2032</u>			<u>4,190,359</u>	<u>3,944,753</u>	<u>245,606</u>

<sup>369</sup>Type refers to whether the generating facility is new or existing.

<sup>370</sup>REC Target is subject to available RPS budget limitations.

~~The Initial Forward Procurements, conducted in August 2017, March 2018, and April 2018, did not procure any RECs from new brownfield site photovoltaic projects, and the Agency has not otherwise procured any RECs that would satisfy the brownfield site photovoltaic project requirement. Given the emphasis that P.A. 99-0906 gave to encouraging brownfield site photovoltaics (for example, adding to the “Legislative declarations and findings” section of the IPA Act a new provision stating that “[d]eveloping brownfield solar projects in Illinois will help return blighted or contaminated land to productive use while enhancing public health and the well-being of Illinois residents”<sup>374</sup>), the IPA believes that procuring an amount greater than the 2020 quantitative target of RECs from brownfield site photovoltaic projects is consistent with the law’s intent. This procurement would seek to accelerate the development of brownfield site photovoltaic projects with the goal to meet the 2025 brownfield site target (80,000 RECs annually versus the 2020 target of 40,000 RECs). Therefore, the Agency plans to conduct a Brownfield Site Forward Procurement in calendar year 2018 for RECs from new brownfield site photovoltaic projects to meet the 2025 delivery year goal.~~

~~In terms of what sites may be eligible to participate in the Brownfield Site Forward Procurement, Section 1-10 of the Act provides the following definition for a “brownfield site photovoltaic project”:~~

~~“~~

~~Nevertheless, to keep this matching requirement from being exceeded, the Agency will assess the balance between RECs procured from new wind and new photovoltaics prior to proposing any Contingency or Forward Procurements. Should this assessment demonstrate the need to increase photovoltaic procurement quantities or reduce wind procurement quantities, the matching requirement would serve as the basis for adjusting REC procurement volumes, and such volumes would be adjusted to bring RECs under contract in line with the requirements of Section 1-75(c)(1)(G)(iv) of the Act.~~

### **5.11. Procurements after 2021**

~~This draft Revised Plan covers the Agency’s potential proposed procurements for calendar years 2020 and 2021. Absent legislative changes to available budgets (or other changes to the structure of the Renewable Portfolio Standard), it appears highly unlikely that even expanded REC targets for Forward Procurements will reach the annual percentage-based REC goals of the RPS for the time being. As described in Section 3.18, as initial payments for RECs from the Adjustable Block Program (that is, payments for projects in the blocks authorized by the Initial Plan) are completed in 2023 and 2024, the available annual RPS budget should begin to expand, which could allow for an increase in the scale of future Forward Procurements. However, that budget availability may be constrained by the requirement to meet future REC targets for the Adjustable Block Program.~~

~~Procurements to be conducted after 2021 will be considered in the next Plan update scheduled for release in the summer of 2021.~~

~~*Brownfield Site Photovoltaic project” means photovoltaics that are:*~~

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<sup>374</sup> 20 ILCS 3855/1-5(8).

~~(1) interconnected to an electric utility as defined in this Section, a municipal utility as defined in this Section, 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~~  
~~(2) located at a site that is regulated by any of the following entities under the following programs:~~

~~(A) the United States Environmental Protection Agency under the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended;~~

~~(B) the United States Environmental Protection Agency under the Corrective Action Program of the federal Resource Conservation and Recovery Act, as amended;~~

~~(C) the Illinois Environmental Protection Agency under the Illinois Site Remediation Program; or~~

~~(D) the Illinois Environmental Protection Agency under the Illinois Solid Waste Program.<sup>372</sup>~~

~~During the Illinois Commerce Commission proceeding for approval of the Plan, arguments were made regarding whether a site regulated by the Illinois Environmental Protection Agency under the Illinois Site Remediation Program were indeed “brownfield” sites, as many sites may enroll in the Site Remediation Program before the extent of any contamination is known or without any contamination having been demonstrated to be present. To ensure that the Brownfield Site Forward Procurement “help[s] return blighted or contaminated land to productive use while enhancing public health and the well-being of Illinois residents,”<sup>373</sup> the Commission’s Order adopted a new requirement that this procurement must be conducted with “guidelines to ensure projects currently feature or featured actual blight or contamination prior to remediation” for those sites qualifying as a “brownfield site photovoltaic project” under the Illinois Site Remediation Program.<sup>374</sup> Additional guidance around what constitutes “actual blight or contamination” will be developed by the Procurement Administrator in conjunction with the Agency as part of the development of participation guidelines for the Brownfield Site Forward Procurement.~~

## **5.8. Other Procurements to Meet RPS Targets**

~~Assuming that the Brownfield Site Forward Procurement, the Adjustable Block Program, and the First Subsequent Forward Procurement for new wind RECs all meet their target procurement quantities, over 5 million RECs per year will be under contract by the end of the Summer of 2020 through contracts with multi-year delivery obligations.<sup>375</sup> In addition, about 1.9 million RECs per year are already scheduled to be delivered under existing contracts<sup>376</sup> for the 2019-2020 delivery year. This 6.9 million RECs per year from procurements and programs specifically mandated in the IPA Act~~

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<sup>372</sup> 20 ILCS 3855/1-10.

<sup>373</sup> 20 ILCS 3855/1-5(8).

<sup>374</sup> Docket No. 17-0838, Final Order dated April 3, 2018 at 49-50.

<sup>375</sup> 965,000 new wind RECs from the Initial Forward Procurement, 2,000,000 new wind RECs from the First Subsequent Forward Procurement, 1,000,000 new photovoltaic RECs from the Initial Forward Procurement, 80,000 new photovoltaic RECs from the Brownfield Site Forward Procurement, and 1,000,000 RECs from the Adjustable Block Program.

<sup>376</sup> The Long-Term Power Purchase Agreements dating from 2010.

~~falls well short of the annual percentage-based RPS goals. The IPA estimates that unless additional procurements are conducted in calendar years 2018 and 2019, for the delivery period of 2019–2020 and beyond, the annual REC shortage would be in excess of 15 million.~~

~~To help close this gap, the Agency must propose additional procurements to procure additional RECs. The following sections outline additional procurements.~~

### 5.8.1. ~~Photovoltaic Forward Procurement~~

<del>Procurement</del>	<del>Technology</del>	<del>Type</del> <sup>377</sup>	<del>Procurement Date</del>	<del>Term</del>	<del>Delivery Start</del>	<del>Annual REC Target</del>
<del>Photovoltaic Forward</del>	<del>Photovoltaic (utility-scale)</del>	<del>New</del>	<del>Fall 2018</del>	<del>15 Years</del>	<del>2020-2021</del>	<del>2 million minimum</del>

Following the First Subsequent Forward Procurement discussed in Section 5.7.1 and the Brownfield Site Forward Procurement discussed in Section 5.7.2, the next consideration for the Agency is how to expand the number of RECs procured from new photovoltaics projects. A procurement for photovoltaic RECs will likely be necessary to conduct prior to considering additional procurements for new wind RECs after the First Subsequent Forward Procurement because of the statutory requirement for the Agency to balance RECs from new wind projects with those from new photovoltaic projects. Section 1-75(c)(1)(G)(iv) states in part that,

*If [...] the cumulative amount of renewable energy credits projected to be delivered from all new wind projects in a given delivery year exceeds the cumulative amount of renewable energy credits projected to be delivered from all new photovoltaic projects in that delivery year by 200,000 or more renewable energy credits, then the Agency shall within 60 days adjust the procurement programs in the long-term renewable resources procurement plan to ensure that the projected cumulative amount of renewable energy credits to be delivered from all new wind projects does not exceed the projected cumulative amount of renewable energy credits to be delivered from all new photovoltaic projects by 200,000 or more renewable energy credits, provided that nothing in this Section shall preclude the projected cumulative amount of renewable energy credits to be delivered from all new photovoltaic projects from exceeding the projected cumulative amount of renewable energy credits to be delivered from all new wind projects in each delivery year and provided further that nothing in this item (iv) shall require the curtailment of an executed contract.*

The Initial Forward Procurement procured 1,000,000 RECs annually from new utility-scale photovoltaic projects. Assuming the Adjustable Block Program reaches its target of 1,000,000 RECs, then 2,000,000 RECs annually from new photovoltaic projects will have been procured. Unlike for RECs from new wind projects, where Section 1-75(c)(1)(G)(iii) describes the utilization of a “Subsequent Forward Procurement” to meet future years’ targets, the law is silent as to the approach taken to procure additional RECs from new utility-scale photovoltaic projects after the Initial Forward Procurement.

The matching requirements for RECs from new wind and new photovoltaic projects also references both utility-scale and distributed generation/community renewable generation photovoltaics. If the Adjustable Block Program only procures 1,000,000 RECs by the end of the 2020-2021 delivery year, more RECs from new photovoltaic projects will be needed to match the quantity of RECs from new wind projects that go beyond the initial 3,000,000 new wind REC target from the Initial Forward Procurement and the First Subsequent Forward Procurement. Those additional RECs from new wind

<sup>377</sup>Type refers to whether the generating facility is new or existing.

~~projects would be procured through the Second Subsequent Forward Procurement of at least 1,000,000 new wind RECs as described in Section 5.8.2 below. The purpose of going beyond the initial targets of 2,000,000 RECs each for new wind and new photovoltaics is to help ensure a long-term supply of RECs to meet the increasing annual RPS percentage goals that rise to 25% in 2025 (as well as to anticipate the next target of 3,000,000 RECs from each category by 2025). While the Adjustable Block Program may well exceed expectations, it is likely that an additional utility-scale photovoltaic REC procurement will be required to help meet this target.~~

~~In the Plan filed for ICC Approval, the Agency included the Photovoltaic Forward Procurement proposed herein, for annual delivery of a minimum of 1 million RECs from new utility-scale photovoltaic projects, that would be conducted in early 2019. As discussed in Section 5.7.1, in approving this Plan, the Commission increased the target volume of the Photovoltaic Forward Procurement to 2 million RECs. Furthermore, the Commission also “direct[ed] the IPA to conduct this procurement as soon as possible to increase the likelihood that RECs can be delivered for the 2020-2021 delivery year.”<sup>378</sup> Accordingly, the Agency will endeavor to conduct this procurement in the fall of 2018.<sup>379</sup>~~

### **5.8.2. Second Subsequent Forward Procurement**

<b>Procurement</b>	<b>Technology</b>	<b>Type</b> <sup>380</sup>	<b>Procurement Date</b>	<b>Term</b>	<b>Delivery Start</b>	<b>Annual REC Target</b> <sup>381</sup>
Second Subsequent Forward	Wind (utility-scale)	New	Fall 2019	15 Years	2021-2022	1 million minimum

~~If available budgets and projected RECs from new photovoltaic projects are sufficient to allow for an additional Subsequent Forward Procurement, the Agency proposes to conduct a Second Subsequent Forward Procurement. This procurement would be conducted in the fall of 2019 and will seek to procure RECs from new utility-scale wind projects. It would also follow the model described in Section 5.7.1. The final target for this Second Subsequent Forward Procurement could be adjusted upward from 1 million RECs if the projected quantity of RECs from new photovoltaic projects is sufficient to maintain the new wind target within 200,000 RECs per year of the new photovoltaic targets. The Agency will review the results of the Adjustable Block Program, the Brownfield Site Forward Procurement, the First Subsequent Forward Procurement, and the Photovoltaic Forward Procurement to make this determination.~~

~~This Second Subsequent Forward Procurement from new utility-scale wind projects would only occur if at least 3.765 million new photovoltaic RECs are projected to be procured by the end of the 2020-2021 delivery year. This limitation exists because the Initial Forward Procurement, First Subsequent Forward Procurement, and Second Subsequent Forward Procurement must be for a total~~

<sup>378</sup> Docket No. 17-0838, Final Order dated April 3, 2018, at 43.

<sup>379</sup> See id.

<sup>380</sup> Type refers to whether the generating facility is new or existing.

<sup>381</sup> REC Target is subject to available RPS budget limitations. The final target REC volume for this procurement will be set in early 2019.

~~of 3.965 million RECs<sup>382</sup> annually from new wind projects, under Sections 1-75(c)(1)(G)(i) and (iii) of the Act as well as the recent Commission order. For a further example, if the projection were for the delivery of 4.2 million RECs from new photovoltaic projects annually (e.g., 1 million from the Adjustable Block Program, 1 million from the Initial Forward Procurement, and 2.2 million from the Photovoltaic Forward Procurement) by the end of 2020-2021, then the Second Subsequent Forward Procurement volume could be increased from 1 million RECs to 1.435 million RECs annually to stay at the 200,000 REC matching requirement.~~

### **~~5.8.3. Other Renewables 15-Year Forward Procurement~~**

<b>Procurement</b>	<b>Technology</b>	<b>Type</b> <small><sup>383</sup></small>	<b>Procurement Date</b>	<b>Term</b>	<b>Delivery Start</b>	<b>Annual REC Target</b>
<del>Other Renewables Forward</del>	<del>Any other than wind/photovoltaic</del>	<del>New</del>	<del>To be determined</del>	<del>15 Years</del>	<del>To be determined</del>	<del>To be determined</del>

~~The Agency will also look beyond RECs from new wind and new photovoltaic projects to meet the annual RPS goals. Given the introduction of new language into the IPA Act specifically explaining the benefit of “developing new renewable energy resources in Illinois,”<sup>384</sup> the Agency understands the general goal and spirit of P.A. 99-0906 to be to prioritize procurements for RECs that result in the development of new renewable energy facilities over procuring RECs from existing facilities. While RECs from Forward Procurements could be more expensive than RECs from Spot Procurements, the Agency believes this intent provides the basis to consider procurements focused on developing new renewable energy facilities that are not wind or photovoltaics.~~

~~Section 1-10 of the IPA Act defines Renewable Energy Resources as follows:~~

~~“Renewable energy resources’ 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, tree waste, and hydropower that does not involve new construction or significant expansion of hydropower dams. 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 other than tree waste, railroad crossties, utility poles, or construction or demolition debris, other than untreated and unadulterated waste wood.”~~

~~Section 1-75(c)(1)(C) of the Act states that “at least 75% [of the RECs satisfying the Section 1-75(c)(1)(B) percentage goals] shall come from wind and photovoltaic projects,” which opens the~~

<sup>382</sup> To be precise, the Initial Forward Procurement obtained 965,000 annual RECs from utility-scale wind power facilities, and the First Subsequent Forward Procurement will seek to obtain 2,000,000 annual RECs from utility-scale wind facilities, as described in Sections 3.10 and 5.7.1. See Docket No. 17-0838, Final Order dated April 3, 2018 at 43.

<sup>383</sup> Type refers to whether the generating facility is new or existing.

~~door for consideration by the Agency of procurements for RECs from other generating technologies. The Agency believes that there is value in increasing the diversity of sources of RECs for its procurements, up to that 25% limit. Furthermore, by conducting a Forward Procurement for RECs from new renewable energy generating facilities that are not powered by wind or photovoltaics, the Agency will help ensure the long-term supply of RECs to meet RPS goals after the 2020-2021 delivery year.~~

~~In its filed Plan, the Agency proposed to first conduct a Request for Information to collect and monitor market data to determine whether it can cost-effectively conduct an Other Renewables Forward Procurement of RECs from new renewable energy generating facilities that are not wind or photovoltaic,<sup>385</sup> and then conduct an Other Renewables Forward Procurement in the Fall of 2019. In its Order approving the Plan, the Commission correctly observed that “the IPA has no experience or market data regarding non-wind and non-solar renewables” and thus adopted a proposal under which the IPA “will still conduct the Request for Information prior to the 2019 Plan update,” but would then use the results of that Request for Information process to “inform the IPA regarding any proposal it might make in that update.”<sup>386</sup>~~

~~Thus, prior to determining whether to propose this procurement, the Agency will conduct a Request for Information to gauge developer interest in the procurement. If the Agency, in consultation with ICC Staff, determines that there is sufficient interest to make a procurement viable and cost-effective, the Agency will propose this procurement as part of its Plan update in 2019. The final target REC volume for this procurement would be set based on the performance of other procurements and programs, market feedback (including through the Request for Information process), and analysis of expected available budget.~~

#### **5.8.4. Community Renewable Generation Program Forward Procurement**

<b>Procurement</b>	<b>Technology</b>	<b>Type</b> <small>387</small>	<b>Procurement Date</b>	<b>Term</b>	<b>Delivery Start</b>	<b>Annual REC Target</b>
Community Renewable Generation Program Forward	Any non-photovoltaic (with subscribers)	New	Fall 2019	15 Years	2020-2021 or later	To be determined

~~Section 1-75(c)(1)(N) of the IPA Act contains specific provisions requiring the creation of a Community Renewable Generation Program:~~

*~~The long-term renewable resources procurement plan required by this subsection (c) shall include a community renewable generation program. The Agency shall establish the terms, conditions, and program requirements for community renewable generation projects with a goal to expand renewable energy generating facility access to a broader~~*

<sup>385</sup> 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.”

<sup>386</sup> Docket No. 17-0838, Final Order dated April 3, 2018 at 52.

<sup>387</sup> Type refers to whether the generating facility is new or existing.



*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.*

~~In turn, “community renewable generation projects” are defined in Section 1-10 of the Act as including wind, solar thermal, photovoltaic, biodiesel, crops and untreated and unadulterated organic waste biomass, tree waste, and non-new hydropower. The Agency expects that the most likely type of project to participate in a program to support community renewable generation projects would be photovoltaic projects, and those projects must participate in the Adjustable Block Program.<sup>388</sup> However, there may be interest in developing other potential community renewable generation projects that use other sources of renewable energy such as wind, solar thermal, or biomass. This Section describes the competitive procurement process that would be used to procure RECs from community renewable generation projects that are not photovoltaic (photovoltaic community renewable generation projects will participate in the Adjustable Block Program described in Chapter 6).~~

~~Details related to terms, conditions, and program requirements and other aspects (e.g., portability and transferability of subscriptions, and monetary bill credits) of community renewable generation programs are described in detail in Chapter 7.~~

~~The creation of the Community Renewable Generation Program does not provide any specific quantitative targets for the program or explicitly state that the program would procure RECs from the community renewable generation projects, other than to specify the mechanisms for procuring RECs from photovoltaic community renewable generation projects:~~

~~The Agency shall purchase renewable energy credits from subscribed shares of photovoltaic community renewable generation projects through the Adjustable Block program described in subparagraph (K) of this paragraph (1) or through the Illinois Solar for All Program described in Section 1-56 of this Act.~~

~~The Agency notes that, outside of its use of the Renewable Energy Resources Fund as described in Section 1-56 of the IPA Act, it does not (and cannot) directly “purchase” RECs from systems, in part because it has no funding source from which to do so; instead, it facilitates the purchase of RECs by the utilities. Other provisions of Section 1-75(c) of the Act, as well as Section 16-108(k) of the Public Utilities Act, contemplate that utilities would directly “purchase” RECs through the Adjustable Block Program; thus, the IPA will interpret this provision to mean facilitation by the Agency of purchase by utilities. RECs from photovoltaic community renewable generation projects are considered part of the Adjustable Block Program REC targets. RECs from other types of community renewable generation projects could be applied to other portions of the RPS targets.~~

~~For community renewable generation projects that are not photovoltaic, the Agency proposes to conduct a Community Renewable Generation Program Forward Procurement for RECs from non-photovoltaic projects. This REC procurement will occur in 2019. RECs from winning projects will begin delivery in the 2020-2021 delivery year or later and will have a delivery term of 15 years. The requirements to participate in this procurement will mirror the requirements for a photovoltaic~~

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<sup>388</sup> Specifically, Section 1-75(c)(1)(N) provides that “[t]he Agency shall purchase renewable energy credits from subscribed shares of photovoltaic community renewable generation projects through the Adjustable Block program described in subparagraph (K) of this paragraph (1) or through the Illinois Solar for All Program described in Section 1-56 of this Act.”

~~community renewable generation project to apply to the Adjustable Block Program. The key difference will be that, rather than applying for a set price for RECs, the application will be the initial submittal for a competitive procurement that has bids selected primarily on price, as is done for the other competitive procurements conducted by the IPA. The final target REC volume for this procurement will be set in early 2019 based on the performance of other procurements and programs and analysis of expected available budget.~~

~~The Community Renewable Generation Program Forward Procurement will also include these features:~~

- ~~• REC price will be based on bid price. There will not be additional adders beyond that price.~~
- ~~• RECs will be paid for on delivery (as opposed to the front-loaded payment structure of the Adjustable Block Program community solar projects).~~
- ~~• Projects must maintain subscriber participation levels, and the quantity of REC that will be paid for each year will be tied to the subscription level maintained (measured in capacity, not number of subscribers). Winning bidders will be required to report annually to the Agency and to the utility purchasing the RECs on subscription levels.~~

### **5.9. Spot Procurements**

~~The RPS goals identified in Chapter 3 for the initial years of this Plan are not likely to be met by all the procurements proposed in the previous sections of this Chapter plus the programs described in Chapters 6, 7, and 8. This is especially true for the initial years covered by this Plan during which new projects are under development and construction and not yet delivering RECs. The procurements described in the previous sections are intended to maximize the opportunities to procure RECs from new projects, resulting in the development of new renewable energy generation that will provide RECs. This section describes the Spot Procurements that could meet the RPS goals for the initial years of the Plan as well as fill in any remaining gaps after the various Forward Procurements are conducted.~~

~~While this Plan was not to be approved by the Commission until well into the 2017-2018 delivery year, the Act requires that~~

~~*For the delivery year beginning June 1, 2017, the procurement plan shall include cost-effective renewable energy resources equal to at least 13% of each utility's load for eligible retail customers and 13% of the applicable portion of each utility's load for retail customers who are not eligible retail customers, which applicable portion shall equal 50% of the utility's load for retail customers who are not eligible retail customers on February 28, 2017.*<sup>389</sup>~~

~~Section 1-75(c)(1)(B) of the Act thus creates a requirement that the Plan offer proposals to procure RECs from new or existing generating facilities to meet the 13% goal for the 2017-2018 delivery year using available RPS funds for the delivery year. Furthermore, a similar provision (14.5%) exists for the 2018-2019 delivery year (with the portion of load to which RPS requirements apply for non-eligible retail customers increasing to 75%), and then increasing by 1.5 percentage points each year thereafter for all retail load (other than the ARES carve-out discussed in Section 3.3).~~

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<sup>389</sup> 20 ILCS 3855/1-75(c)(1).

~~A key consideration for Spot Procurements is that the pool of eligible RECs would be smaller than for many of the previous REC procurements conducted by the IPA. This is due to the narrowing of geographic eligibility of facilities producing RECs to only Illinois and select facilities in adjacent states (those that can meet the public interest criteria provisions of Section 1-75(c)(1)(I)), as well as the prohibition of RECs from generating units with costs recovered through regulated rates found in Section 1-75(c)(1)(J).<sup>390</sup>~~

~~A review of the public reports in GATS and M-RETS suggest that there may be significant quantities of RECs in Illinois and adjacent states that could be eligible for the Spot Procurements. While the ways in which RECs from previous years were used does not necessarily indicate future REC availability, 5 million Illinois wind RECs from the 2016-2017 delivery year were not retired, and 5 million wind RECs from Iowa and Wisconsin were not retired, while another 1 million hydroelectric RECs from Wisconsin were likewise not retired.<sup>391</sup> A REC not being retired may be because the owner was unable to sell it, but may also be because the owner chose not to sell it because it wished to retain the rights to the environmental attributes associated with the REC. The IPA has not been able to ascertain why these large quantities of RECs remain unretired, but they do indicate that there may be opportunities for the IPA to procure such RECs for the 2017-2018 and subsequent delivery years. Conducting the procurements may also provide information on the extent to which those unsold RECs are available for use in meeting the Illinois RPS annual goals.—~~

~~The Agency's proposal for Spot Procurements included in its filed Plan proposed that each Spot Procurement be designed to procure the remaining RECs required to meet that delivery year's REC goals using the available (e.g., unallocated to other contracts) RPS budget for that delivery year, and would only be for RECs from the applicable delivery year (in other words, the vintage<sup>392</sup> of the RECs would be required to match the delivery year for which the Spot Procurement is meant to meet the RPS goals).<sup>393</sup> The procurements were also proposed to require contain the additional provisions discussed below, but otherwise would have been conducted in a manner similar to the previous IPA REC procurements and consistent with the requirements of Section 16-111.5 of the PUA, to the extent practicable.~~

~~For each Spot Procurement, there would have been two groups of RECs to be procured, with targets adjusted to ensure that at least 75% of RECs used to meet the Illinois RPS targets would come from wind and photovoltaics for each procurement. Those two groups are:~~

- ~~1.— Wind/photovoltaic RECs~~
- ~~2.— Non-wind and non-photovoltaics RECs~~

~~For Spot Procurements, RECs would not have needed to be from a specific generating facility identified at the time of bidding; thus, the obligation to deliver RECs could not have been excused by a unit-related issue (although the unit would have been required to be eligible to deliver RECs for compliance with the Illinois RPS). RECs that are otherwise contractually committed through any~~

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<sup>390</sup> These new restrictions are discussed in Chapter 4 of this Plan.

<sup>391</sup> These illustrative examples do not factor in the public interest criteria that may limit availability of RECs from adjacent states or the requirement that RECs come from generating units that do not have their costs recovered through regulated rates.

<sup>392</sup> Vintage refers to the month and year of the generation used to create a REC.

<sup>393</sup> While mooted by its cancellation of Spot Procurements, the Commission's Order in Docket No. 17-0838 nevertheless agreed with the Agency in indicating that the law demonstrates "a preference for meeting compliance year targets with compliance year generation" consistent with this vintage matching requirement. Docket No. 17-0838, Final Order dated April 3, 2018 at 55-56.

~~other procurement or program administered by the IPA would not have been acceptable. In other words, eligible facilities that have surplus RECs (not otherwise contractually committed RECs) could have bid surplus RECs in Spot Procurements.~~

~~The Procurement Administrator would have to allocate bids to each utility, including splitting bids where necessary with the goal of matching, to the extent possible, each utility's average REC price and each utility's REC Cost Allocation discussed in Section 3.1.~~

~~As discussed above in Section 5.7, the Commission's April 3, 2018 Order in Docket No. 17-0838 determined that there will be no Spot Procurements for meeting the REC goals of the 2017-2018 through 2019-2020 delivery years authorized under this Plan.<sup>394</sup>~~

#### **5.10. — Consideration of Potential Procurements after 2019 and Through 2030**

~~This Chapter has focused on competitive procurements to be conducted in calendar years 2018 and 2019 designed to meet the specific technology-based RPS targets through the end of the 2020-2021 delivery year, including the 2 million RECs each from new wind and photovoltaic projects and the 2% requirement from brownfield site photovoltaics, and contribute to eventually meeting the annual RPS percentage goals found in Section 1-75(c)(1)(B) of the Act. At this time, the IPA is proposing to review updated load forecasts, budgets, and actual program and procurement results as part of its review and revision of the Plan to be conducted in 2019 for implementation in 2020, and will propose specific procurements to meet future years' goals and/or targets as part of that Plan revision.~~

~~Nonetheless, in considering the procurements that might be proposed in the 2019 Plan update, due to the limitations on new wind being procured that would cause RECs from new wind projects to exceed RECs from new photovoltaic projects by more than 200,000 annually, the first priority will be to ensure that there are enough RECs from new photovoltaic projects procured to allow for the next forward procurement of RECs from new wind projects. This will likely require both ensuring the ongoing success of the Adjustable Block Program as well as additional competitive procurements for RECs from new utility-scale and brownfield site photovoltaic projects.~~

~~Looking beyond 2019, assuming the review of initial results and budget limitations conducted as part of the 2019 Plan update do not lead the Agency to reconsider radically its approach to procurement and programs, the Agency plans for its procurement schedule from 2020 to 2030 to generally follow the schedule outlined in this Plan for the initial years. Subject to budget availability, this approach would consist of annual procurements of RECs from utility-scale new wind projects and from new utility-scale and brownfield site photovoltaic projects, and other new projects of other renewable generating technologies through 15-year forward procurements (with the Agency continuing to assess and monitor the market interest in 15-year forward procurements for generating technologies other than wind and solar). Subject to budget availability, the Agency may continue to propose conducting spot procurements as necessary to meet the annual goals in Section 1-75(c)(1)(B) of the Act that are not being met through the various Forward Procurement REC contracts and RECs from the Adjustable Block Program. To the extent that committing future budgets to Forward Procurement contracts is feasible, the Agency would seek to emphasize obtaining RECs through those procurements and over time reduce the reliance on Spot Procurements to meet the statutorily mandated annual REC percentage goals.~~

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<sup>394</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 41-44.

## 6. Adjustable Block Program

### 6.1. Background

Sections 1-75(c)(1)(K) and (L) of the IPA Act, as amended by Public Act 99-0906, ~~require~~required the Agency to establish 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 it features administratively determined prices for RECs and is open on an ongoing basis, rather than ~~having~~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.<sup>395</sup> 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 ~~for the past two in recent~~ years, ~~and it is not known whether funds will be appropriated again before the enacting legislation expires in 2020~~.

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 actually delivered were paid for at the bidder’s bid price. While this approach created the market efficiency ~~that is~~ 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.

The Adjustable Block Program is intended to address these issues by featuring an approach that is continuously open, rather than relying on specific procurement events (or rebate application windows), features a clear set of prices, and can tap into a much larger budget. The program also expands ~~the~~this model to accommodate community solar 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 Adjustable Block Program approach has been previously implemented in similar manners in other states and countries. The Adjustable Block Program will offer a set price for RECs from qualifying projects, and the price will be adjusted in volumetric blocks (hence the “adjustable block”~~

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<sup>395</sup> See Renewable Energy, Energy Efficiency, and Coal Resources Development Law of 1997, 20 ILCS 687/6-1 *et seq.*; also see <https://www.illinois.gov/dceo/AboutDCEO/ReportsRequiredByStatute/2013%20RERP%20Annual%20Report.pdf>; <https://energy.gov/savings/renewable-energy-resources-trust-fund>.

~~name) based on market response. The Agency's goal is to design a system of adjustable blocks with prices that will elicit the maximum amount of deployment at the least possible cost, with a high level of certainty and transparency for consumers and market participants.~~

~~However, as discussed elsewhere in this chapter, while the continuously open model is currently effective for distributed generation projects, funding limitations (as discussed in Chapter 3) have created a long waitlist for community solar projects under the implementation of the Initial Plan. Additionally, once the blocks authorized by the Initial Plan and the Agency's allocation of discretionary capacity stemming from the Commission's Order approving that Plan are filled, waitlists may be needed for distributed generation projects if funding is not available for new blocks to open. Section 3.22 discusses how the Agency will review budget availability and under what circumstances new blocks could be opened.~~

## 6.2. Lessons From Other Jurisdictions

Illinois is far from being the first to adopt an approach of administratively-determined incentives or a block program to manage growth of the photovoltaic industry. Experience from other markets can inform best practices for setting prices and program design. Solar photovoltaic power has been a rapidly developing technology in recent years, with rapid price declines and industry growth. This dynamic environment has made it challenging for policymakers to design incentives that ensure healthy growth, without costing taxpayers and ratepayers too much or causing unsustainable "boom and bust" cycles that harm the industry and consumers.

To inform the program design of the Adjustable Block Program as described in the Initial Plan, the Agency's review and analysis of other programs included relevant experiences from Germany, Spain, California, and particularly Massachusetts and New York. Appendix C provides a summary of those experiences.<sup>396</sup>

While the New York and Massachusetts programs are both based on a declining block structure, and pay incentives on a first-come, first-served basis, key design aspects vary. The NY SUN program has 3 regions (Long Island, Con Edison, and Upstate) each with a distinct number of blocks, block sizes and block prices. Incentives are paid in dollars per Watt (capacity), declining differently for each region and sector, except for the residential sector where prices decrease by \$0.10/W across all regions. Like the ~~proposed~~ Illinois Adjustable Block Program, NY SUN pays small systems at the time of energization, whereas commercial projects receive a partial payment upfront with the remainder paid in installments over subsequent years.

~~The proposed Massachusetts SMART program (which builds upon the past success of earlier programs in that state) will have the same block sizes for all the distribution companies, with the same compensation rate across the state. The incentive will be expressed in \$/kWh (energy) and will decrease by a uniform 4% as it moves from one block to the next.~~

~~In the Massachusetts program for projects with capacities of 25 kW or less, the executed contract shall include a budget that identifies key project components and a timeline and corresponding payment schedule for installation of the project.~~

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<sup>396</sup> A summary of those other programs is available in Appendix C of the Initial Plan available at: <https://www2.illinois.gov/sites/ipa/Documents/2018ProcurementPlan/LTRRPP-Filed-Appendix-C-Review-Other-Programs.pdf>.

The Massachusetts SMART program, which began accepting applications on November 26, 2018, is a 1,600 MW declining block incentive program that provides fixed Base Compensation Rates to qualified generation units.<sup>397</sup> To be eligible, generation units must be interconnected by one of three investor owned utility companies in Massachusetts. Capacity available in each utility's service territory was determined by multiplying 1,600 MW by each distribution company's percentage share of total statewide distribution load in 2016. Initial Base Compensation Rates were established using the results of a competitive procurement for larger projects (> 1 MW) and were announced on January 11, 2018. Incentive levels decline by prescribed amounts over up to eight blocks per EDC territory.

Following the first Capacity Block, SMART program Base Compensation Rates decline by 4% per Capacity Block. Under the SMART program, if a utility is eligible to have fewer Capacity Blocks and elects to do so, it may also establish a steeper rate of decline for Base Compensation Rates, and that rate shall yield an overall rate of decline as if the utility had elected to have eight Capacity Blocks.<sup>398</sup> For three of the five utilities, available blocks for large (over 25 kW) projects are already filled and projects are being accepted for a waitlist.<sup>399</sup>

### **6.2.1. Managing Initial Demand**

Some incentive programs have encountered problems dealing with a large quantity of applications coming in very quickly upon the application window opening. California's Self Generation Incentive Program ("SGIP") is a prime example. In 2016, \$40 million of SGIP funding was made available. Applicants filed 658 reservation requests totaling \$181 million in requested incentives in the first 10 minutes following program opening.<sup>400</sup> Some applicants were found to be deploying questionable strategies to get their application earlier in line, including filing applications from within the same server network as the application recipient. One vendor volunteered to give up half of its rewarded incentives to avoid litigation. As a result, the California PUC reformed the program to add a number of protections against awards being monopolized by early applicants:<sup>401</sup>

- Replacing the first-come, first-served system with a lottery in which projects having additional greenhouse gas/grid benefits are assigned priority;
- Making all of the incentive money available on a continuous basis in a declining incentive "step" structure, akin to the California Solar Initiative; and
- Restricting each project developer to a cap of 20 percent of the incentive budget, rather than the previous 40 percent cap that applied to equipment manufacturers

In ~~the development of~~ developing the structure of the Adjustable Block Program, the Agency ~~has taken~~ took into account its review of the experiences of other jurisdictions, what it ~~has~~ learned from previous procurements it has administered, and the feedback it ~~has~~ received from stakeholders. For issues that are not expressly addressed in the Act, the Agency ~~has~~ made policy decisions to implement

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<sup>397</sup> See: <http://masmartsolar.com/>.

<sup>398</sup> For example, [Fitchburg Gas & Electric d/b/a Unitil elected to have four Capacity Blocks with an 8.8% decline in Base Compensation Rates per Capacity Block.](#)

<sup>399</sup> See: <https://masmartsolareversource.powerclerk.com/MvcAccount/Login>.

<sup>400</sup> Eric Wesoff, Greentech Media, "Update: Stem's Response to the California SGIP Subsidy Award Process Imbroglio," May 16, 2016. <https://www.greentechmedia.com/articles/read/Update-Stems-Response-to-the-California-SGIP-Subsidy-Award-Process-Imbroglio>.

<sup>401</sup> Eric Wesoff, Greentech Media, "California PUC Proposes Long-Overdue Reform on SGIP Subsidy," May 23, 2016. <https://www.greentechmedia.com/articles/read/california-puc-proposes-long-overdue-reform-on-sgip-subsidy>.

the program that it ~~believes~~believed will result in a cost effective and successful program, with those decisions then vetted through the Commission's Plan approval process in Docket No. ~~17-0838-17-0838~~. 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 Order.

### 6.2.6.3. Block Structure

The core of the Adjustable Block Program is the concept of a "block." The program delineates incentives for various categories of eligible projects using blocks of generation capacity at certain prices per REC levels. The blocks are intended to create a progression from one price level to another based on the response of the market. A strong response from the market will result in a rapid progression to a lower price level, for example, while a weak response could elicit an increase in incentives if it is determined to be necessary. Figures 6-1 and 6-2 in Section 6.4 provide an illustration of how the blocks adjust by price.

Progression from one level to another is triggered by a certain volume of deployment, not by a time-based deadline. This deployment-based design is intended to act as a safety valve in case incentives are set at too high a level, which has been a problem in previous attempts at administratively-determined prices. It can also provide long term certainty by giving an indication of future prices and quantities to all potential market participants.

The initial ~~goal~~target for the Adjustable Block Program is to have 1,000,000 RECs delivered annually by the end of the 2020-2021 delivery year (i.e., May 31, 2021). ~~See Chapter 3 for more discussion of goals.~~<sup>402</sup> Using a capacity factor of 17% ~~(see Section 6.14.5)~~,<sup>403</sup> this would result in approximately 666 MW of new photovoltaic generation. This ~~goal~~amount is not a cap; if ~~demand for new projects is strong enough, and~~ funding is available, there ~~is~~would be no barrier ~~(other than the monetary RPS budget discussed in Section 3.17)~~ to going beyond that level. ~~to begin to work toward the goal of an additional 500,000 RECs delivered annually by the end of the 2025-2026 delivery year. However, as discussed in Chapter 3, funding is a barrier for the next several years, and the Agency does not expect to be able to open additional blocks of capacity until those funding limitations (including the use of utility-held ACPs) are resolved. As discussed in Section 3.22 the Agency will place a high priority on opening new blocks of capacity for the Adjustable Block Program if funding is identified.~~

In order to achieve ~~that goal~~1,000,000 RECs delivered annually by May 31, 2021, the ~~Agency has developed~~Initial Plan featured a block structure that ~~it expects will allocate~~allocated three blocks per category to meet the ~~expected demand~~statutory target for this program (i.e., 1 million RECs per year by the end of the 2020-2021 delivery year), ~~which would roughly be one block per~~ and included a provision to allocate discretionary capacity (as discussed below) to categories through the opening of a Block 4 for each category per year through 2020. However, the block structure is open ended, so while the initial blocks are designed to roughly match the goals through the 2020-2021 delivery year, if demand in any given category is stronger than anticipated (and funding available), additional blocks after Block 3 will open to accommodate that demand. (Likewise, if demand is lower in a category, a block may remain open longer.) In addition, the block size, structure, and prices will be

<sup>402</sup> See Chapter 3 for more discussion of this requirement.

<sup>403</sup> 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.



~~reviewed and updated as needed as part of the Plan update in 2019 (to take effect in calendar year 2020), determined to warrant additional capacity.~~

To encourage simplicity, the Agency ~~will allocate~~allocates incentives into two groups by service territory/geographic category, based upon load forecasts contained in Chapter 3.<sup>404</sup>

- **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 vary by group and are based upon the project's location. While the Program Administrator will strive to allocate REC delivery contracts with the electric utility in whose service territory the project is 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 will not always be possible.

The Agency also considered creating an additional group or groups for MidAmerican, Mt. 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 be quite small. By consolidating them into the larger groups, block sizes are more administratively manageable, and prices are more transparent and easily understood. The assignment to Groups of projects in the service territories of Mt. Carmel Public Utility, MidAmerican, rural electric cooperatives and municipal utilities is intended to approximately match those smaller entities to a larger utility with comparable electric rates.

Within each group, the blocks ~~are were~~ divided by the allocations specified in Section 1-75(c)(1)(K) of the Act, ~~which are:~~

- 25% for systems up to 10 kW<sub>7i</sub>
- 25% for systems greater than 10 kW and up to 2,000 kW<sub>7i</sub>
- 25% for photovoltaic community renewable generation<sub>7i</sub> and
- 25% to be allocated by the Agency.

Consistent with the Commission's Order in Docket No. 17-0838, the 25% ~~that is~~ left to the Agency's discretion ~~will was~~ be held in reserve, with a reduction in the originally-proposed size made to of Block 3 used to account for that reduced capacity.<sup>405</sup> ~~The Agency subsequently allocated that 25% of capacity to create new Block 4s for certain categories on April 3, 2019.~~<sup>406</sup>

The allocations will be:

- ~~25% for DG PV systems up to 10 kW (Small systems)~~

<sup>404</sup> The combined allocation for Ameren Illinois and MidAmerican would be 29.66% and the allocation for ComEd would be 70.34%. For simplicity, these have been rounded to 30% and 70% for determining the size of blocks for Group A and Group B, respectively.

<sup>405</sup> 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."

<sup>406</sup> See: <http://illinoisabp.com/wp-content/uploads/2019/04/Discretionary-Capacity-Rationale-4.3.19.pdf>.

- ~~• 25% for DG PV systems greater than 10 kW and up to 2,000 kW (Large systems)~~
- ~~• 25% for photovoltaic community renewable generation projects (Community Solar)~~

For systems in the Large DG ~~PV~~ and Community Solar categories, the use of adjustments (as discussed below in Section 6.5) are used to differentiate the price for RECs from different sized systems. ~~In the alternative, the Agency considered subdividing those categories into smaller blocks, but the Agency is not convinced that such an approach would be more efficient or a better way to match prices to demand from the market.~~<sup>407</sup>

Projects that participate in the Illinois Solar for All Program (as described in Chapter 8) ~~will~~ generally follow the program terms and conditions of the Adjustable Block Program, but ~~will~~ apply separately ~~to that program~~, and ~~will~~ ~~are~~ not ~~be~~ considered part of these Groups and categories for the purpose of filling the capacity of each Block. ~~Those Illinois Solar for All~~ projects ~~will~~ ~~are~~ also be subject to additional terms and conditions, as well as a different contractual process.

### **6.3.1. Block Sizes**

~~In the Initial Plan, the Agency originally proposed a block size structure of blocks of 22 MW for Group A categories, and 52 MW for Group B projects. Pursuant to the Commission's Order in Docket No. 17-0838, Block 3 for each Group/category combination was subsequently reduced to 5.5 and 13 MW respectively to allow the Agency to subsequently allocate discretionary capacity. The Agency allocated that discretionary capacity through the opening of Block 4 for the Large DG and community solar categories (91.5 MW for Group A – Large DG, 33 MW for Group B – Large DG, 12 MW for Group A – Community Solar, and 30 MW for Group B – Community Solar).~~

~~As of the release of this draft Revised Plan, Block 1 remains open for both Small DG categories, and Block 4 remains open for both Large DG categories. The Community Solar blocks are filled and subject to a waitlist as discussed in Section 6.3.3 below. To the extent that blocks remain open once this Revised Plan is approved by the Commission, the Agency proposes to keep those blocks (and subsequent blocks for Small DG) open at the same size and structure.~~

~~Prior to opening any new blocks (which will likely require identification of additional funding through changes in utility load forecasts, clarification of the use of utility-held ACPs, or legislative changes to the RPS funding structure), the Agency will seek stakeholder comment on whether the block size should be adjusted from the original block sizes (22 MW for Group A, 52 MW for Group B). One goal of that block size adjustment would be to allow for the opening of smaller blocks if only limited funding is identified.~~

### **6.2.1-6.3.2. Transition between Blocks**

When a block's capacity is filled, ~~subject to budget availability~~, the next block for that category (with a different price) ~~will~~ ~~would~~ open at a price expected to be 4% lower than the previous block. ~~In order to smooth the transition between blocks, For this draft Revised Plan, the Agency proposes that Small DG Blocks 1 and to avoid unnecessary rushes<sup>2</sup> will be held open for 7 calendar days (rather than the 14 days contained in the Initial Plan) after the block volume is filled (with block volume defined by a~~

<sup>407</sup> The Agency also considered subdividing those categories into smaller blocks; ultimately, the Agency was not originally convinced that such an approach would be more efficient or a better way to match prices to demand from the market, although it recognizes the resultant imbalance in system sizes across community solar applications (where the vast majority of applications are systems at or near the maximum size despite more lucrative REC prices for smaller community solar projects).

measurement of a batch or project being submitted to the program through the payment of the batch application process fee). For the closing of each block will be a soft closing, as explained below. The Agency anticipates that there the Small DG Blocks 1 or 2 (should they remain open after the approval of the Revised Plan), the capacity of the next block will be strong pent-up demand for participation in the Adjustable Block Program. Therefore, the treatment of block closing will be different adjusted down to account for each Block 1 than for subsequent blocks.

- ~~● For each Block 1, projects submitted within 14 days of the program opening will be considered for that Block. If the total quantity of reviewed and approved projects any capacity submitted in Block 1 during that first 14 days exceeds 200% of the Block 1 volume, then the Agency will assess the total dollar value of projects submitted and the available (uncommitted) current and future year RPS budgets<sup>408</sup> of the applicable utility.<sup>409</sup> The Agency would then select, through a lottery, projects that would be included in the approval of initial batches for inclusion in Block 1.~~
- ~~● If after 14 days project applications would use more than 200% of Block 1 volume, then there would be a lottery to select projects. For community solar projects the following additional provisions would apply:
  - ~~○ Priority will be given to projects that propose to include at least 50% small subscribers. 50% of the available funding would be reserved for these projects. If the number of proposed projects with small subscribers exceeds that funding, then there would be a first lottery for just that pool of projects. (If the proposed projects do not use up that funding, the balance of available funds would be available for other projects that are part of this initial application 7 day period.) Projects not selected would then be placed in a lottery for the remaining 50% of funding along with projects that do not include small subscribers.~~
  - ~~○ To ensure that projects that propose to include small subscribers (in order to get prioritization) live up to that commitment, those projects will be required to meet their proposed subscription levels within one year of energization. Failure to do so would result in the projects not receiving any small subscriber adder and would be subject to a 20% penalty on the total value of the REC contract.~~~~
- ~~● If after 14 days applications do not exceed 200% of Block 1 volume, then the Block would remain open until filled, as described in the Plan.~~
- ~~● Projects not selected in the initial lotteries would be held for approval until such time as funding is available and would be included in the next block at the applicable price.<sup>410</sup> Projects submitted after the first 14 days would be included in the subsequent block, but they would not be included in subsequent approved batches until all initial projects are either approved or withdrawn by the Approved Vendor. Each block will be evaluated independently, and the Agency will announce an estimate of available funding prior to the opening of the Block 1s.~~

~~For subsequent blocks (and for each Block 1 if it is not filled in the first 14 days), the block will be held open for 14 days after the block volume is used up. The Agency will announce when a block has~~

<sup>408</sup> Excluding hourly and ARES ACP funds held in reserve (see Section 3.19), consistent with the Docket No. 17-0838 Order's requirement that ACP funds be used to fund forward procurements. See Docket No. 17-0838, Final Order dated April 3, 2018 at 8-9.

<sup>409</sup> This assessment will account for the differences in payment schedules for projects up to 10 kW (full payment on energization) and over 10 kW (20% payment on energization with the balance paid out over the following four years; see Section 6.6 for further discussion).

<sup>410</sup> The order of release of projects for approval will be determined in the initial lottery.

been filled and when the closing date will be. For the Small DG categories, opening of new blocks other than Blocks 2 and 3 (that is, those blocks previously authorized through the Initial Plan) will not be automatic because it will be subject to the identification of available funding.

Table 6-1 shows the amount of nameplate capacity that will be initially allocated to each block for each group and category.<sup>411</sup> The final amount for each block may change to accommodate the soft closing described above. In other words, if the initial demand for the Group A, Small category in the first 45 days is 30 MW, the final amount of capacity in that block would be 30 MW, and the next block would open with 22 MW of expected capacity available. However, if Group A, Large category only had 10 MW of demand in the first 45 days, it would remain open until its 22 MW of capacity were filled (subject to any adjustments in the final 14 days), and then the next 22 MW block for the Group A, large category would open.

**Table 6-1: Illustrative Block Opening Volumes (MW)**

<b>Block Group</b>	<b>Block Category</b>	<b>Block 1</b>	<b>Block 2</b>	<b>Block 3<sup>412</sup></b>
Group A (Ameren Illinois, MidAmerican, Mt. Carmel, Rural Electric Cooperatives and Municipal Utilities located in MISO)	Small	22	22	5.5
	Large	22	22	5.5
	Community Solar	22	22	5.5
Group B (ComEd, and Rural Electric Cooperatives and Municipal Utilities located in PJM)	Small	52	52	13
	Large	52	52	13
	Community Solar	52	52	13
<b>Total</b>		<b>222</b>	<b>222</b>	<b>55.5</b>

For Small DG Blocks 3 and Large DG Blocks 4, blocks will close when the block volume is filled, and any projects submitted after that time will be put on a first-come/first-served waitlist for the Group/category, pending the analysis of available funds and the verification of eligibility of projects that applied to the program prior to them.

Subject to the conditions outlined above, a project will receive the price of the block that is open at the time the Part I project application is submitted. If a block closes while a project application is being reviewed and the project is not accepted, the capacity associated with that rejected project will be assigned to the next block.

As discussed further in Section 6.15.3 below, should a system in a given block fail to be developed and withdraw from the Program, that system's portion of the block will be forfeited. The volume associated with the forfeited system will be added to the block that is currently open at the price for that block.

The public will be notified of the availability of capacity in each block via an online dashboard, as discussed in more detail in Section 6.10.

<sup>411</sup> Each MW of nameplate capacity represents approximately 1,490 RECs for the first year of production.

<sup>412</sup> As discussed above, Block 3 volumes have been decreased in for consistency with the Commission's Order in Docket No. 17-0838 requiring that the 25% of discretionary capacity be held in reserve. See Docket No. 17-0838, Final Order dated April 3, 2018 at 60.

### **6.3.3. Managing Waitlists**

#### **6.3. Community Solar REC Pricing Model**

~~Historically the IPA has procured standard wholesale products (e.g., energy and capacity) as well as renewable energy resources (e.g., RECs) through a competitive procurement process that featured pay-as-bid Requests for Proposals. Under that model, the price paid for a product is the price that the successful bidder bids. Bids for a specific product or category of products are ranked on price and then selected until the target volume for the procurement is met. The competitive nature of this process creates market efficiencies as bidders are forced to sharpen their bids to succeed. For this process to be successful, it is critical that information about prices and bids is kept confidential; bidders should bid based upon their own information and not information about other bidders' bids. In contrast, the Adjustable Block Program model is based upon the principle of having a "transparent schedule of prices."<sup>413</sup> Each block as described above in Section 6.3 will have an administratively determined, pre-announced price, and adders will be used (where specified) to further adjust the price for the RECs from each system.~~

~~Given this change in approach for the pricing of RECs to be used for the Adjustable Block Program, the IPA has developed a REC Pricing Model featuring a methodology for pricing RECs that emphasizes transparency. The methodology uses publicly available data, and the model used is based upon an industry standard photovoltaic pricing approach. The intent of the REC Pricing Model is to model a REC price for typical systems in order to create a set of standard REC prices for use in this program.~~

~~The REC Pricing Model is based on the CREST model developed by the National Renewable Energy Laboratory ("NREL").<sup>414</sup> The REC Pricing Model determines REC prices by balancing the calculated Cost of Energy from the CREST model with the revenue that a system would be expected to receive through net metering. In developing the REC Pricing Model, the default inputs in the CREST model were updated to use publicly available data from the most recent NREL solar photovoltaic system cost study,<sup>415</sup> certain information received by the Agency in the responses to the Request for Comments the Agency issued in June 2017, information contained in comments on the draft Plan, and information contained in Objections to the filed Plan. Several different system sizes were modeled, and community solar was modeled by adjusting for the difference in net metering rates between community solar and distributed generation (e.g., energy-only net metering for community solar). A more detailed explanation of the model and input assumptions is contained in Appendix D. In addition, the model itself is available as Appendices E-1 through E-5.<sup>416</sup>~~

#### **6.3.3.1. The IPA adapted and modified the CREST model for the purposes of calculating REC prices for this Plan.**

When the Adjustable Block Program opened for project applications in early 2019, 919 community solar projects (representing 1,777 MW of capacity) applied during the initial 14 day application window. After the lotteries held on April 10, 2019, while 34 projects in Group A and 78 projects in

<sup>413</sup> 20 ILCS 3855/1-75(e)(1)(K).

<sup>414</sup> See: <https://financere.nrel.gov/finance/content/crest-cost-energy-models>.

<sup>415</sup> Ran Fu, Donald Chung, Travis Lowder, David Feldman, Kristen Ardani, and Robert Margolis. "U.S. Solar Photovoltaic System Cost Benchmark: Q1 2016." <https://www.nrel.gov/docs/fy16osti/66532.pdf>.

<sup>416</sup> Excel versions of Appendix E are available on the Agency's website, [www.illinois.gov/sites/ipa/Pages/Renewable\\_Resources.aspx](http://www.illinois.gov/sites/ipa/Pages/Renewable_Resources.aspx).

Group B were selected for contracts representing 215 MW of new community solar capacity in Illinois, 452 community solar projects in Group A (representing 859 MW of capacity) and 355 community solar projects in Group B (representing 703 MW of capacity) were placed on waitlists. Until any changes are made through the Commission's approval of this draft Revised Plan, projects will be accepted off the waitlist at Block 4 pricing when previously selected projects withdraw<sup>417</sup> from the program (for example, due to high interconnection costs) based on the ordinal numbers allocated to each project in that lottery, and subject to available program capacity created by the withdrawn projects. As of the release of this draft Revised Plan, 1 project in Group A and 3 projects in Group B have been selected off the community solar waitlists.

During both the in-person and written stakeholder comment processes preceding the development of this draft Revised Plan, the Agency sought feedback on how best to manage this waitlist going forward. The simplest, and most straightforward approach would be to simply maintain the existing waitlists and accept projects in that order off as additional capacity becomes available. However, this approach would not recognize the potential for the Agency to consider additional criteria for community solar projects that could help increase the diversity of projects being developed, nor would it address any potential qualitative differences between applicant projects.

An alternative approach was proposed by several parties in their comments;<sup>418</sup> under this proposal the waitlist would be eliminated, and projects would be ordered by the date of their original Interconnection Agreement (or, for projects in ComEd service territory, when those projects would have received their original Interconnection Agreement but for the waiver granted in Docket No. 18-1583 were they not originally able to obtain an agreement). As the Agency understands this proposal, projects would also be required to provide significant collateral if they had dropped out of the interconnection queue while on the waitlist and were to then seek to re-apply. The rationale provided for this approach is that, in other jurisdictions, this original interconnection agreement date is used as an indicator of project maturity, as it is the date after which the developer would have to post a deposit with the utility. In doing so, the developer presumably would have completed other due diligence and would have the confidence in making that deposit. The proposed approach did not address how to select between projects that have the same date on their Interconnection Agreement.

In theory, favoring more mature or serious projects is an appealing way to distinguish between hundreds and hundreds of applicant projects. But in practice, the obvious shortcomings of this approach are at least two-fold: first, in Illinois, there is no indication that the ability to have achieved an earlier interconnection agreement actually correlates to having a more mature (or possibly even more viable) project. The Agency's project application process required the proof of site control, the presence of a signed interconnection agreement, and the acquisition of all non-ministerial permits; there is no reason to believe (and indeed, none was alleged in comments) that projects which would have obtained an interconnection agreement earlier took additional project maturity steps beyond this threshold. Stated differently, this original interconnection agreement date is alleged in comments to be a useful proxy for project maturity, but on closer examination, it would not necessarily lead to favoring not more mature projects, but just favoring earlier-applying projects.

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<sup>417</sup> The Agency is currently reviewing approaches to when a project should be considered withdrawn from the program and would welcome stakeholder feedback on this issue.

<sup>418</sup> Comments are available at: <https://www2.illinois.gov/sites/ipa/Pages/Draft-Long-Term-Renewable-Resources-Procurement-Plan-Comments-2019.aspx>. In particular, see the comments of the Joint Solar Parties, which are also referenced by several other commenters.

Second, there may be no inherently good reason to provide more favorable treatment to earlier-applying projects. P.A. 99-0906 was signed into law on December 7, 2016, became effective on June 1, 2017, and the IPA's Initial Plan—which provided visibility into many key requirements—was not approved by the Commission until April 3, 2018. Some developers may have begun started securing sites and seeking interconnection agreements upon the legislation's enactment (or before), while others may have waited until more details of the program were proposed or approved. As the earliest-applying projects may have in some ways been the most speculative of all (as they would have applied for interconnection with the least visibility into program requirements), does it make public policy sense to reward the earliest-applying projects?

For these reasons, it appears that this proposed approach may simply serve to disadvantage developers who did not rush to submit interconnection agreements—perhaps because there was no indication to those developers that they needed to do so—and does not appear to support the stated aim of promoting more mature and/or higher quality projects.

A third approach—or, at the very least, an additional set of considerations—was provided in comments by ELPC and Vote Solar in July 2019.<sup>419</sup> While these entities recommended maintaining the existing waitlist for selected projects that drop out (i.e., backfilling already-allocated capacity), they raise concerns about the lack of urban vs. rural geographic diversity of community solar projects and the lack of projects driven by or located in specific communities.<sup>420</sup> As an alternative, these groups suggest creating a new pathway for projects that would increase the diversity of types and locations of projects—if new funding became available to open new blocks of community solar capacity, rather than utilizing the waitlist, a new application process would allow new projects to be considered (potentially along with waitlisted projects that contributed to increased project diversity). Among the potential considerations suggested by ELPC and Vote Solar were projects in higher density areas, projects making commitments regarding the proximity of subscribers, distance from other community solar projects, and projects resulting from development activities of public entities or community-based organizations. These groups also suggested prioritization be given to projects that feature environmentally friendly development, such as pollinator friendly habitats.

While the Agency appreciates the laudable public policy goals suggested by ELPC and Vote Solar, their proposed pathway fails to address any recognition of the time, effort, and financial resources that have already been put into the projects that remain on the waitlist. Given current budget constraints, the opening up of new blocks may be unlikely in the short-term absent a change in statute—and such priorities could then be emphasized through that change in law. As a consequence, the Agency believes that creating a set of criteria for new project applications is perhaps less worthy of focus than determining if projects on the existing waitlist could be selected based on their suggested criteria.

The Agency appreciates the comments received to date on potential changes. As of the release of this draft Revised Plan, the Agency favors maintaining the existing waitlist and continuing to select projects in that ordinal ranking, but perhaps only because it remains unconvinced by presented-to-date alternatives. The Agency encourages stakeholders to provide additional comments on this draft

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<sup>419</sup> See [https://www2.illinois.gov/sites/ipa/Documents/Plan%20Comments%202019/ELPC\\_VS%20-%20IPA%20Comment%20Response%20July%202019.pdf](https://www2.illinois.gov/sites/ipa/Documents/Plan%20Comments%202019/ELPC_VS%20-%20IPA%20Comment%20Response%20July%202019.pdf).

<sup>420</sup> The Agency notes that the addresses of projects were released, but that there is not information available for each project on who chose to initiate it, or where the subscribers would be recruited from, so it is assumed that projects are not community-based.

Revised Plan—and, especially, actual implementable approaches, rather than simply floating vague qualitative criteria worthy of consideration—for alternative approaches to managing the waitlist and will consider them for potential inclusion in the Revised Plan filed for Commission approval.

### **6.3.3.2. Distributed Generation**

For Distributed Generation categories, unlike with community solar, capacity remains available in Block 4 for the two Large DG groups (although it may fill prior to filing this Revised Plan with the Commission) and across Blocks 1, 2, and 3 for the Small DG groups.

When available capacity in Distributed Generation blocks is filled (and assuming new blocks are not opened), the Agency proposes to continue accepting project applications and consider any applications received placed on a waitlist in a first come/first served basis. A project will be considered submitted when the batch is submitted for consideration and the application fee for the batch paid.

### **6.3.3.3. Assignment of Waitlist Projects**

Projects will be selected off a waitlist in any given Group/category combination either when a new block of capacity is opened (and receive that block's REC price), or if previously selected and approved projects drop out of the program, thus freeing up program capacity (with the project selected from the waitlist receiving the most recently available REC price). While projects are on a waitlist and thus not yet under contract, an Approved Vendor may assign that project to another Approved Vendor without penalty or impacting the project's position on the waitlist but must promptly notify the Program Administrator<sup>421</sup> of that transfer and provide appropriate documentation.

## **6.4. REC Pricing Model**

For the Initial 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. ~~Modifications were not made to the modeling tool itself, but rather to the input assumptions and post-processing of the results. The Agency also notes that these prices are not comparable to the REC prices from previous IPA procurements because these are based on assumptions around a 15-year delivery of RECs, rather than bids received for a 5-year delivery or 1-year delivery of RECs.~~The model established initial pricing for each block, with prices then declining 4% for each subsequent block. That system of prices changing between blocks is now a mechanism for price discovery (at least for the Small DG category where future blocks of capacity have not yet opened).

In the filed Plan, the Agency recommended that after the Commission approves this Plan in 2018, the Agency shall update specific inputs where the data may have changed and publish final prices within 60 days after the approval of the Plan. Accordingly, the Agency published updated REC prices on June

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<sup>421</sup> For this Chapter, all references to the Program Administrator refer to the Program Administrator for the Adjustable Block Program. Discussion of the Program Administrator for the Illinois Solar for All Program can be found in Chapter 8.



~~4, 2018 in Docket No. 17-0838 as a compliance filing; consistent with the Commission's Order in Docket No. 17-0838, those prices "reflect the Commission's approved values as required by Section 1-75(c)(1)(M) of the IPA Act."<sup>422</sup>~~

~~Table 6-2 contains the calculation of REC prices. Many stakeholders who provided comments in response to the Agency's Request for Comments issued after the June 20 and 26, 2019 workshops felt that the prices for the Distributed Generation categories were roughly in line with market expectations.<sup>423</sup> The Agency believes that keeping a clear set of prices for Distributed Generation provides an appropriate market signal. Thus, in this draft Revised Plan, for Distributed Generation, the IPA proposes to maintain the prices for open blocks and continue the 4% per block price decrease for any new blocks—including those authorized by the Initial Plan (i.e., Blocks 2 and 3 for Small DG) and any additional blocks authorized by this Revised Plan. However, the Agency does note that, as described in Section 6.8, there are upcoming factors that may require a future adjustment to REC prices.~~

~~For community solar, the decisions related to REC prices are more complex. The Joint Solar Parties noted in their comments<sup>424</sup> that in many cases, interconnection costs are higher than the input assumption used in the initial REC pricing model, resulting in the need for higher REC prices. Likewise, in some areas land costs are higher. While the Agency appreciates those concerns, ultimately the Agency needs to balance a REC price that will allow for successful project development (including subscriber acquisition and maintenance) with the need to utilize scarce RPS budgets efficiently and in a manner that will maximize the number of RECs procured. For these reasons, the Agency believes it is premature to raise REC prices.~~

~~Holding the line on REC prices for community solar projects will allow for some natural selection in that projects with high interconnection costs would not proceed (and the Agency has already recognized in current contracts an option for projects with high interconnection costs to exit the program, and would expect to maintain a similar policy in the future). Higher REC prices simply to pay unusually high interconnection costs to the utilities is not an efficient use of resources and does not pass that value onto subscribers. The Agency further notes that the Block 4 REC price for a 2 MW community solar project inclusive of the small subscriber adder is slightly lower than the under 10 kW DG REC price. While the Agency understands that one potential value of community solar is to allow households who cannot install solar to participate in a solar project, paying a significantly higher REC price for RECs associated with small subscribers compared to what would be paid if they were to install solar could create a perverse incentive for households who could install solar—and would unlock the benefits of having more nodal, modular projects located closer to load—instead subscribing to a community solar project.~~

~~For this draft Revised Plan, the Agency is instead interested in comments on whether community solar REC prices should in fact be decreased to help further ensure that any selected projects are the most efficient projects and offer the lowest possible budget impact. There are two circumstances for~~

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<sup>422</sup> Docket No. 17-0838, Final Order dated April 3, 2018 at 73-74. Section 1-75(c)(1)(M) of the Act provides that "[p]rogram modifications to any price, capacity block, or other program element that do not deviate from the Commission's approved value by more than 25% shall take effect immediately and are not subject to Commission review and approval," and thus the June 4 prices reflect the "Commission's approved value" for purposes of subsequent adjustments made by the IPA under this authority.

<sup>423</sup> See: <https://www2.illinois.gov/sites/ipa/Pages/Draft-Long-Term-Renewable-Resources-Procurement-Plan-Comments-2019.aspx>.

<sup>424</sup> See <https://www2.illinois.gov/sites/ipa/Documents/Plan%20Comments%202019/ISP%20Draft%20Post-Workshop%20Comments.pdf> at 6-8.

consideration. First, for projects selected off the waitlist to replace previously selected projects, should these continue to be offered the Block 4 price, or something lower? Second, if the Agency is able to open new blocks of community solar capacity, should the REC Prices for Block 5 feature the planned 4% decline from Block 4, or a greater decline? Discussion of the small subscriber adder is included separately in Section 6.5.3.

Table 6-1 contains the REC prices for the Adjustable Block Program, factoring in the size category adjustments described in Section 6.5.1. This Table shows the prices from the blocks defined in the Initial Plan, the allocation of discretionary capacity to create Block 4s for Large DG and Community Solar, and indicative prices should additional blocks be opened during 2020 or 2021. Blocks that have been filled are indicated in grey.

**Table 6-1: Block Group REC Prices (\$/REC)<sup>425</sup>**

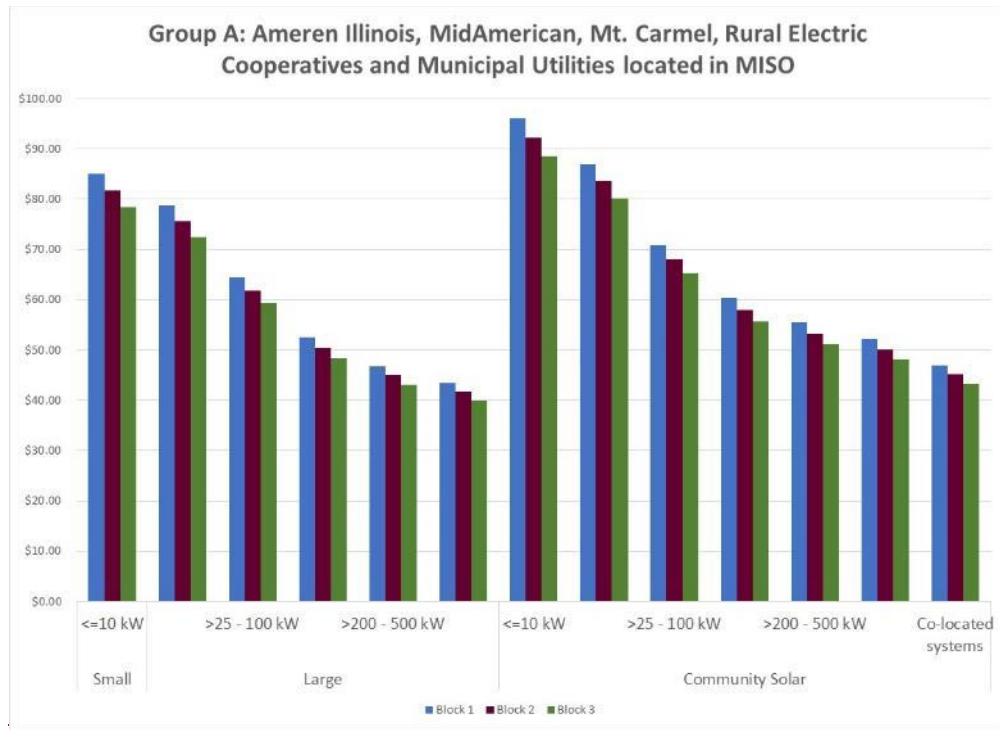
Block Group	Block Category		Block 1	Block 2	Block 3	Block 4	Block 5 (if applicable)
Group A (Ameren Illinois, MidAmerican, Mt. Carmel, Rural Electric Cooperatives, and Municipal Utilities located in MISO)	Small	≤10 kW	\$85.10	\$81.70	\$78.43	<u>\$75.29</u>	<u>\$72.28</u>
	Large	>10 - 25 kW	\$78.70	\$75.55	\$72.53	<u>\$69.63</u>	<u>\$66.84</u>
		>25 - 100 kW	\$64.41	\$61.83	\$59.36	<u>\$56.99</u>	<u>\$54.71</u>
		>100 - 200 kW	\$52.54	\$50.44	\$48.42	<u>\$46.48</u>	<u>\$44.62</u>
		>200 - 500 kW	\$46.85	\$44.98	\$43.18	<u>\$41.45</u>	<u>\$39.79</u>
		>500 - 2,000 kW	\$43.42	\$41.68	\$40.02	<u>\$38.42</u>	<u>\$36.88</u>
	Community Solar	≤10 kW	\$96.12	\$92.28	\$88.58	<u>\$85.04</u>	<u>\$81.64</u>
		>10 - 25 kW	\$87.07	\$83.59	\$80.24	<u>\$77.03</u>	<u>\$73.95</u>
		>25 - 100 kW	\$70.95	\$68.11	\$65.39	<u>\$62.77</u>	<u>\$60.26</u>
		>100 - 200 kW	\$60.47	\$58.05	\$55.73	<u>\$53.50</u>	<u>\$51.36</u>
		>200 - 500 kW	\$55.46	\$53.24	\$51.11	<u>\$49.07</u>	<u>\$47.10</u>
		>500 - 2,000 kW	\$52.28	\$50.19	\$48.18	<u>\$46.25</u>	<u>\$44.40</u>
		Co-located systems exceeding 2 MW in aggregate size	\$47.03	\$45.15	\$43.34	<u>\$41.61</u>	<u>\$39.94</u>
Group B (ComEd, and Rural Electric Cooperatives and Municipal Utilities located in PJM)	Small	≤10 kW	\$72.97	\$70.05	\$67.25	<u>\$64.56</u>	<u>\$61.98</u>
	Large	>10 - 25 kW	\$73.23	\$70.30	\$67.49	<u>\$64.79</u>	<u>\$62.20</u>
		>25 - 100 kW	\$65.61	\$62.99	\$60.47	<u>\$58.05</u>	<u>\$55.73</u>
		>100 - 200 kW	\$53.75	\$51.60	\$49.54	<u>\$47.56</u>	<u>\$45.66</u>
		>200 - 500 kW	\$48.07	\$46.15	\$44.30	<u>\$42.53</u>	<u>\$40.83</u>
		>500 - 2,000 kW	\$44.64	\$42.85	\$41.14	<u>\$39.49</u>	<u>\$37.91</u>
	Community Solar	≤10 kW	\$91.89	\$88.21	\$84.69	<u>\$81.30</u>	<u>\$78.05</u>
		>10 - 25 kW	\$82.82	\$79.51	\$76.33	<u>\$73.28</u>	<u>\$70.35</u>
		>25 - 100 kW	\$66.65	\$63.98	\$61.42	<u>\$58.96</u>	<u>\$56.60</u>
		>100 - 200 kW	\$56.12	\$53.88	\$51.72	<u>\$49.65</u>	<u>\$47.67</u>
		>200 - 500 kW	\$51.09	\$49.05	\$47.08	<u>\$45.20</u>	<u>\$43.39</u>
		>500 - 2,000 kW	\$47.88	\$45.96	\$44.13	<u>\$42.36</u>	<u>\$40.67</u>
		Co-located systems exceeding 2 MW in aggregate size	\$42.59	\$40.89	\$39.25	<u>\$37.68</u>	<u>\$36.17</u>

As demonstrated in the table above, after Block 1, prices are expected to decline by 4% with each transition between blocks. The Agency will monitor performance during the initial Blocks and may elect to modify the price change between blocks based upon the speed that each Block is filled. The process for making changes is described in Section 6.8.

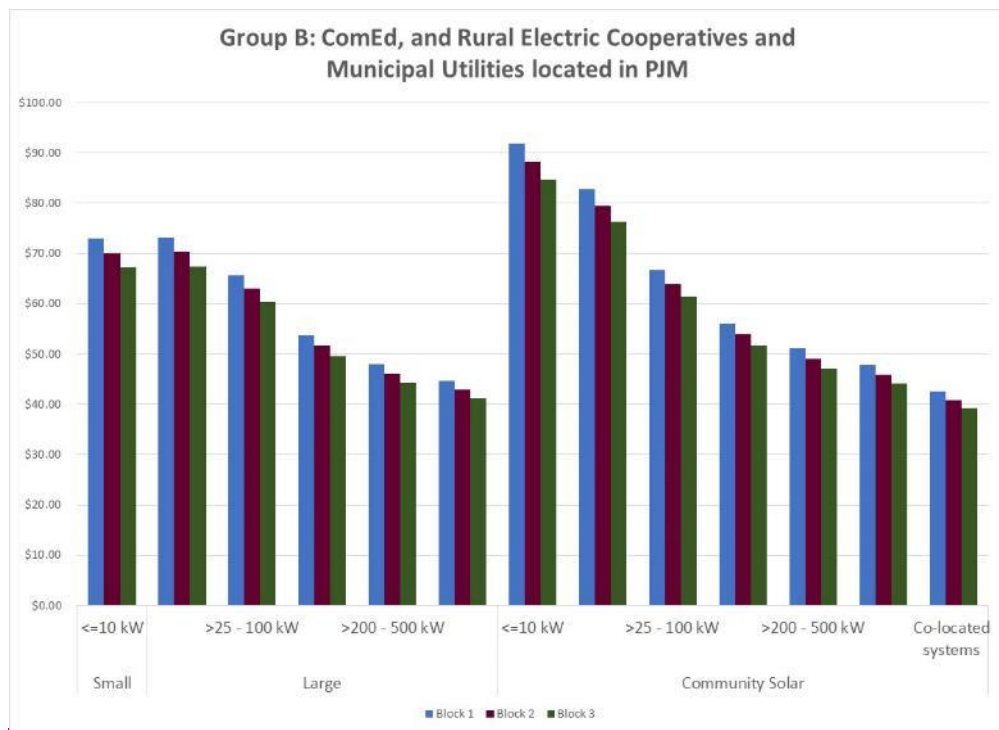
Figure 6-1 and 6-2 illustrate block prices for Group A and Group B, incorporating the various size category adjustments.

<sup>425</sup> In the “Large” and “Community Solar” categories the prices listed include the Size Category Adjustments described in Section 6.5.1.

**Figure 6-1: Group A Blocks**



**Figure 6-2: Group B Blocks**



### **6.3.6.5. Adjustments and Adders**

The following set of adjustments and adders are intended to adjust the base REC price to meet specific additional purposes. These include adjusting for system size, adjusting for the additional costs of small subscribers to community solar, and potentially accounting for the changes to net metering, smart inverter rebates and federal tax credits. Greater detail on issues in the REC pricing model can be found in Appendix D of the Initial Plan.

While the Act seeks to encourage projects “in diverse locations...not concentrated in a few geographic areas,”<sup>426</sup> 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 ~~should help address~~adequately addresses geographic diversity, and ~~the Agency notes that for the Supplemental Photovoltaic Procurements (which featured no geographic preferences), resulting new photovoltaic systems have been~~initial DG project applications indicate that projects are well distributed across the state.

~~Nevertheless, the Agency will review this determination as part of the Plan update, and if geographic diversity is not being sufficiently achieved, the Agency may propose a geographic adder in the future to encourage projects in underrepresented areas.~~

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. As discussed in Section 6.3.3.2, the Agency seeks stakeholder feedback on this draft Revised Plan on how to manage the community solar waitlists, and if workable proposals are offered that address geographic diversity, the Agency will take them under consideration.

#### **6.3.1-6.5.1. Size Category Adjustments**

The Agency proposes a set of adjustments based on project size for projects greater than 10 kW and up to 2,000 kW. As there are significant economies of scale for larger systems compared to smaller systems, the Agency believes that setting a single REC price for all projects in this range will either over-incentivize large projects or under-incentivize small projects. Having a diversity of project sizes is important for creating a healthy and diverse distributed solar market, with robust opportunities for participation by all customers. These adjustments reflect REC pricing to reasonably match system sizes.

These adjustments will only be available for systems over 10 kW in size in both the Large DG and Community Solar categories and are reflected in the REC prices listed in Table 6-1-. They do not constitute an additional adjustment to the prices listed in that Table. The Agency does not believe there will be significant cost differences for systems within the “no more than 10 kW” category requiring similar price adjustments.

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<sup>426</sup> 20 ILCS 3855/1-75(c)(1)(K).

**Table 6-2: Size Category Adjustments**

Size	\$/REC	
	Group A	Group B
Over 10 kW to 25 kW	\$35.28	\$28.59
Over 25 kW to 100 kW	\$20.99	\$20.97
Over 100 kW to 200 kW	\$9.12	\$9.11
Over 200 kW to 500 kW	\$3.43	\$3.43
Over 500 kW to <del>2000</del> <u>2,000</u> kW	No adjustment	No adjustment

These adjustments were calculated using the REC pricing model described in Section 6.4 with the system costs based on a typical sized system for each size category. While the adjustments were calculated using the REC Pricing Model as described above, the Agency notes that the resulting higher REC prices for smaller systems could lead to more systems being developed, which may help encourage the geographic diversity of the system locations.

**6.3.2.6.5.2. Co-location of Distributed Generation Systems**

For purposes of Adjustable Block Program categories and applicable REC prices, the total capacity of distributed generation systems energized after June 1, 2017 at a customer's location on a single parcel that participate in the Adjustable Block Program will be considered a single system.<sup>427</sup> (For example, three 100 kW systems at a single location parcel will be considered a 300 kW system.) If a system at a single location parcel is subsequently expanded, the Agency reserves the right to revise the incentive amounts paid for the original subsequent system(s), and to set new the incentives based on the total expanded system size rather than just treat the expansion as a separate system. For the purpose of establishing ana revised incentive level, a system's under these circumstances, the systems' location would be a single building (regardless of the number of utility accounts considered at the location) for rooftop installations, and a single property parcel for ground-mounted systems (if a property had both rooftop and ground-mounted systems, it will be considered a single system).<sup>428</sup> level. Exceptions will be made if it can be demonstrated that two projects on one roof

<sup>427</sup> Any system developed under this 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 programmatic support. This would allow for a clear demarcation between systems and their associated RECs.

<sup>428</sup> Please note that this is a different standard than the IPA used for determining the size of co-located systems participating in its Supplemental Photovoltaic Procurement process, for which the separate measurement of a system's output could be used to establish that system's size (thus allowing co-location more liberally while still retaining eligibility for a smaller system size).

~~parcel have separate, non-affiliated owners and~~ serve to offset the load of separate ~~occupants (residential or commercial) of a building, non-affiliated entities on a parcel.~~

Additional discussion of co-location of community solar projects, including the approach to co-location of community solar projects adopted in the Commission’s Final Order in Docket No. 17-0838, is included in Section 7.3. For the purposes of consideration of co-location, distributed generation systems and community solar projects would be considered separately and ~~not impact each other.~~ would not impact the size calculation applicable to each other. Furthermore, the Agency’s co-location determinations only apply to 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).

**6.3.3-6.5.3. Community Solar**

Community solar projects may face additional costs and feature reduced eligibility for direct energy-related revenues than distributed generation systems. On the revenue side, subscribers to such projects are eligible only for energy-only net metering,<sup>429</sup> while on the cost side, there is the cost of acquiring, maintaining, and managing subscribers. The prices for community solar RECs shown in Table 6-1 reflect those differences. The REC prices for these projects also ~~includes~~ include the Size Category Adjustments discussed above ~~in~~ Table 6-2.

To ensure that the benefits of solar energy are widely shared by Illinois residents, the Adjustable Block Program ~~will offer~~ offers an additional incentive for community solar projects with a higher level of small subscribers (residential and small commercial customers with subscriptions below 25 kW). To account for additional costs related to small subscribers, the following schedule of adders will be available to community solar projects that have minimum levels of small subscribers; ~~these adders would be added to the REC prices shown in~~ Table 6-1. For more discussion of issues related to small subscribers, see Section 7.6.2. For this draft Revised Plan, the Agency proposes to consolidate the categories of adders to eliminate the higher adder for over 75% small subscribers.<sup>430</sup> This change is to recognize that the desire to achieve at least 25% small subscriber participation in community solar (as discussed in Section 7.6.1) has been more than met by the community solar projects accepted to date and that the adders may be over-incentivizing small subscriber participation to the detriment of participation of larger subscribers while creating outsized impacts on available funding.

**Table 6-3: Community Solar Adders**

Adder	\$/REC	
	Group A	Group B
Less than 25% small subscriber	No adder	No adder
25% <u>or greater small subscriber</u> to 50% small subscriber	\$11.17	\$10.88

<sup>429</sup> 220 ILCS 5/16-107.5(I)(2). The IPA also notes that in ICC Docket No. 17-0350, the proceeding to approve ComEd’s proposed community solar net metering tariff pursuant to Section 16-107.5(I-5) of the PUA, several parties argued that volumetric transmission charges should be part of the net metering supply credit granted to community solar projects, while ComEd argued that transmission charges should be excluded. The Commission’s September 27, 2017 Order in this matter determined (page 15) that the transmission services charge should be excluded from the community solar net metering credit.

<sup>430</sup> The Initial Plan included a “Greater than 75% small subscriber” adder of \$33.51 for Group A and \$32.65 for Group B.

<del>Over</del> Greater than 50% <del>to 75%</del> small subscriber	\$22.34	\$21.77
Greater than 75% small subscriber	\$33.51	\$32.65

These Adders reflect an analysis of community solar subscription costs contained in the Initial Plan. The Agency notes that a recent GTM Research report<sup>431</sup> 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 the current small subscriber adders may be too high, especially if the prior adder for systems with greater than 75% small subscriber participation were to be maintained.

For this draft Revised Plan, the Agency specifically welcomes stakeholder feedback on three issues: First, should the small subscriber adder be recalibrated based on the GTM Research report (or other data)? Second, should the application of the adder be made more granular rather than large 25% buckets? And third, should the small subscriber adder be capped at 50% as proposed above (i.e., the maximum small subscriber adder is achieved through 50% small subscriber participation, and while additional participation is certainly allowed, it would not result in an increase in REC prices)? Please note that these adjustments would not apply to community solar projects with contracts executed prior to the Commission’s approval of the Revised Plan, but would instead would only apply to community solar projects subsequently approved after approval of the Revised Plan (whether through being taken off the waitlist or through any new block openings).

The small subscriber adders will be determined on the percentage of the total energy output of the project subscribed to by small subscribers, and not the number of small subscribers. As described in more detail in Sections 6.15.3 and 6.17, a community solar project will have to demonstrate a level of small subscribers at the time of energization to receive an adder initially, and will have to maintain the small subscriber subscription levels or face having to pay penalties to remove the added value of the adders if the level is not maintained.

At this time, the Agency is not proposing an adder that would distinguish between “developer-driven” projects and “community-led” projects. Such a distinction may be difficult to make in practice, may invite opportunities for abuse, and may create additional complexities to program administration. The Agency believes the combination of the Size Category Adjustment, which would provide benefits to smaller projects, plus the option of participating in the Illinois Solar for All low-income community solar sub-program, adequately addresses the needs of those types of projects. For more details on this determination, see Section 7.5.

#### **6.3.4.6.5.4. Adders to Adjust for Changing System Revenue**

As discussed in Section 6.8.1 below, the Agency anticipates that as net metering caps are met, smart inverter rebates are adjusted or created, and Federal tax incentives decrease, the revenue a system

<sup>431</sup> The Vision for U.S. Community Solar: A Roadmap to 2030. GTM Research, July 2018.



would receive from other sources will decline. Not accounting for that in REC prices could make a system that would have been economically viable no longer viable after those decreases.

At this time, the Agency is not proposing specific adders to address these challenges, but notes that Section 1-75(c)(1)(M) of the Act provides that “[p]rogram modifications to any price, capacity block, or other program element that do not deviate from the Commission’s approved value by more than 25% shall take effect immediately and are not subject to Commission review and approval,” allowing the Agency to make small adjustments to REC prices to account for certain challenges.<sup>432</sup> If necessary, the Agency will use this authority to propose adders or adjustments to account for these changes following the process described in Section 6.8, or utilize the Commission approval process for revising its Plan for any larger changes.

#### 6.4.6.6. Payment Terms

The Act sets up a clear schedule of payments for RECs for projects. Section 1-75(c)(1)(L) specifies the following schedule.

- For systems up to 10 kW, “the renewable energy credit purchase price shall be paid in full 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 energized.”
- For distributed generation systems greater than 10 kW and up to 2,000 kW and community renewable solar projects, “20 percent of the renewable energy credit purchase price 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 energized. The remaining portion shall be paid ratably over the subsequent 4-year period.”

The Agency proposes 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.<sup>433</sup> In addition, as discussed in Section 6.15.4, 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 will need to be established~~initiated~~. The Agency believes that by ensuring proper registration in the tracking system up front, future administrative challenges can be minimized.

For systems over 10 kW and community solar projects, it is not clear from the law how exactly the “subsequent 4-year period” would be calculated, and whether the frequency of payments should be annually, quarterly, or monthly. The Agency ~~proposes~~proposed in the Initial Plan 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 ~~1, 2018~~30, 2019 (upon interconnection and energization), assuming continued compliance with contractual requirements,

<sup>432</sup> The Agency’s June 4, 2018 published prices (which mirror those included in this Final Revised Plan) in its Compliance Filing reflect the “Commission’s approved value” for purposes of subsequent adjustments made by the IPA under this authority. See Docket No. 17-0838, Final Order dated April 3, 2018 at 73-74.

<sup>433</sup> 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.

the next payments would occur approximately on December ~~1, 2018, March 131~~, 2019, March 31, 2020, etc., with the final payment on approximately September ~~1, 2022. This would be~~30, 2023—resulting in 17 total payments that bookend a four-year period of time. Payment amounts ~~would be occur~~ on a set schedule and ~~could~~may be adjusted to reflect changes in REC quantities (per Section 6.16.2), or community solar subscription levels (per Section 6.15.4). Based on feedback received to date, the Agency does not believe that a change to this approach is warranted.

Section 1-75(c)(1)(L) also requires that:

*(vi) 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 shall consider future uncommitted funds to be reserved for these contracts on a first-come, first-served basis, with the delivery of renewable energy credits required beginning at the time that the reserved funds become available.*

~~The Agency does not currently anticipate that approved applications for the Adjustable Block Program will exceed funds collected. However, the Agency will monitor this situation and address any potential concerns in greater detail in the next Plan update.~~

The Agency will continue to carefully monitor project application approvals and available budgets. As described further in Chapter 3, the Agency does anticipate that obligations could exceed collections starting at the conclusion of the budget rollover period in mid-2021, but that this issue can be temporarily addressed through previously collected Alternative Compliance Payments presently held in reserve. Nevertheless, the Agency will not recommend Commission approval of contracts for specific projects if it determines that this provision may be invoked and contract obligations cannot be met through expected funds.

Additional provisions of Section 1-75(c)(1)(L) require that:

- *“The electric utility shall receive and retire all renewable energy credits generated by the project for the first 15 years of operation.”*
- *“Each contract shall include provisions to ensure the delivery of the renewable energy credits for the full term of the contract.”*

These provisions are discussed further in Section 6.16.

### 6.5.6.7. Contracts

The Agency notes that while payments will be made according to the terms described in Section 6.6, the Adjustable Block Program and its REC delivery contracts will feature ongoing performance requirements to ensure that RECs are delivered across the 15-year term of the contracts, especially after payments have been made. Section 6.16 describes in more detail how those performance requirements will be implemented.

The Agency, in consultation with its Program Administrator and/or its Procurement Administrator, ~~will develop~~developed a standard REC delivery ~~contracts~~contract between the utilities and Approved Vendors much as its Procurement Administrator ~~has had~~ done for the competitive procurement processes. This ~~will include~~included the opportunity for interested parties to comment on the

~~contracts~~contract. Ultimately the ~~contracts will reflect~~contract, reflecting the consensus of the Agency, the utilities, and Commission Staff. ~~Contracts, , was published in January 2019, just prior to the opening of the Adjustable Block Program for project applications. The standard REC delivery contract, once finalized, will~~was not ~~be~~ subject to further negotiation for each project or batch accepted into the Program.

~~The initial contracts—those first developed under this process—will be used through the end of the 2018-2019 delivery year. On an annual basis, the Agency will review and update the contracts through a process that includes input from interested parties.~~

~~The Agency notes that the Act provides that “[n]o contract shall be executed for an amount that is less than one renewable energy credit per year.”<sup>434</sup> Given that each contract will be for a batch of projects that, to be approved, must be for at least 75 kW,<sup>435</sup> this minimum requirement will be easily met. (See Section 6.14 for more information on batches.)~~

For this draft Revised Plan, the Agency proposes a substantial refresh of the standard delivery contract based upon lessons learned from the execution and early administration of the initial contracts. The January 2019 standard contract has proved to be complex and in cases inflexible in ways that may not benefit the Program.

The Agency proposes to conduct stakeholder workshops in early 2020 to review the contract structure for the Adjustable Block Program, the Illinois Solar for All Program, and competitive procurements (see Section 5.1). Key issues to be considered include, but are not limited to:

- Shortening and simplifying 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
- Termination for convenience (subject to applicable penalties)
- Measurement of community solar subscription levels
- Mechanism of collateral holdbacks<sup>436</sup>
- Incorporation of Acknowledgement of Assignment forms
- Removal of a project from the contract<sup>437</sup>

Based on the workshops, the Agency will work with the Program Administrator, Procurement Administrator, ICC Staff, and the utilities to develop a draft of updated standard contract and will provide stakeholders opportunities to comment on the updated contract prior to its finalization. Approved Vendors may withdraw projects submitted to the Program prior to the date the updated contract is finalized that are not yet ICC-approved with no penalty.

In the case that the contract structure is indeed altered as a result of the above-mentioned stakeholder workshops and subsequent feedback, there are multiple options regarding the

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<sup>434</sup> 20 ILCS 3855/1-75(e)(1)(L)(v).

<sup>435</sup> While the minimum batch size is 100 kW, 75% of the capacity of the systems in a batch must be approved for the contract to be executed.

<sup>436</sup> This topic is discussed further in Section 6.14.6.

<sup>437</sup> These topics are based on feedback provided by the Parties on July 22, 2019 to the Agency’s Request for Comments issued after workshops held on June 20 and June 26, 2019.

applicability of this updated contract to any new capacity contracted through the Adjustable Block Program. Among those options:

- Refrain from approving projects under any of the existing capacity of all open blocks during contract update process (i.e., from after the Revised Plan approval date to the point in time when the updated contract is finalized), creating a clear distinction between projects that would be subject to the original contract and projects that would be subject to the updated contract;
- Apply the updated contract to only projects approved after the finalization date would use the new contract's finalization, regardless of application date.
  - If this latter option is implemented, an "off-ramp" option would be offered for those already applied projects that were expecting to be subject to the original contract and may now be non-financeable under the updated contract.

The Agency is interested in feedback from stakeholders on which of these approaches would be most desirable, and least disruptive, through comments on this draft Revised Plan.

Contracts or individual batches (but not individual projects that form a subset of a batch) will be 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.<sup>438</sup> The assignor may be required to pay a fee to the contracting utility. The Agency and its Program Administrator will endeavor to cooperate with the assignor, assignee, and utility in generating required documents and updating Program records to accommodate the assignment.

#### **6-6.6.8. Adjustments to Blocks and Prices**

The Act contains two provisions that allow the Agency to review and adjust block quantities, sizes, and prices. The provisions are contained in Section 1-75(c)(1)(K):

*"The Agency may periodically review its prior decisions establishing the number of blocks, 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, including but not limited to redistributing these amounts and the available funds as necessary and appropriate, subject to Commission approval as part of the periodic plan revision process described in Section 16-111.5 of the Public Utilities Act."*

And in Section 1-75(c)(1)(M):

*"If necessary, the Agency may make prospective administrative adjustments to the Adjustable Block program design, such as redistributing available funds or making adjustments to purchase prices as necessary to achieve the goals of this subsection (c). Program modifications to any price, capacity block, or other program element that do not deviate from the Commission's approved value by more than 25% shall take effect immediately and are not subject to Commission review and approval. Program*

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<sup>438</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 74.

*modifications to any price, capacity block, or other program element that deviate more than 25% from the Commission's approved value must be approved by the Commission as a long-term plan amendment under Section 16-111.5 of the Public Utilities Act. The Agency shall consider stakeholder feedback when making adjustments to the Adjustable Block design and shall notify stakeholders in advance of any planned changes."*

In essence, changes of less than 25% to the prices and other program components indicated in the Agency's ~~June 4, 2018 REC Pricing Model compliance filing and in this final Plan~~Commission-approved REC prices can be made by the Agency without seeking review and approval from the Commission, while larger changes will require that review and approval as part of the Agency's regular annual procurement planning process.

The Agency is aware of at least four key events that could significantly impact solar project costs and potentially warrant a new look at REC pricing. ~~The first is that when~~ First, upon a utility ~~reaches~~reaching its net metering cap (see Section 6.8.1 for more discussion), net metering for new enrollments by distributed generation systems will change from full retail net metering to energy-only net metering. ~~The second is that~~Second, upon the net metering cap being met, the distributed generation rebate for smart inverters will change from \$250/kW (for non-residential customers and community renewable participants) to a rebate based upon the locational value of the system to the grid, while a new distributed generation rebate will be created for residential customers. ~~The third is that~~Third, the Federal Solar Investment Tax Credit ~~will~~is presently scheduled to step down from 30% to 26% for projects that start construction in 2020, and then to 22% in 2021; it ~~will~~is scheduled to be eliminated for residential projects after that time and be reduced to 10% for other projects. And fourth, U.S. President Donald Trump exercised his power under the federal Trade Act to impose import tariffs on crystalline solar photovoltaic panels and modules in January 2018, following an unfair trade practices proceeding at the United States International Trade Commission ("~~ITC~~"); these import tariffs are scheduled to step down in February 2020 and again in February 2021 before ending in February 2022.<sup>440</sup> While the IPA's REC Pricing Model has incorporated the projected market effect of those import restrictions,<sup>441</sup> there could be further changes to federal trade policy in this area.

Each of these changes would impact the value proposition for developing a project and could require an adjustment in REC prices to keep project development viable. The Agency will notify stakeholders and provide opportunities for feedback for changes to reflect these circumstances, or others that may arise that would also require changes to be made.

In addition to these factors, and in keeping with the adjustable nature of the Adjustable Block Program, the Agency recognizes that despite its best efforts to set REC (and adder) prices at "just right" levels, it is possible that factors that impact prices may need to be updated to reflect changing market dynamics. In response to very low or very high demand for the program, the Agency may adjust REC and adder prices, block sizes, and other variables as needed to maintain a vigorous and

<sup>429</sup> ~~United States International Trade Commission, Investigation No. TA-201-75, Crystalline Silicon Photovoltaic Cells, [https://www.usitc.gov/investigations/title\\_7/2017/crystalline\\_silicon\\_photovoltaic\\_cells\\_whether\\_or/safeguard.htm](https://www.usitc.gov/investigations/title_7/2017/crystalline_silicon_photovoltaic_cells_whether_or/safeguard.htm).~~

<sup>440</sup> ~~United States International Trade Commission, Investigation No. TA-201-75, Crystalline Silicon Photovoltaic Cells, [https://www.usitc.gov/investigations/title\\_7/2017/crystalline\\_silicon\\_photovoltaic\\_cells\\_whether\\_or/safeguard.htm](https://www.usitc.gov/investigations/title_7/2017/crystalline_silicon_photovoltaic_cells_whether_or/safeguard.htm).~~

<sup>441</sup> See Docket No. 17-0838, IPA REC Pricing Model Update of February 27, 2018, at 1-2.

healthy market for distributed solar and to reach programmatic goals. The Agency will monitor program activity and consider such change if it determines they are warranted.<sup>442</sup>

~~The Agency intends to wait at least six months after program launch before considering making significant changes to help encourage program stability. However, if program participation is extremely low, or if it becomes clear that REC prices were set too high, the Agency may elect to act sooner than that.~~

~~As of the release of this draft Revised Plan, the Agency is not proposing any REC price adjustments to the REC prices shown in Table 6-1, or to the 4% rate of change between blocks going forward. While the uptake of the Small DG category has been slow to date, there is anecdotal evidence<sup>443</sup> that it is increasing rapidly and that DG prices are generally in line with market expectations.~~ When the Agency becomes aware of a situation that would require a change to block quantities, size, price, or other factors, including, but not limited to, the situations described herein, the Agency will post an announcement to its website regarding the proposed changes and will hold either a stakeholder meeting, or an online webinar to provide an opportunity for stakeholder input. Stakeholders will also be invited to submit written comments on the proposed material changes which will be posted to the Agency's website. The Agency will consider feedback it receives prior to finalizing changes it makes that are less than 25% and do not require Commission review and approval, and will likewise consider that feedback in filings made before the Commission to update the Adjustable Block Program.

#### 6.6.1-6.8.1. Net Metering Cap Adjustment

Under Section 16-107.5(j) of the PUA, net energy metering is generally credited at a value that accounts for the value of energy and delivery until net metering accounts for 5% of the total peak demand of each electricity provider's eligible customers. At that time, net metering for any new installations will be for energy only.<sup>444</sup>

~~The Agency will work with the utilities to keep informed on~~ When the net metering caps ~~may be~~ are met. ~~At that time~~, the Agency will review the performance of the program and make price and policy adjustments needed to achieve compliance with RPS goals. As noted above, the Agency will be able to make adjustments to offset the impact of the ~~changechanges~~ changes in net metering revenue if ~~they are~~ those changes would result in less than a 25% change in the price of RECs. If the necessary change in price is greater than 25%, then the Agency ~~will be able to cap the adder and block price adjustment at 25% and~~ will seek Commission review and approval of a revised schedule of REC prices as outlined in Sections 1-75(c)(1)(K) and (M) of the Act. ~~At this time, the Agency does not expect the net metering cap to be met prior to its next Plan revision cycle (i.e., not before the Fall of 2019).~~

~~In a data request response dated June 2019, ComEd advised the Agency that it expects to reach the 3% net metering enrollment level referenced in Section 16-107.6(e) of the PUA (discussed in Section 6.8.2 below) during the 2020-2021 delivery year, although it did not indicate an expected timeline~~

<sup>442</sup> The Agency is surveying project developers at the Part II application stage for the actual cost of various system development and installation components.

<sup>443</sup> See e.g., "More ComEd Customers Going Solar." Retrieved from <https://finance.yahoo.com/news/more-comed-customers-going-solar-155500794.html>, July 18, 2019.

<sup>444</sup> 220 ILCS 5/16-107.5(j), (n).

for reaching the 5% level referenced in Section 16-107.5(j).<sup>445</sup> Ameren Illinois declined to estimate the timeline for either the 3% or 5% thresholds (citing a lack of data); MidAmerican estimated that the 5% level would be met in 2027.

### **6.6.2-6.8.2. Smart Inverter Rebate**

Under Section 16-107.6(e) of the PUA, when a utility reaches net metering load equaling 3% of its total peak demand, the Commission will initiate an investigation to adjust the smart inverter rebate from \$250/kW (for non-residential customers and community renewable participants) to a new value, or values (potentially varying based on location), and to establish an initial smart inverter rebate value or values (again, potentially locationally-based) for residential customers. Once the resulting rebate ~~value is~~ values are approved by the Commission, ~~it~~ they will take effect when the load of net metering enrollment for that utility reaches 5% of the utility's total peak demand.

As discussed above in Section 6.8.1, it is currently not clear if ~~when~~ the 5% level will be reached before the end of the 2020 delivery year, and even if it is, if any of the plans for changing or whether changes to the inverter rebate will have been approved by the Commission. ~~at that time.~~ Therefore, at this time the Agency is not presently proposing a specific REC price adder to adjust for the change to the inverter rebate (which could also be an increase in the rebate level for some projects, thus not requiring any new adders). The Agency will ~~take part~~ participate in each utility's investigation proceeding and will consider proposing new adders price adjustments to DG REC prices, if needed, as those investigations proceed. The adoption of any new adder REC prices will either follow the process outlined in Section 6.8 or be proposed as part of ~~the~~ a Plan update.

### **6.6.3-6.8.3. Federal Solar Investment Tax Credit Adjustment**

The U.S. Congress has set a schedule for a decline and partial phase out of federal tax credits for solar photovoltaics.<sup>446</sup> Projects that start construction in 2017, 2018, and 2019 will receive a 30% Investment Tax Credit; projects that start construction in 2020 and 2021 will receive 26% and 22%, respectively; for construction starts after that, the credit will drop permanently to 10% for commercial projects and 0% for residential projects.<sup>447</sup> After 2015 legislation, project owners who start construction before 2022 may claim the applicable credit once construction begins, as long as the project is operational by the end of 2023.

Additionally, federal tax legislation<sup>448</sup> ~~enacted~~ passed by the United States Congress and signed by the President in December 2017 introduced a provision called the Base Erosion and Anti-Abuse Tax.<sup>449</sup> ~~The provision defines a new concept of a "base erosion minimum tax amount" that certain corporations will pay, equal to the excess (if any) of:~~

<sup>445</sup> In fact, ComEd indicated that the timeline for reaching the 5% level would depend on the Agency's allocation of Adjustable Block Program blocks beyond those authorized in the Initial Plan.

<sup>446</sup> Consolidated Appropriations Act of 2016, Public Law 114-113, December 18, 2015, at § 303 (modifying 26 U.S.C. § 48(a)); see also <https://energy.gov/savings/business-energy-investment-tax-credit-itc>, <https://www.seia.org/research-resources/impacts-solar-investment-tax-credit-extension>.

<sup>447</sup> 26 U.S.C. §§ 48(a)(2)(A), (a)(3)(A)(i), (a)(6)(A).

<sup>448</sup> See Pub. Law 115-97 (Dec. 22, 2017), <https://www.congress.gov/115/bills/hr1/BILLS-115hr1enr.pdf>.

<sup>449</sup> Id. at § 14401 (adding new 26 U.S.C. § 59A).

~~(A) 10 percent (5% in 2018 only, and later increasing to 12.5% after 2025) of a company's modified taxable income,<sup>450</sup> minus~~

~~(B) the company's regular tax liability, reduced by the tax credits to which it is entitled (excluding the R&D credit under 26 U.S.C. § 41 and excluding 80 percent of certain other Section 38 credits, including the Investment Tax Credit (but not excluding any of such Section 38 credits after 2025)).<sup>451</sup>~~

~~This provision applies to corporations with average annual revenues of at least \$500 million and which make certain levels of tax-deductible transfer payments to foreign affiliates.<sup>452</sup> As discussed in more detail in Section 6.8.3 of the Initial Plan, this provision is widely thought to diminish the value of the Investment Tax Credit for solar generation for "tax equity" investors, which are often parts of large multinationals. To the extent that the potential investor's U.S. income tax liability for a given year would fall below the defined 10% level after deducting 20% of the Investment Tax Credit from tax liability, the investor would essentially be required to pay back that 20% of the Investment Tax Credit to the U.S. Treasury.<sup>453</sup> The status of the tax credit could change from year to year depending on the investor's broader tax and financial profile. many "tax equity" investors, which are often parts of large multinationals.~~

The phase-out of the federal Investment Tax Credit, and any possible legislative change to that schedule, will affect project economics for distributed solar in Illinois. Like other anticipated changes, the Agency will review the performance of the Program and make price and policy adjustments needed to achieve compliance with RPS goals. For example, the Agency could ~~offer an adder~~adjust prices to reflect the change in the federal Investment Tax Credit from 30% to 26%. This adjustment will probably not be larger than 25%, ~~so % and thus~~ would not require Commission review and approval. ~~The Plan Update scheduled to be conducted in 2019 for implementation in 2020 will address any future adjustments for projects~~The Agency notes that start construction in 2021 or later. ~~advocates are presently making efforts to extend the federal Investment Tax Credit.~~<sup>454</sup>

#### **6.6.4.6.8.4. Tariffs on Foreign Photovoltaic Modules and Cells**

~~On May 17, 2017, Suniva, Inc., a Georgia (U.S.)-based maker of crystalline silicon photovoltaic ("CSPV") cells and modules, filed an amended petition for import relief at the United States International Trade Commission ("ITC") under Sections 201 and 202(a) of the federal Trade Act of 1974, 19 U.S.C. §§ 2251, 2252(a), alleging that imports of the same product are being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the~~

<sup>450</sup> "Modified taxable income" will be calculated by not including the effect of foreign transfer payments. Id. (new 26 U.S.C. §§ 59A(c)(1), (2), (d)(4)).

<sup>451</sup> Id. (new 26 U.S.C. §§ 59A(a), (b)(1), (b)(2)(B)).

<sup>452</sup> Id. (new 26 U.S.C. § 59A(c)(1)).

<sup>453</sup> <https://pv-magazine-usa.com/2017/12/02/senate-approves-tax-bill-likely-with-provision-to-hobble-itc-ptc>. See, e.g., "Tax Reform Act — Impact on Renewable Energy Projects," December 20, 2017, at <http://www.bakerbotts.com/ideas/publications/2017/12/tax-reform-act-renewable-energy>; Georgina Gustin, "Tax Overhaul Preserves Critical Credits for Wind, Solar and Electric Vehicles," December 22, 2017, at <https://insideclimatenews.org/news/18122017/tax-bill-vote-renewable-credits-solar-wind-clean-energy-jobs-evs-investment-anwf>.

<sup>454</sup> See e.g., "5-year ITC extension introduced in U.S. House, Senate." PV Magazine. Accessed from <https://pv-magazine-usa.com/2019/07/25/breaking-5-year-itc-extension-introduced-in-u-s-house-senate/> (July 25, 2019).



~~threat thereof, to the domestic industry.<sup>455</sup> SolarWorld Americas, Inc., another U.S. manufacturer of CSPV modules, joined the petition on May 25, 2017. The joint petitioners proposed a tariff of \$0.40/watt on imported CSPV cells and a floor price of \$0.78/watt on imported CSPV modules. A hearing on this harm issue was held at the ITC on August 15, 2017.~~

~~On September 22, 2017, the ITC, exercising its authority under Section 202(b) of the Trade Act, voted 4-0 to find that there was a serious injury caused by the importation of crystalline silicon photovoltaic cells and modules. The ITC ruled to exclude Singapore, Australia, Canada, and other free trade partner countries from the finding—although it found serious injury caused by imports from free trade partners Mexico and South Korea.<sup>456</sup>~~

~~A hearing regarding remedies was held at the ITC on October 3, 2017.<sup>457</sup> The ITC Commissioners announced their remedy recommendations on October 31, 2017.<sup>458</sup> The ITC issued a lengthier written report containing its injury findings and remedy recommendations due to the U.S. President on November 17, 2017,<sup>459</sup> satisfying its obligation under Sections 202(e) and (f) of the Trade Act. The ITC's Chairman recommended a tariff on CSPV cells of 10% *ad valorem* for the first 500 MW of imports in a given year and then a 30% tariff rate for additional imports.<sup>460</sup> For CSPV modules, the Chairman recommended a 35% tariff rate.<sup>461</sup> In all cases, the Chairman's recommended tariff rates would decline steadily over the second, third, and fourth years of a four-year tariff program. The Chairman also recommended that the President initiate international negotiations to "address the underlying cause of the increase in imports of CSPV products and alleviate the serious injury thereof."<sup>462</sup> Two other Commissioners issued a joint remedy proposal similar in structure to the Chairman's.<sup>463</sup> A fourth Commissioner issued a recommendation that the President impose a quantitative restriction on imports of CSPV products, including cells and modules, starting at 8,900 MW in the first year and increasing annually by 1,300 MW in each of the second, third, and fourth years of a four-year quota program; she also recommended that the quotas be administered via import license auctions at a minimum price of \$0.01/watt, with auction revenue used to assist domestic CSPV manufacturers.<sup>464</sup>~~

~~On November 27, 2017, the United States Trade Representative, exercising the President's authority under Section 203(a)(5) of the Trade Act, asked the ITC for additional information to assist the President in "determining the appropriate and feasible action to take that will facilitate efforts by the~~

<sup>455</sup> See 82 Fed. Reg. 25331-25333, June 1, 2017

(<https://www.usitc.gov/trade-remedy/731-ad-701-cvd/investigations/2017/Solar%20Panels/Safeguard/cspv--institution.pdf>).

<sup>456</sup> See, e.g., "Solar Tariff Case Advances as ITC Finds 'Injury,'" Greentech Media, September 22, 2017, <https://www.greentechmedia.com/articles/read/solar-trade-case-advances-as-itc-finds-injury>; see also U.S. ITC News Release 17-133, September 22, 2017, <https://www.usitc.gov/press-room/news-release/2017/er092211832.htm>.

<sup>457</sup> <https://www.usitc.gov/calendarpad/events/usitc-hearing-crystalline-silicon-photovoltaic-htm-0>.

<sup>458</sup> <https://www.usitc.gov/press-room/news-release/2017/er103111857.htm>;

<https://www.usitc.gov/sites/default/files/press-room/documents/solar201-remedy-commissionerstatements.pdf>.

<sup>459</sup> U.S. ITC, *Crystalline Silicon Photovoltaic Cells (Whether or not Partially or Fully Assembled into Other Products)*, Investigation No. TA 201-75, Volume I: Determination and Views of Commissioners, Publication 4739, November 2017, available at: <https://www.usitc.gov/publications/safeguards/pub4739-vol-i.pdf>.

<sup>460</sup> Id. at 2.

<sup>461</sup> Id.

<sup>462</sup> Id.

<sup>463</sup> Id.

<sup>464</sup> Id. at 3.

~~domestic industry to make a positive adjustment to import competition and provide greater economic and social benefits than costs.” The Trade Representative asked the ITC to “identify any unforeseen developments that led to the articles at issue being imported into the United States in such increased quantities as to be a substantial cause of serious injury.”<sup>465</sup> Following this letter, the ITC responded on December 28, 2017, identifying various support programs by the government of China for domestic production of solar components as “unforeseen” causes of increased imports into the United States.<sup>466</sup>~~

~~The President then~~As discussed extensively in Section 6.8.4 of the Initial Plan, U.S. President Donald Trump issued a Proclamation on January 23, 2018 imposing certain import restrictions, pursuant to his authority under Section 203(a) of the Trade Act, 19 U.S.C. § 2253(a-), following a petition brought at the U.S. ITC by certain American solar component manufacturers alleging that imports were entering the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry.<sup>467</sup> The tariffs ~~will~~are set to last for 4 years, starting February 7, 2018. For solar cells, following the first 2,500 MW of imports in any year, the duty rate will be 30% in the first year, then 25% in the second year, then 20%, then 15%. For solar modules, the same annual duty rates apply, without any exemption.

Accordingly, the Agency included a modification to the REC Pricing Model related to the projected market effect of these new import restrictions in its February 27, 2018 REC Pricing Model Update.<sup>468</sup> The Commission approved that aspect, *inter alia*, of the February 27, 2018 REC Pricing Model Update.<sup>469</sup> The Agency filed its “final” REC prices (i.e., the “Commission’s approved values” for purposes of any Section 1-75(c)(1)(M) adjustments) –as a compliance filing with the Illinois Commerce Commission on June 4, 2018, reflecting these and other adjustments.

However, ~~the~~these tariffs have been challenged or may be limited in certain ways. Pursuant to the President’s January 23, 2018 Proclamation, the United States Trade Representative accepted requests for exclusions of particular products during March and April of 2018; ~~the Trade Representative has not yet rendered a decision on those requests.~~<sup>470</sup> ~~Certain Canadian solar component manufacturers filed a complaint at the US Court of International Trade in February 2018 alleging that President Trump’s solar component import restrictions were unlawful in various ways; that litigation is still pending and has been appealed in part to the United States Court of Appeals for~~

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<sup>465</sup> Joe Ryan, “Trump Seeks Details on Solar Imports Before Setting Tariffs,” Bloomberg Markets, November 29, 2017, available at: <https://www.bloomberg.com/news/articles/2017-11-29/trump-seeks-more-detail-on-solar-imports-before-setting-tariffs>; —also —see <https://d12v9rtnomnbcu.cloudfront.net/paychek/1243576-629905.pdf> (letter from United States Trade Representative).

<sup>466</sup> The ITC report of December 28, 2017 may be found at [https://solarbuilddermag.com/wp-content/uploads/2018/01/ITC\\_Report\\_Suniva.pdf](https://solarbuilddermag.com/wp-content/uploads/2018/01/ITC_Report_Suniva.pdf) (accessed May 20, 2018).

<sup>467</sup> See <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/january/president-trump-approves-relief-us> (January 22, 2018); <https://www.whitehouse.gov/presidential-actions/presidential-proclamation-facilitate-positive-adjustment-competition-imports-certain-crystalline-silicon-photovoltaic-cells> (January 23, 2018); <https://www.gpo.gov/fdsys/pkg/FR-2018-01-25/pdf/2018-01592.pdf> (January 25, 2018).

<sup>468</sup> Docket No. 17-0838, IPA REC Pricing Model Update, February 27, 2018, at 2.

<sup>469</sup> Order, Docket No. 17-0838, April 3, 2018, at 74.

<sup>470</sup> <https://www.regulations.gov/document?D=USTR-2018-0001-0001>;  
<https://www.regulations.gov/docketBrowser?rpp=25&so=DESC&sb=commentDueDate&po=0&dct=PS&D=USTR-2018-0001>.

~~the Federal Circuit.~~<sup>471-472</sup> one result of that process was an exclusion for bifacial solar panels, announced by the Office of the U.S. Trade Representative in June 2019.<sup>473</sup> The Agency is presently assessing the degree to which bifacial panels may be incorporated into solar construction in Illinois. Legislation has also been introduced in the United States House of Representatives to repeal President Trump's import restriction.<sup>474</sup> The Agency will monitor these developments and, if any significant changes to solar component import restrictions occur, consider making commensurate changes to the final REC Pricing Model pursuant to its authority under Section 1-75(c)(1)(M) of the IPA Act.

#### 6-7.6.9. Approved Vendors

Participation in the Adjustable Block Program ~~will take~~takes place through, and is conditional upon, ~~an~~the Approved Vendor process developed by the Agency. ~~and implemented by the Program Administrator.~~ The Approved Vendor model ~~is~~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 ~~will be~~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 ~~will benefit~~thus benefits consumers because they will be able to 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 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 ~~and is a “bad actor”~~ could have a significant negative impact on the entire renewable energy market in Illinois that would extend beyond just its own actions. It is important for the Agency to have the ability to monitor the program and ensure high quality performance by the Approved Vendors Additionally, as discussed in more detail in Chapter 8, registration as an Adjustable Block Program 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 would result in an Approved Vendor's status under the Illinois Solar for All Program to also being terminated or suspended.

The Agency does not ~~anticipate restricting~~restrict Approved ~~Vendors~~Vendor participation by ~~the~~ entity type; as such, ~~the types of~~ Approved Vendors could include a company that specializes in the

<sup>471</sup> See, e.g., [https://www.cit.uscourts.gov/SlipOpinions/Slip\\_op18/18-15.pdf](https://www.cit.uscourts.gov/SlipOpinions/Slip_op18/18-15.pdf) (order denying plaintiffs' motion for a temporary restraining order and preliminary injunction); [https://www.cit.uscourts.gov/SlipOpinions/Slip\\_op18/18-30.pdf](https://www.cit.uscourts.gov/SlipOpinions/Slip_op18/18-30.pdf) (order denying plaintiffs' motion for an injunction pending appeal or, in the alternative, a stay of proceedings pending appeal).

<sup>472</sup> <https://www.regulations.gov/document?D=USTR-2018-0001-0001>;  
<https://www.regulations.gov/docketBrowser?rpp=25&so=DESC&sb=commentDueDate&po=0&dct=PS&D=USTR-2018-0001>.

<sup>473</sup> See 84 FR 27684, June 13, 2019, <https://www.federalregister.gov/documents/2019/06/13/2019-12476/exclusion-of-particular-products-from-the-solar-products-safeguard-measure>; see also 83 FR 47393, September 19, 2018, <https://www.federalregister.gov/documents/2018/09/19/2018-20342/exclusion-of-particular-products-from-the-solar-products-safeguard-measure>.

<sup>474</sup> H.R. 5571 (115th Congress), <https://www.congress.gov/115/bills/hr5571/BILLS-115hr5571ih.pdf>.

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 ~~will be the entity that~~ is ~~serve as~~ the contractual counterparty with the utility, and thus ~~will bear~~ the entity that receives payments from the utility for REC deliveries as contract obligations are met.<sup>475</sup> Approved Vendors are therefore ~~the entities~~ 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 provide~~ paying any contractual clawback not covered by posted collateral), and providing ongoing information and reporting. As such, the Approved Vendors ~~will have to~~ must coordinate ~~the~~ downstream information from installers/developers as well as individual system owners (who may well provide required information through the installer/developer).

The Agency ~~will~~ 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 Revised Plan and of the Approved Vendor's contract with the counterparty utility. Nonetheless, as described further below in Section 6.9.1, the Agency seeks stakeholder feedback on this draft Plan on if it should make changes to the handling of Approved Vendor designees.

Approved Vendors ~~will have to~~ 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. ~~(The Agency will work with its Adjustable Block Program Administrator on the specific scope and format of these submissions after the conclusion of the Plan approval proceeding.)~~
- 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
- 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 and affiliates, to the Agency for review, as requested.<sup>476</sup>
- Agree to make changes to marketing materials as instructed by the Agency.<sup>477</sup>

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<sup>475</sup> The Agency imposes no requirement as to how the Approved Vendor shall share the REC payments with the installer, host, and other project parties.

<sup>476</sup> 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, ~~and~~ telemarketing scripts, and leads purchased through lead-generation vendors.

<sup>477</sup> 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.

- 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
- ~~Provide and maintain credit and collateral requirements~~
- Comply with all terms of contracts with utilities under the Program
- Submit Annual Reports on a timely basis

~~The Agency intends to open the registration and training process for Approved Vendors approximately two to three months prior to the opening of programs.~~

~~Approved Vendors will have to~~ Approved Vendors must renew their approval once a year. Failure by an Approved Vendor to follow the requirements of the Adjustable Block Program could 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 ~~in to~~ 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 ~~do so~~ meet those contractual obligations could result in having the vendor's credit collateral drawn upon. (See Section 6.16 for more discussion of contractual obligations.)

The Agency recognizes that there may be certain projects where the Approved Vendor model may not be completely appropriate, and therefore ~~will allow~~ 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 ~~would~~ does 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 ~~offound~~ Section 6.13 would not apply to the Single Project Approved Vendor, but if the project is a community solar system, all applicable community solar consumer protection requirements related to subscribers would apply: ~~(including those concerning marketing materials referenced above).~~

Single Project Approved Vendors will need to request that status prior to submitting the ~~system~~ 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 will be 100 kW.

The Agency ~~will also~~ encourage encourages the hiring of graduates of job training programs (as described in Section 8.10) to work on installations of projects supported by the Adjustable Block Program. ~~and 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. As more trainees become available,~~ the Program Administrator will provide additional information to Approved Vendors to support this goal.

### **6.9.1. Approved Vendor Designees**

Since launching the Adjustable Block Program, the Agency has become aware of instances of violation of program guidelines by Approved Vendor designees that may have been committed without the knowledge or control of the underlying Approved Vendor. For this draft Revised Plan, the Agency seeks stakeholder feedback on the following approaches (or any other approaches) regarding the management of Approved Vendor designees:

- Public list of Approved Vendor designees published on Program website by Program Administrator to provide more transparency
- Full vetting of Approved Vendor designees by Program Administrator through an Approved Vendor registration process, much like the current Approved Vendor registration process
- No change in current process (Approved Vendor designees currently are required to be associated with an Approved Vendor through the Program, but this information is not public-facing)

One additional consideration would be whether any registration or vetting process should apply to designees of all times, or only those engaged in specific activities (such as sourcing customers/leads, sales, marketing, or installations).

### **6.10. 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 Agency issued a Request for Qualifications to start the process of selecting a Program Administrator<sup>478</sup> for the Adjustable Block Program on January 18, 2018.<sup>479</sup> The Request for Qualifications was a means to select qualified bidders who were then invited to respond to a Request for Proposals.<sup>480</sup> Responses to the Request for Proposals were received on April 13, 2018.<sup>481</sup> The Program Administrator selection process is expressly exempted from the Illinois Procurement Code.<sup>482</sup>

After the evaluation of proposals received and consultation with the Staff of the Illinois Commerce Commission, the Agency selected InClime, Inc. (“InClime”) to serve as the Program Administrator for the Adjustable Block Program. The Illinois Commerce Commission formally approved the execution of a contract between the IPA and InClime at its July 12, 2018 Regular Open Meeting.

The Program Administrator ~~will run~~ runs the day to day operations of the Adjustable Block Program. This includes, but is not limited to:

- Assisting the Agency with Approved Vendor registration and training
- Developing a Program Manual

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<sup>478</sup> 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.”

<sup>479</sup> The Request for Qualifications was posted to the Agency’s website, [www.illinois.gov/IPA](http://www.illinois.gov/IPA).

<sup>480</sup> This process generally follows the process contained in Section 1-75(a)(1) to (5) that the Agency has used to select its Procurement Administrator and Procurement Planning Consultant.

<sup>481</sup> 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.

<sup>482</sup> 20 ILCS 3855/1-75(C)(1)(M).

- Establishing an online portal for Approved Vendors to submit projects (and providing technical support to Approved Vendors) and collecting application fees
- Maintaining an online dashboard to show block status
- Reviewing and approving submitted batches of 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.
- 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 educational materials related to distributed generation and community solar
- Assisting in workforce development efforts to the extent feasible

The Program Administrator ~~will be~~ is authorized to charge fees to Approved Vendors as described in Section 6.14.4 for processing applications. The Program Administrator ~~will operate~~ operates under a contract with the Agency and may 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, ~~would be~~ are considered part of the administrative costs discussed in Section 3.17. The Program Administrator may not ~~also~~ be an Approved Vendor.

#### 6.8.6.11. Program Launch

~~This Plan was approved with modification by the Commission on April 3, 2018, and in July the Agency received approval from the Commission for the selection of its Program Administrator. With these two elements in place, implementation of the Adjustable Block Program has commenced. Due to the scope and complexity of the Adjustable Block Program, and the need for the Agency and the Program Administrator to develop standard contracts, a Program Manual, an online portal (including beta testing), and other tasks, it is reasonable to assume that it will take several months for the Program to launch. The Agency will work with the Program Administrator to find ways to expedite program opening, if possible.~~

~~Additionally, the Agency will provide updates on its website on the expected schedule for the program launch—including the publishing of draft guidelines, disclosure forms, contracts, and other documents (and the timeline for feedback on these documents), and the expected dates for the opening of vendor enrollment, block opening, and batch submittal. The Agency's Program Administrator is currently designing a standalone website for Adjustable Block Program updates, information, and participation.~~

Starting in September 2018, the Program Administrator began releasing draft program documents for stakeholder review and comments and held workshops in October and November of 2018. Input from stakeholders received through both those workshops and written comments was used to inform the development of final program materials. Key documents developed include:

- Approved Vendor Registration Requirements (released October 30, 2018)<sup>483</sup>
- Lottery Procedures (released November 28, 2018)<sup>484</sup>
- Distributed Generation Brochure and Disclosure Forms (released December 27, 2018)<sup>485</sup>
- Program Guidebook (released December 31, 2018, with subsequent revisions released)<sup>486</sup>
- Standard REC Contract (released January 28, 2019)<sup>487</sup>
- Community Solar Disclosure Forms (released January 31, 2019)<sup>488</sup>
- Distributed Generation and Community Solar Marketing Guidelines (released January, 31, 2019)<sup>489</sup>
- Community Solar Brochure (released February 20, 2019)<sup>490</sup>

Approved Vendor registration opened on November 1, 2018 and the Adjustable Block Program officially started taking project applications on January 30, 2019. Since then, and as of August 13, 2019, Approved Vendors (the direct participants serving as counterparties to Illinois utilities under REC contracts, as discussed in Section 6.9) have submitted applications for 7,358 projects. Those applications have resulted in 499.3 MW of capacity allocated with 177.9 MW of project capacity still available in the Small DG (all blocks) and Large DG (Block 4) categories. The Community Solar category has a long waitlist as discussed in Section 6.1.

Table 6-4 presents a snap-shot of select program statistics as of August 13, 2019.<sup>491</sup> These statistics will be updated prior to submission of this Revised Plan for approval by the ICC.

**Table 6-4: Adjustable Block Projects as of August 13, 2019**

<u>Project Type</u>	<u>Project Applications</u>	<u>MW</u>
<b><u>ICC Approved</u></b> <sup>492</sup>		
<u>Small DG</u>	<u>1,179</u>	<u>8.7</u>
<u>Large DG</u>	<u>1,173</u>	<u>220.0</u>
<u>Community Solar</u>	<u>111</u>	<u>214.3</u>
<u>Total</u>	<u>2,463</u>	<u>443.0</u>
<b><u>Applications Currently Being Reviewed/Processed</u></b> <sup>493</sup>		

<sup>483</sup> See: <http://illinoisabp.com/wp-content/uploads/2018/10/Final-Approved-Vendor-Requirements-10.30.18.pdf>.

<sup>484</sup> See: <http://illinoisabp.com/block-1-lottery>.

<sup>485</sup> See: <http://illinoisabp.com/marketing-guidelines-marketing-materials-stakeholder-process>.

<sup>486</sup> See: <http://illinoisabp.com/program-guidebook>.

<sup>487</sup> See: <http://illinoisabp.com/rec-contract>.

<sup>488</sup> See: <http://illinoisabp.com/marketing-guidelines-marketing-materials-stakeholder-process>.

<sup>489</sup> Id.

<sup>490</sup> Id.

<sup>491</sup> For additional information on REC quantities procured and budgetary commitments, see Chapter 3.

<sup>492</sup> This reflects projects that successfully applied to the Program and have been included in batches of projects approved by the ICC (see Section 6.14.6). It will be updated for the Revised Plan to be filed for Commission approval to reflect projects that have been removed from the program due to failure to execute contracts/product orders or to provide collateral.

<sup>493</sup> This reflects projects that have applied to the program and are still in various stages of eligibility review and thus have not yet been included in batches of projects submitted to the ICC for approval. It does not include projects that applied and were found to be ineligible or withdrawn by the Approved Vendor.



<u>Small DG</u>	<u>3,588</u>	<u>24.7</u>
<u>Large DG</u>	<u>494</u>	<u>30.7</u>
<u>Community Solar</u>	<u>1</u>	<u>0.9</u>
<u>Total</u>	<u>4,083</u>	<u>56.3</u>
<b><u>Waitlists<sup>494</sup></u></b>		
<u>Community Solar</u>	<u>812</u>	<u>1,571</u>
<b><u>Remaining Available Capacity<sup>495</sup></u></b>		
<u>Small DG</u>	<u>TBD</u>	<u>132.9</u>
<u>Large DG</u>	<u>TBD</u>	<u>45.0</u>
<u>Community Solar</u>	<u>None</u>	
<u>Total</u>	<u>TBD</u>	<u>177.9</u>
<b><u>Overall Program Capacity<sup>496</sup></u></b>		
<u>Small DG</u>	<u>TBD</u>	<u>166.5</u>
<u>Large DG</u>	<u>TBD</u>	<u>295.8</u>
<u>Community Solar</u>		<u>215.2</u>
<u>Total</u>	<u>TBD</u>	<u>677.5</u>

### **6.9-6.12. Project Requirements**

Projects that are eligible for the Adjustable Block Program will have to 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 15-year duration of the contracts. The purpose of the second set of requirements is to ensure consumer protections.

#### **6.9-1-6.12.1. Technical System Requirements**

In this Section, the Agency outlines what technical information will have to be submitted for each project. These standards apply for both distributed generation and community solar projects. The application process is described in more detail in Section 6.14.

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, of panels and

<sup>494</sup> See Section 6.3.3.1 for a discussion of the community solar waitlists.

<sup>495</sup> This reflects capacity available for project applications. While this capacity will decline as new project applications are received, it may also be adjusted upwards if projects that have applied are not found to be eligible, or if ICC approved projects are subsequently removed from the program.

<sup>496</sup> Overall program capacity slightly exceeds the planned 666 MW of capacity due to the policy of accepting the final project in a block. For example, if a block had 22 MW of capacity and up to the final project used up 21 MW and the final project was 2 MW in size, the final block size would be 23 MW. The Overall program capacity can also change when a project in a block is withdrawn and subsequently replaced with another one, or more projects, from the waitlist with slightly larger capacity.

- inverters and meters, array location (roof or ground mount), tilt, orientation, ~~and shading percentage.~~<sup>497</sup>
- Site map or other project details
  - Proof of site control and/or host acknowledgement
  - Project-specific estimate of REC production during the 15-year delivery term using PV Watts or a similar tool<sup>498</sup>
  - For systems over 25 kW, a signed Interconnection Agreement<sup>499</sup>
  - For ~~systems over 25 kW, this draft Revised Plan, rather than~~ evidence of having obtained all non-ministerial permits ~~that, according to, the commercially reasonable investigation Agency proposes and seeks stakeholder comments on the following list of the Approved Vendor, are necessary to~~ permits as a requirement for ground mounted systems over 25 kW. ~~In that feedback the project at Agency is interested in learning from stakeholders more about when in the time development cycle these permits would normally be sought, and the extent to which they serve as useful indicators of project maturity prior to application to the Adjustable Block program~~<sup>500</sup>.
  - ~~Shading study~~
    - ~~A land use permit, when applicable to the Authority Having Jurisdiction (“AHJ”) over the project. In the event a land permit is not applicable, written confirmation from the AHJ must be provided.~~
    - ~~A State Historic Preservation Office Phase I Archeological Study and clearance~~
    - ~~Illinois Department of Natural Resources Ecological Compliance Tool Letter of Termination~~
    - ~~A Phase I Environmental Site Assessment (or Phase II Environmental Site Assessment if recommended by preparer of Phase I Assessment) clear of recognized environmental conditions.~~
  - ~~For systems that include a battery, 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.~~

<sup>497</sup> Eligible equipment will include any equipment listed on the Go Solar California equipment list (see: <http://www.gosolarcalifornia.ca.gov/equipment/index.php>); other equipment will be reviewed and considered on a case-by-case basis and may require additional documentation.

<sup>498</sup> Actual REC volumes for a system will be based off a standard capacity factor as described in Section 6.14.5.

<sup>499</sup> While the Adjustable Block Program provides for separate categories for systems up to 10 kW, and greater than 10 kW and up to 2,000 kW, for the purposes of the requirements related to each project, the Agency has determined that 25 kW is an appropriate breakpoint between different levels for certain requirements. While most residential systems are below 10 kW, the Agency observed from its Supplemental Photovoltaic Procurements that there can be larger residential systems, particularly in rural areas. 25 kW is a common breakpoint used in programs in other states and is thus adopted by the Agency for these requirements.

<sup>500</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 75. Additionally, the Agency understands the distinction between ministerial and non-ministerial permits to be as suggested by the Massachusetts net metering program (see: <http://www.massaca.org/pdf/FAQ.pdf>):

~~“A ministerial permit is a permit that is granted based upon a determination that the request complies with established standards. Such determinations are arrived at objectively, involve little or no discretionary judgment, and are usually issued by a single official or his/her designee. Non-ministerial permits are permits in which one or more officials consider(s) various factors and exercise(s) some discretion in deciding whether to issue (typically with conditions) or deny permits.~~

~~Examples of ministerial permits include, but are not limited to building permits and electrical permits.~~

~~Examples of non-ministerial permits include, but are not limited to wetlands Order of Conditions, Special Permit, Zoning Variance, Endangered Species, and MEPA Certificate.” (The Agency notes that for Illinois, “MEPA Certificate” would be replaced by permits issued by the Illinois Environmental Protection Agency.)~~

For systems that have been energized prior to application, the following information will also be required:

- GATS or M-RETS unit ID<sup>501</sup>
- Certificate of Completion of Interconnection
- ~~Net metering application approval letter (if applicable)~~
- 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 be willing to consider alternative documentation to demonstrate completion of interconnection in those situations.

#### **6.9.2.6.12.2. Metering Requirements**

In developing metering standards for the Supplemental Photovoltaic Procurements that took place in 2015 and 2016, the Agency developed a metering standard<sup>502</sup> that included:

- Systems registered in M-RETS must utilize an ANSI C.12 certified revenue quality meter.
- Systems over 25 kW registered in GATS must utilize a new meter that meets ANSI C.12 standards.
- Systems over 10 kW and less than 25 kW in size registered with GATS must utilize a meter that meets ANSI C.12 standards. Meters that are refurbished (and certified by the meter supplier) are allowed.
- Systems of 10 kW in size and below registered with GATS 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 UL-certified and must include either a digital or web-based output display.

The Agency did not allow production estimates. 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.

In responses to the Agency's Request for Comments, several commenters suggested allowing production estimates for smaller systems. 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, this appears to the Agency to production estimates could be problematic because 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.

Given the upfront payments for RECs paired with the 15-year requirement for RECs to be delivered, the Agency believes that getting 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

<sup>501</sup> GATS or M-RETS registration must be complete and unit ID verifiable through GATS or M-RETS public reports.

<sup>502</sup> See: <https://www.illinois.gov/sites/ipa/Documents/IPA-metering-accuracy-standard-5-14-15.pdf>

frequently as monthly) appropriately balances the need for accurate data and the compliance burdens on the system operators.<sup>503</sup> Therefore, ~~in the Agency proposes to continue to require~~Initial Plan required metered output for the generation of RECs, ~~although~~ the use of inverter readings for systems up to 10 kW ~~will continue~~were continued to be allowed.<sup>504</sup> In other words, the metering standard developed for the Supplemental Photovoltaic Procurement ~~is proposed to be~~was the metering standard for the Adjustable Block Program, with the caveat that meter reads ~~will~~were only ~~be~~ required on an annual basis.

Many other jurisdictions require revenue grade meters for all system sizes. For this draft Revised Plan, the Agency seeks feedback on whether the ABP's metering standard should now reflect that requirement; this would change requirements applicable to systems below 10 kW.<sup>505</sup>

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 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 ~~presenting to be presented~~ to the Commission “before or in the 2019 Plan update.” The IPA ~~will~~ thus ~~endeavored to~~ work with stakeholders on solutions for facilitating permissible participation in the Adjustable Block Program from DC-based systems.<sup>506</sup>

During the more than twelve months since that Order, the Agency has communicated regularly and deliberately with industry stakeholders who are seeking to coordinate and obtain ANSI approval of a new DC metering standard. However, the Agency understands that this standard has not been finalized as of August 2019. The Agency also received no comments on the topic of DC metering in response to its public request for comments dated July 3, 2019 regarding the revisions to this Plan. Thus, the Agency believes it would be premature at this time to incorporate a DC metering standard into the Adjustable Block Program (or, by implication, the Illinois Solar for All Program), but will continue its dialogue with industry professionals to understand the development of DC metering. The Agency intends to revisit this issue in the next Plan update in 2021.

### **6.10.6.13. Customer Information Requirements/Consumer Protections**

In addition to the information about the technical system information described in Section 6.12.1, for distributed generation projects Approved Vendors ~~will be~~are required to submit information to the Agency regarding the customer hosting the system and ~~the~~ensure that certain standardized information ~~that about the program~~ was provided to that customer.

The purpose of requiring this information is to ensure consumer protections. Installing a photovoltaic system is a significant financial commitment on behalf of that system's host (and potential owner) and 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 solar market in Illinois. In addition, a project

<sup>503</sup> ~~The Agency also understands that GATS requires an annual reading in states that use production estimates so this standard is in fact functionally similar to the use of production estimates.~~

<sup>504</sup> 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.

<sup>505</sup> The Agency understands that some inverters on the market currently include a meter that meets the ANSI C.12 accuracy standard and thus would be considered acceptable.

<sup>506</sup> Order, Docket No. 17-0838, April 3, 2018, at 78-79.

that successfully applies to this program stands to receive a financial benefit from the program in the form of a REC delivery contract and by extension from the ratepayers who fund it. Requiring clear and consistent information on the relationship between the end customer, the installer/developer, and the Approved Vendor is critical to ensuring that the fiscal risks and controls of this Program are properly and prudently managed.

These requirements are Program terms and conditions for participation in a state-administered incentive program that provides the opportunity for additional project revenue through REC delivery contracts. In developing these requirements, 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. It can, however, create common sense provisions to ensure that entities developing projects seeking to participate in this program are held to high standards for consumer protection, and enforce those provisions through suspending non-compliant entities from further participation in the Program. Ultimately, the Adjustable Block Program is a ratepayer funded program intended to benefit the state's residents through enhanced ability to participate in the clean energy economy, and in the Agency's view, it is essential to ensure that this Program produces not only project development, but also a transparent, positive experience for system hosts and subscribers.

The information that must be provided to all customers (and such provision documented to the Agency) includes:

- **Contracts:** A copy of the contract for the lease, sale, or financing arrangement, of the distributed generation installation. A list of required contract terms (and, in limited cases, specific contract requirements ~~will be)~~ has been developed by the Agency in conjunction with its Program Administrator, and ~~will be~~ has been provided to Approved Vendors.<sup>507</sup> At a minimum, Approved Vendors may also use model leases and model financing instruments provided by the Solar Energy Industries Association ("SEIA").<sup>508</sup>, or other contracts that meet requirements provided by the Agency. While the Agency will not require that a specific contract form be utilized or require the submittal and approval of all contracts, it retains the right to request copies of contracts from Approved Vendors and develop new requirements for contracts, as well as to advise Approved Vendors that contract terms must be altered as a requirement of continued program participation should the Agency discover unreasonable contract terms.
- **Disclosure Form:** The Agency, in conjunction with its Program Administrator, ~~will develop and provide to Approved Vendors~~ has developed standard Disclosure Forms to be completed and provided to each program participant prior to contract execution.<sup>509</sup> For distributed generation projects, the form ~~will at minimum, include~~ includes standard information on the system equipment and components, warranty, installer, and lease or financing structure. The form ~~will also include~~ includes a standardized estimate of the price and performance of the system as installed, including anticipated first year production, expected annual system production decreases, expected overall percentage degradation over the life of the system, a standard forecast for retail electricity prices, a net cash flow analysis, and ~~a target~~ an internal rate of return of each project. The form ~~will also include~~ includes a disclosure that cash flows may change if the utility's net metering tariffs or distributed generation rebates change prior

<sup>507</sup> See [http://illinoisabp.com/wp-content/uploads/2019/01/dg-contract-requirements-2019\\_01\\_23.pdf](http://illinoisabp.com/wp-content/uploads/2019/01/dg-contract-requirements-2019_01_23.pdf).

<sup>508</sup> Solar Energy Industries Association, "Model Leases and PPAs," <https://www.seia.org/research-resources/model-leases-and-ppas>.

<sup>509</sup> See <http://illinoisabp.com/marketing-guidelines-marketing-materials-stakeholder-process>.

to the completion of the system (e.g., the changes that occur when net metering enrollment reaches 5%). The Agency ~~will provide~~provides standard electricity prices (and other inputs) to be used for these estimates as to allow equivalent comparisons between different offers. For community solar subscribers, the form ~~will include~~includes similar applicable provisions as well as conform to the provisions listed in Section 7.6.2.<sup>510</sup>

- **Brochure:** The Agency ~~will require~~requires Approved Vendors to distribute to program participants prior to the execution of the contract with the program participant, a consumer protection brochure in ~~both either~~ print ~~and or~~ electronic form prepared by the Program Administrator and approved by the Agency.<sup>511</sup> That brochure ~~will inform~~informs consumers of their rights, procedures for filing complaints, and point to more information on the Program website. The Agency has prepared the brochure in English and Spanish and will consider creating versions in other languages should sufficient demand exist.

~~Full details will be provided to vendors who apply for participation in the Adjustable Block Program or the Illinois Solar For All program.~~

The Agency has received comments from Approved Vendors and other stakeholders seeking to modify (and, generally, shorten) these documents—particularly the Disclosure Form. This raises the question of what forum is appropriate for modifications to these materials: through the Agency's general development and implementation of program requirements? Or through the Agency's process of developing, and seeking approval of, its Revised Plan?

In general, the Agency would prefer to seek authority from the Commission for the ability to later develop (or modify) its program-related forms and documents, while reserving the ability to draft actual program-related forms and guidelines independent of that approval proceeding. Through this process, the Agency may make modifications to its program documents as warranted by actual market experience without seeking Commission approval. Consequently, the Agency has not included its disclosure form with this draft Revised Plan through its publishing, the Agency invites stakeholders to propose any sought-after revisions through comments made on this draft Revised Plan, including both specific mark-ups of the Disclosure Form (or Brochure) as well as any principles that could be approved by the Commission and thus folded into the Plan to guide future changes.

Approved Vendors must also agree to provide sales and marketing information, ~~included~~including contract prices and sales volumes, to the Agency on a confidential basis. The Agency will use this information for internal purposes to track market progress.

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<sup>510</sup> In the responses to the Request for Comments that the Agency issued in June, 2017, several commenters suggested that the Agency consider adopting the standard disclosure forms developed by the SEIA earlier in 2017 (see: <https://www.seia.org/research-resources/solar-transaction-disclosures>). While there may be aspects of those forms that are worth considering, the Agency is concerned that they do not fully capture the information the Agency believes that potential program participants need to have, in particular, standardized comparisons of energy costs. Therefore, the Agency ~~will instead develop~~developed its own disclosure forms that ~~will~~ capture aspects of the SEIA disclosure forms, best practices from other states, as well as addressing the need to standardize energy cost comparisons.

For a general discussion of challenges related to the marketing of solar and consumer protection policies, see Barbara R. Alexander and Jane Briesemeister, "Solar Power on the Roof and in the Neighborhood: Recommendations for Consumer Protection Policies," March 2016 (<http://utilityproject.org/wp-content/uploads/2016/03/Solar-Power-Consumer-Protection-Report-March-2016.pdf>), in particular, Appendix B.

<sup>511</sup> See <http://illinoisabp.com/marketing-guidelines-marketing-materials-stakeholder-process>.

Additionally, the IPA has developed both its Initial Plan and this Revised Plan mindful of the state's experience with the retail energy supply market and the marketing and sale of energy-related products. As such, it seeks to tap into the experience and institutional knowledge reflected in the state's conditions applicable to alternative retail electric suppliers. While the Agency recognizes that Approved Vendors will 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, it believes that the Commission's Title 83, Part 412 rules provide a workable blueprint for expectations of Approved Vendors. Thus, as a condition of ongoing approval, for distributed generation systems or community solar subscription shares below 25 kW in size,<sup>512</sup> Approved Vendors ~~will behave~~ been expected to comply with marketing standards generally equivalent to the following sections of Commission-approved rules for marketing practices by alternative retail electric suppliers. (83 Ill. Adm. Code Part 412, Subpart B):

- 412.105(a)-(c)
- 412.110 (a)-(i)
- 412.120
- 412.130
- 412.140 (a)-(b), (d)
- 412.150
- 412.160 (a)-(b), (d)
- 412.170
- 412. 180
- 412.210 (applicable only to community solar)
- 412.240 (applicable only to community solar)

The Agency is also aware that changes to Part 412 may be necessary due to the passage of Senate Bill 651 by the 101<sup>st</sup> Illinois General Assembly this Spring. This bill has passed both houses and has been forwarded to Illinois Governor J.B. Pritzker for signature. The IPA will endeavor to update its marketing guidelines<sup>513</sup> and certain other program requirements in line with new requirements applicable to alternative retail electric suppliers where applicable. The Agency thus proposes that a new draft of its marketing guidelines (and other documents, where necessary) be published for stakeholder feedback within 45 days of the Commission's approval of this Revised Plan and finalized within 90 days of that approval date.

The Part 412 section list above is not an exhaustive guide of all conditions that the Agency may place upon Approved Vendors, and key items referenced elsewhere in Part 412 (including disclosure forms, contract assignability, and green marketing) are addressed separately in this draft Revised Plan to the extent applicable to Approved Vendors.

~~As was addressed extensively in filings made in Docket No. 17-0838 (the Commission's proceeding for approval of the Plan), the IPA understands and appreciates that these guidelines must be reduced down to more detailed and specific requirements to provide clear and uniform expectations for~~

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<sup>512</sup> In its filed version of the Initial Plan, the Agency originally proposed that these requirements apply to systems below 100 kW in size. However, in its Order approving the Initial Plan, the Commission adopted a proposal of the Joint Solar Parties that compliance with standards equivalent to the Part 412 rules be limited only to systems or subscriptions below 25 kW in size. See Docket No. 17-0838, Final Order dated April 3, 2018 at 108.

<sup>513</sup> See <http://illinoisabp.com/marketing-guidelines-marketing-materials-stakeholder-process>.

~~Approved Vendor conduct. Thus,~~ Consistent with the Commission's Order in Docket No. 17-0838, the IPA ~~will~~ "fully develop~~[ed]~~ its procurement terms and conditions after the Commission's approval of the Plan and selection of the Program Administrator~~."~~ To this end, the IPA and will work with its Program Administrator to ensure that held a series of stakeholder feedback is received and valued prior to finalization of specific program participation requirements, including the consumer protection requirements described above. sessions and solicited written stakeholder feedback before producing its Brochure, Disclosure Form, Contract Requirements, Guidelines for Marketing Material and Marketing Behavior, and Program Guidebook.

After deliberation, the Agency has decided not to seek Commission approval of these specific documents through approval of this Revised Plan. The Agency endeavors to ensure that final consumer protection provisions will be available at least 30 days prior to believes that the ability to adjust such documents, and the requirements embodied within them, based on market experience without further Commission approval outweighs the opening of certainty associated with having an administrative order from a quasi-adjudicatory body affirming the Adjustable Block Program applicationspecific contents contained therein. Instead, the Agency seeks that the Commission, through its Order approving the Revised Plan, instead affirm the following:

- The Agency's program requirements and forms developed since the Commission's Order entered in Docket No. 17-0838 are reasonable requirements consistent with that Order;
- The Agency maintains flexibility to adjust those requirements, and the documents and forms through which they are expressed, without further Commission approval as warranted;
- Any significant adjustments to those requirements should be preceded by a process<sup>514</sup> 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.

#### 6.10.1.6.13.1. Systems Energized Prior to Finalization of Consumer Protection Requirements

Additionally, as was also raised during the Docket No. 17-0838 proceeding, these consumer protection requirements are intended to apply to all Approved Vendors submitting projects into the Adjustable Block Program—but, as Section 1-75(c)(1)(K) of the Act envisions participation from "projects energized on or after June 1, 2017," some projects submitted as batches into the Adjustable Block Program ~~will involve~~may have involved marketing, sales, disclosures, contracts, and other arrangements completed prior to the full development and finalization of ~~these~~the Initial Plan's consumer protection requirements. ~~Thus,~~

By this time, the Agency assumes that all such systems have likely applied to the Adjustable Block Program. But it cannot be certain, and for such systems, the Commission's Order in Docket No. 17-0838 requires the following for consumer protection:

1. A signed contract amendment, that brings the contract or subscription agreement into

<sup>514</sup> Docket No. 17-0838, Final Order dated April 3, 2018 at 107-108.



- full compliance with the minimum contract requirements from the Plan;
2. The disclosure form, signed by the customer post-contract execution; and
  3. Proof that the brochure was provided to the customer.<sup>515</sup>

Failure to meet these requirements by the time the system is submitted to the IPA will result in rejection of the related system from the Adjustable Block program.

~~The IPA will also do the following: specify when these materials must be submitted to qualify the project for participation in the programs (perhaps through a guidance document issued upon finalization of the disclosure form, informational brochure, and any other necessary items); provide declaration forms that project developers can complete and sign. Approved Vendors can attest via a declaration form in the application process if their customers are not responsive to good faith attempts to contact or for customers that refuse to sign an amended contract or disclosure form; include information. The Agency has also included guidance in consumer protection documents for the customer allowing that he or she can customer to contact the relevant program administrator or the IPA for additional information, to ask questions, or to submit concerns or a complaint. The IPA and its Program Administrator retain the ability to exclude projects that in their determination represent deceptive marketing or bad faith business practices through complaints or other information brought to their attention (whether or not customers have signed contract amendments or disclosure forms), and will continue to “monitor, to the extent possible, potential Approved Vendors’ conduct to ensure good-faith attempts of compliance with the spirit of pending consumer protection requirements.”<sup>516</sup>~~

Consistent with the Commission’s Order, this streamlined compliance path applies only to those projects energized between June 1, 2017 and before the IPA’s consumer protections provisions ~~are~~ finalized on January 31, 2019.<sup>517</sup>

### ~~6.10.2.6.13.2.~~ Community Solar

For community solar projects, the Approved Vendor ~~will have to~~ must submit the Technical System Requirements information and, - if not a copy of the contract between the project developer and the Approved Vendor (if they are separate entities), basic information concerning the underlying project (owner, size, location and interconnection date at a minimum, to be provided as part of the Adjustable Block application forms).<sup>518</sup> The Agency reserves the right to request additional information about the project structure and financing in order to review project feasibility and contractual arrangements that could jeopardize consumer protections. There are additional program terms and conditions related to subscribers of community renewable generation projects (both community solar and those that use other technologies) that are discussed in Section 7.6.2.

<sup>515</sup> These requirements stem from the Joint Solar Parties’ Response in Docket No. 17-0838, at p. 7, and were adopted by the Commission on p. 108 of its Order in Docket No. 17-0838 (“The Commission agrees with various parties that projects that have energized since June 1, 2017 should be eligible to participate in the Adjustable Block Program. The Commission finds that the proposal presented by the Joint Solar Parties in their Response (JSP Resp. at 7) as modified by the AG’s Reply (AG Rep. at 2-3) provides an appropriately tailored pathway for the projects to participate.”).

<sup>516</sup> See Docket No. 17-0838, AG Reply at 2-3; Docket No. 17-0838, Final Order dated April 3, 2018 at 107.

<sup>517</sup> Docket No. 17-0838, Final Order dated April 3, 2018 at 107.

<sup>518</sup> See id at 107-108.

Community solar projects ~~will~~are not ~~be~~ required to demonstrate that they have acquired subscribers as part of their initial application. However, as described in Section 6.15.4, by the time that such systems are energized, minimum subscriber requirements must be met ~~in order~~ to be eligible ~~to be paid for payment~~ for RECs.

~~The application for a REC delivery contract for a community solar project will require the applicant to describe the proposed subscription model (e.g., typical length and structure of contract, economic terms, marketing channels, etc.) and expected mix of residential and non-residential subscribers. The Agency will assess whether the subscription model will reasonably meet program terms and conditions described in Section 7.6 and~~The Agency will use the subscriber mix to determine what adder, if any, will be given to the system, but the final adder (if any) used will depend on the subscription level demonstrated once the system is energized.

### ~~6.10.3.6.13.3.~~ Monitoring of Consumer Complaints

The Program Administrator will provide consumer protection materials on a program website and through printed materials ~~-, and has developed its customer-facing IllinoisShines.com website and program branding in part to accomplish this end. It plans to continue to modify and improve that the IllinoisShines.com site, and the Agency received useful feedback during the stakeholder comment process preceding the Revised Plan's development as to what new content could prove most helpful.~~

The Program Administrator ~~will also provide~~provides a toll-free consumer protection telephone hotline and ~~email address, and they~~web-based complaint forms, and the Program Administrator will receive, respond to, and document complaints about marketing practices, sales practices, installations, and other aspects of solar marketing.

If warranted, the Program Administrator will refer complaints to the Agency and to appropriate state and federal agencies, including the Consumer Protection Division 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). To the extent feasible, the Agency will work with its Program Administrator to maintain a public database of complaints (with any confidential or particularly sensitive information redacted from public entries ~~), as well as a database of any disciplinary determinations issued due to a violation of Program requirements.~~ Approved Vendors found by the Agency to have violated consumer protection standards or related Program requirements may be subject ~~, at minimum,~~ to suspension or revocation of their Approved Vendor status by the Agency, and if in violation of local, state, or federal law, also potential civil or criminal penalties from other relevant authorities.

The Agency will provide an annual written report to the Commission documenting the frequency and nature of complaints, and any enforcement actions taken. The Agency expects to provide the first report to the Commission in November, 2019.

### ~~6.11.6.14.~~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.

#### 6.11.1.6.14.1. Batches

Approved Vendors will submit projects that are bundled into batches. Once approved, or modified, each batch will result in a contract with one utility. Utilities may use one master agreement with multiple confirmations ~~for multiple batches~~(one confirmation per batch) from an Approved Vendor, rather than having multiple contracts with the same vendor.<sup>519</sup> The systems within the batch will be listed on a schedule attached to the contract and may not be substituted once approved. While projects may be submitted to the Agency on an ongoing basis, and given preliminary approval on the project level, final approval and resulting prices will be based upon the time when the batch of projects is submitted.

A batch may contain projects in different groups/blocks (and thus with different prices) and with different adders. The price for the RECs for each system will be based on the price available within the applicable block on the date of the 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. 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. The REC price for each system will be based on ~~the location of the system and~~ 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 approved by the Procurement Administrator, the ~~annual~~to be delivered annually number of RECs 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.<sup>520</sup>

#### 6.11.2.6.14.2. 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, this Revised Plan does not adopt that recommendation for several reasons. First, 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 after being energized. Second, because the Agency is requiring projects to be submitted in batches each totaling at least 100 kW, there could be a lag between when a system is completed and when the Approved Vendor has

<sup>519</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 109.

<sup>520</sup> See id.

enough systems to submit the batch, which could lead to a delay in payment for the RECs. The system requirements described in Section 6.12 adequately recognize the differences in the project development cycle between smaller and larger systems.

To be clear, there is nothing that would prevent an Approved Vendor from submitting a new system that has already been energized (for example, systems energized after June 1, 2017 but prior to the launch of the program), 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).<sup>521</sup>

#### 6.11.3.6.14.3. Batch Size

~~Each batch must contain at least 100 kW of proposed projects, and may be as large as 2 MW. A batch could contain a single 100 kW or larger project. To provide employment opportunities for minority-owned and female-owned business enterprises as specified in Section 1-75(c)(7) of the Act, a minority-owned or female-owned business may request to submit an initial batch of only 50 kW, with any subsequent batches subject to the standard 100 kW requirement. An Approved Vendor that is a small business<sup>522</sup> may also request approval to submit an initial batch of only 50 kW, then future batches of 100 kW.~~

A single project batch is allowed if the project is greater than 100 kW in size. All other batches must contain two or more projects and the projects in the batch must generate a minimum of one REC per year. For each project, there will be a non-refundable application fee paid to the Program Administrator or the Agency of \$10 per kW, not to exceed \$5,000 per project. This fee will be used to offset the administrative costs of running the program and will decrease the administrative fees that would otherwise be taken from the utility RPS budgets.

#### 6.11.4.6.14.4. Batch Review

The Program Administrator will review the projects contained in a batch and, as needed, request 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, after any attempts to cure deficiencies ~~has~~ been made, ~~75% or more of the kW volume at least two projects~~ in a batch ~~is~~ reviewed and approved by the Program Administrator, the Program Administrator will assign the batch (less any projects not approved) to a utility,<sup>523</sup> and prepare the

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<sup>521</sup> See Section 6.13 above for further discussion of consumer protections applicable to systems energized after June 1, 2017 but before consumer protection requirements are finalized.

<sup>522</sup> As defined in the Small Business Advisory Act (20 ILCS 692/5): "Small business" means any for profit entity, independently owned and operated, that grosses less than \$4,000,000 per year or that has 50 or fewer full-time employees. For the purposes of this Act, a "small business" has its principal office in Illinois."

<sup>523</sup> It is unlikely that a batch would need to be split between utilities because of RPS budget constraints, but should that occur, the splitting of the batch would not split individual systems.

confirmation information (and, in that case, master agreement information, if it is the Approved Vendor's first batch) or the contract information related to that batch.<sup>524</sup>

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.<sup>525</sup>

If, ~~after any attempts to cure deficiencies have been made,~~ less than ~~75%~~50 kW of capacity of the kW volume of a batch is approved~~remains eligible~~, the batch will be rejected in its entirety. Batches will be reviewed in the order that they are received. Systems that are reviewed and approved but are in a batch that is rejected may be submitted in a future batch and will be subject to an expedited review process. The application fee for a batch that contains systems that were previously reviewed and approved only needs to be for the newly submitted systems in that batch.

An Approved Vendor that repeatedly submits batches that are rejected may be subject to having its Approved Vendor status reviewed, and possibly terminated.

#### 6.11.5.6.14.5. Converting System Size into REC Quantities

For each system that is approved, a 15-year REC payment amount and obligation level will be calculated for that system, and that payment amount will be included in the contract. Approved Vendors will have the option of using a ~~standard~~PVWatts calculated capacity factor (stated relative to a system's AC rating) automatically computed by the application platform, or proposing an alternative capacity factor based upon an analysis conducted using ~~PV Watts or~~ 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 in Section 6.16.1 below, annual REC delivery commitments will incorporate a 0.5% per year degradation factor.

~~The calculation for the standard capacity factor will be based on the following average capacity factors which, as discussed below, are based upon the capacity factor used in the Fall 2017 Utility DG procurement and adjusted for an expected degradation rate over 15 years.~~<sup>526</sup>

~~• Fixed-mount system 16.42%~~

~~Tracking system 19.32%~~

<sup>524</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 115-116.

<sup>525</sup> See id.

<sup>526</sup> In Docket No. 17-0838, informed by analysis of select Illinois locations using the PVWatts model, the Joint Solar Parties proposed to use a 14% (DC) capacity factor for all distributed generation systems and a 15.5% (DC) capacity factor for all community solar projects for the purposes of the REC Pricing Model calculations. (See Docket No. 17-0838, JSP Objections at 32-33). The Agency agreed to use those capacity factors for the REC Pricing Model, and the Commission's Order in Docket No. 17-0838 adopted these REC Pricing Model Adjustments. (See Docket No. 17-0838, Final Order dated April 3, 2018 at 73). Those capacity factors, adjusted for degradation over 15 years, would translate to AC capacity factors of 16.22% and 17.96% respectively. The Joint Solar Parties also provided a capacity factor of 18.6% DC for a tracking system, although they did not propose using that capacity factor anywhere in the REC Pricing model. That capacity factor, adjusted for degradation, would be 21.54% AC. However, because the Joint Solar Parties did not propose changing the standard capacity factors contained in this Section for purposes of calculating contractual REC production amounts, these capacity factors remain unchanged from the filed Plan.

~~These numbers vary from the capacity factor used by the Agency for the Supplemental Photovoltaic Procurements and the Utility Distributed Generation Procurements for the following reasons.~~

~~First, prior to the Fall 2017 Utility Distributed Generation Procurement, the Agency used a capacity factor of 14.38%. This capacity factor was calculated using a DC rating. Public Act 99-0906 included a definition of “nameplate capacity,” referring to “the aggregate inverter nameplate capacity in kilowatts AC.”<sup>527</sup> With this change for the Fall 2017 Utility Distributed Generation Procurement, the Agency updated the capacity factors to reflect an AC rating and established them as 17% for a fixed mount system and 20% for a tracking system.~~

~~Second, the Supplemental Photovoltaic Procurement and the Distributed Generation Procurement were for five-year REC contracts. While photovoltaic panels experience annual degradation in their output, it was not factored into the capacity factors for those procurements. Given the 15-year REC delivery obligation for the Adjustable Block Program, degradation is a more significant concern, and thus a 0.5%/year average output degradation factor was used to calculate the capacity factors listed above.~~

~~Using these capacity factors which have been adjusted by the degradation rate, for every 1 kW of capacity, approximately 21 RECs would be expected to be generated over 15 years for a fixed-mount photovoltaic system. For a tracking system, for every 1 kW of capacity, approximately 25 RECs would be expected to be generated over 15 years.<sup>528</sup>~~

#### 6.11.6.6.14.6. Batch Contract Approval

The Commission meets approximately every two weeks. The Program Administrator will strive to efficiently process approved 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 ~~one week~~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 and/or batches that are not approved by the Program Administrator are not submitted to the Commission.) This process ~~would be~~ 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.<sup>529</sup>

~~The Pursuant to the Initial Plan, the Agency will work~~worked with Commission Staff ~~onto develop~~ a Staff Report ~~detailing that includes~~ the standards that the ~~Commission~~Commissions should use in ~~its review process and a targeted deadline for its review considering the approval of contracts and product orders within the ABP and ILSFA.~~<sup>530</sup> ~~The Commission approved the recommendations contained in~~ the Staff Report ~~will be submitted to the Commission at least 30 days before the opening~~

<sup>527</sup> 20 ILCS 3855/1-10.

<sup>528</sup> kW size is translated to RECs by the following formula: 1 kW \* capacity factor /1000 [kw/MW] \* 8760 [hours/year] \* 15 [years].

<sup>529</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 115-116.

<sup>530</sup> See: <https://www.icc.illinois.gov/downloads/public/edocket/490368.pdf>.

of the Adjustable Block Program.<sup>534</sup> on December 19, 2018. Once this Revised Plan is approved by the Commission, the Agency and Commission Staff will review and update that Staff Report if necessary.

Once a batch is approved by the Commission, the applicable utility will execute the REC contract. The Approved Vendor will then be required to sign the contract within seven business days of receiving it.<sup>532</sup> from the utility.<sup>533</sup> Failure to sign the contract may subject the Approved Vendor to discipline under the Program. 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.

For this draft Revised Plan, the Agency recommends a clarification to the collateral withholding process to be reflected in the updated REC contract (as discussed in Section 6.7) allowing the Approved Vendor to choose for the utility to withhold the collateral amount for each system from the last (or only, if a distributed generation system of 10 kW or smaller in size) REC payment for the system rather than posting the 5% collateral under the certain circumstance of a project that is already completed. To exercise this option, the project must have an interconnection date as approved by the interconnecting utility prior to Commission approval of the batch the project is contained in, and also have received Part II approval from the Program Administrator at least 5 business days before collateral is due.

To make use of this option, the Approved Vendor should submit the Part II application no later than one week after ICC approval. If the Program Administrator determines that a timely-submitted Part II application requires more than 4 calendar weeks for review, the Program Administrator will recommend that the contracting utility extend the collateral payment deadline. However, the final decision about whether to offer an extension in time for collateral payment rests with the contracting utility.

The Approved Vendor must also notify the utility that it is exercising this option at least 5 business days before the collateral is due. The utility will then verify that Part II was approved and will adjust the overall collateral amount due under the implicated batch by subtracting the payment amount that will later be withheld for that photovoltaic system (or systems).

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 be violation of the REC contract, and may result in an Approved Vendor being suspended from further participation in the Program.

## **6.12.6.15. Project Development Timeline and Extensions**

### **6.12.1.6.15.1. 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. These timetables are based upon

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<sup>534</sup> See id.

<sup>532</sup> See id.

<sup>533</sup> See id.

the contract execution date so that any delays in processing and approving an application will not reduce the time available for development.

- Distributed generation projects will be given one year to be developed and energized.
- Community solar projects will be given 18 months to be developed, energized, and demonstrate that they have sufficient subscribers.

A project that is not completed in the time allowed (plus any extensions granted) will be ~~canceled and removed from the schedule on its~~ 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. As described in Section 6.3.3 that REC volume will become available to other projects, subject to budget availability.

A project that is not completed in time and is canceled may be subsequently included in a future batch submitted by an Approved Vendor, but will be treated like any other system being submitted in that new batch.

#### 6.12.2.6.15.2. Extensions

Extensions 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). The extension fee(s) ~~would be~~ 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 additional extensions for demonstration of good cause.

#### 6.12.3.6.15.3. Project Completion and Energization

The Approved Vendor will provide the Program Administrator with a status update on each project ~~that is~~ under development but not yet energized at least every six months and will inform the Agency of any significant changes to the system.<sup>534</sup> For community solar projects, the update will include an update on the status of acquiring subscribers. The Agency and Program Administrator will provide a standardized form (including standard status categories to simplify reporting) for this purpose.

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<sup>534</sup> For systems under 25 kW ~~the, that~~ status update ~~would be~~ only be required for a system where there is a change in status (e.g., a project being completed, or canceled).



Once a project is energized, the following information will be required to approve the final project and authorize the start of payment for RECs.

- Final system size
- Final system specific capacity factor and 15 year REC production estimate
- GATS or M-RETS unit ID<sup>535</sup>
- Certificate of Completion of Interconnection or comparable documentation<sup>536</sup>
- ~~Net metering application approval letter (if applicable)~~
- 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

Additional requirements may be published 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 -10 kW to the over-10 kW category, the payment terms will be adjusted from the full payment on energization to 20% on energization and the balance over the next four years. The price per REC will also be changed to the applicable REC price for the over 10 kW category in effect at the time when the system is energized.

For systems over 10 kW, any adders received will be based on the final system size if that final system size would cause the adders to decrease. A system that is developed at a size smaller than the original application will not be eligible for additional adders.

The quantity of RECs used for ~~the calculation of the payment for RECs will be~~ calculations is based on the lesser of the RECs calculated based on the proposed system size and capacity factor, and the RECs calculated based on the final system size and capacity factor. The capacity factor can be adjusted down from the initial capacity factor but cannot be increased from the original capacity factor, including changes in capacity factor due to switches between tracking technology, non-tracking and tracking systems, and bifacial vs standard module use. 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 ~~would have~~ has the option of canceling and resubmitting a system if the final size is larger than the proposed system ~~in order~~ 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, ~~that~~ that resubmittal ~~will~~ would be at the price of the block open at the time, and not at the time of the original submittal. ~~A new application fee will be required~~ Because the Agency Program Administrator will need to review the system design ~~which would be different from what was originally submitted (e.g.,~~ (because of the change in system

<sup>535</sup> GATS or M-RETS registration must be complete and unit ID verifiable through GATS or M-RETS public reports.

<sup>536</sup> Comparable documentation would only apply for a rural electric cooperative or municipal utility that does not provide a Certificate of Completion of Interconnection.

size). a new application fee will be required. If a project is resubmitted, the collateral associated with the original system ~~would~~may be applied to the resubmitted system, if approved.

The Agency ~~will reserve~~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 ~~that have these problems~~featuring application errors or inconsistencies with Program requirements may be subject to ~~losing~~suspension or termination of their Approved Vendor status.

#### 6.12.4.6.15.4. **Additional Requirements for Community Solar Projects**

A community solar project will have to demonstrate that it has met a minimum subscription level to be considered energized and eligible to receive payment for RECs. At least 50% of the capacity of the project must be subscribed at the time of 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 will 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 ~~non~~-refundable extension payment as provided for in Section 6.15.2) to its energized date if it needs additional time to acquire subscribers.

~~The Agency recognizes that each of the five payments for a greater than 10 kW system may be a year apart but that each payment represents 1/5 of the total payout. Thus,~~ 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 ~~Agency shall ensure the Approved Vendor utility contract requires~~will require that the second payment reflect the increased value for quarters where the additional subscriptions or updated subscription mix entitled 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.<sup>537</sup>

The calculation of the maximum number of RECs due payment will be 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 6.17). For example, if a project is expected to produce 1,000 REC/year and after one year of operation is 95% subscribed (on a project capacity basis), then the annual REC production value used for the contract payment level would be 950 RECs. Under the REC delivery contract, the Approved Vendor would then be obligated to deliver to the utility 95% of the RECs produced by that system each year. The ownership (and any subsequent transfer or sale) of the remaining 5% of RECs would be outside of the contract.

The adders for small subscriber participation (i.e., for a minimum of 25%, 50%, or 75% of energy sales being subscribed) will only be added (on a prorated basis) to the REC price if the project demonstrates that level of participation for the subscribed amount at the time of energization. If the subscription level has not been met by the time of energization, the adder will be held back from the

<sup>537</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 118.

initial payment and the system will have to wait until it has been in operation for one quarter to demonstrate that it has begun to meet the small subscriber participation level to begin to receive this adder. If the small subscriber subscription rate is met, then the full value of the adder will be added pro-rata to the remaining payments.

~~If a community solar project fails to attract sufficient subscribers by the time of energization, but also meets the definition of a distributed generation project (i.e., is located on-site, behind a customer's meter, and used primarily to offset a single customer's load), it may request to be recategorized as a distributed generation project and receive a REC payment at the lesser of the original price and the price of the distributed generation block open at the time this determination is made. A community solar project that does not meet the definition of a distributed generation project that fails to attract subscribers will not be eligible for this option and would not be eligible for REC payments. Likewise, a proposed distributed generation system may switch to being a community solar project before energization and receive the REC price of the currently open community solar block, and any appropriate adders. In both of these situations a project may only switch one time.~~

Ongoing requirements for overall subscription levels and small subscriber participation are discussed further in Section 6.16.

#### ~~6.12.5.6.15.5.~~ 6.15.5. REC Delivery

Once a system is energized, it will be 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 and registered in GATS or M-RETS. For systems smaller than 5 kW, 180 days will be allowed. The 15-year delivery term will begin in the month following the first REC delivery and will last 180 months.

Approved Vendors will be required to set up an irrevocable ~~15-year~~ Standing Order for the transfer of RECs from the system to the utility.<sup>538</sup> As the Agency understands that automatic transfers can only be terminated with the ~~assent~~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 6.17, 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 ~~the non-delivery of~~ RECs ~~not being delivered~~, the utility ~~will have the ability to call~~may draw on the ~~ongoing performance~~ collateral it holds from the Approved Vendor.

#### ~~6.13.6.16.~~ 6.16. Ongoing Performance Requirements

A significant challenge for the Adjustable Block Program is that the payment for RECs is front loaded; all RECs are paid for on energization for systems up to 10 kW, and all payments for systems over 10 kW will be made within the first four years of energization. Yet the contracts for REC delivery have a 15-year obligation for the RECs to be delivered. This creates a situation in which, absent any additional measures, the buyer (the 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

<sup>538</sup> See Section 10.2 of the GATS Operating Rules available at <https://www.pjm-eis.com/~media/pjm-eis/documents/gats-operating-rules.ashx>.

anticipated this issue and requires that “[e]ach contract shall include provisions to ensure the delivery of the renewable energy credits for the full term of the contract.”<sup>539</sup>

The Agency ~~proposes will utilize~~ the ~~following~~ approach described below 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.

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 will be 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 will reduce the risk of contract default, compared to project-level contracts, and allow for some ease in contract administration.

#### 6.13.1.6.16.1. Credit 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. 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 ongoing collateral requirement after the system is energized. 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). For the avoidance of doubt, systems that are not energized with a Program Administrator Part II approval within 30 business days of Commission approval of the contract must post collateral in the amount of 5% of the total contract value by cash or letter of credit by the 30-business-day deadline. Such systems are not able to take advantage of withholding the collateral from the last REC payment until such time as the project is energized with Program Administrator Part II approval. As systems are energized, this collateral amount (or deferred payment) will be maintained through the life of the contract, and can be reduced in the later years of the contract when the collateral requirement exceeds the remaining value of the contract. This requirement will be maintained at the portfolio level, not the individual contract or system level.

By maintaining collateral requirements at the portfolio level, ~~the Agency is allowing~~ Approved Vendors ~~to can better~~ manage the risk that some systems may underperform (or have other problems), ~~and) while~~ others ~~will not, or even may~~ overperform. This allows the collateral level to be lower than it would be if maintained at the system level.

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 that already received payment. 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

<sup>539</sup> 20 ILCS 3855/1-75(c)(1)(L)(iv).

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 will~~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. ~~The Agency believes that the Plan's intent to reduce~~ Annual contractual REC delivery ~~requirements~~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.<sup>540</sup>

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 6.17.

### 6.13.2-6.16.2. Options to Reduce REC Delivery Obligations

Section 1-75(c)(1)(L) of the IPA Act provides that "[t]he electric utility shall receive and retire all renewable energy credits generated by the project for the first 15 years of operation."<sup>541</sup> The capacity factor as described in Section 6.14.5 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 15-year REC delivery term. However, if the system produces fewer than the expected number of RECs, then the following conditions would 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.<sup>542</sup> However, a project or portfolio is not entitled to additional compensation if a carryforward remains as project-specific contracts expire.<sup>543</sup>

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 type 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,

<sup>540</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 129.

<sup>541</sup> 20 ILCS 3855/1-75(c)(1)(L)(ii).

<sup>542</sup> All RECs must be delivered to the counterparty in the delivery year when produced, regardless of any overproduction under the contract. See Docket No. 17-0838, Final Order dated April 3, 2018 at 129.

<sup>543</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 129.

reduced, or eliminated without penalty.<sup>544</sup> Approval of the ~~request will require~~ recognition of a force majeure event requires consensus between the Agency and the applicable utility. Curtailments by either the utility (including those through a smart inverter) or the RTO that result in reduced REC production would ~~be considered an event that allows~~ allow for reduced REC delivery obligations.

In the case of reductions or eliminations of delivery obligations, the Approved Vendor ~~will need to~~ 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 ~~will need to~~ 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 15-year REC delivery timeline to reflect the time the delivery obligations were suspended.

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.

#### 6.14-6.17. Annual Report

On an annual basis, each Approved Vendor ~~will~~ is required submit an Annual Report of the contracts and systems in its portfolio.<sup>545</sup> The Annual Report ~~will serve~~ 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.

For distributed generation systems, the 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, 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 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

For community solar projects, the report will also include:

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<sup>544</sup> Specific circumstances that constitute force majeure ~~will behave been~~ outlined ~~in~~ and memorialized through the contract development process.

<sup>545</sup> 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.

- 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 rates

The Agency will review the annual reports to assess compliance with the requirements of the Adjustable Block Program and, if there are shortfalls of REC deliveries or subscription levels for photovoltaic community renewable generation projects, will coordinate with the applicable utility on what remedies should be taken, including drawing on collateral.<sup>546</sup> For this process and those described in the next two paragraphs, the performance evaluation and collateral draw methodologies have been specified in the standard REC delivery contract.

For community solar projects, subscription levels must be maintained to remain eligible for REC payments. If the annual report shows that subscriber levels ~~have fallen below 50% of the systems' capacity~~ 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; 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.

Approved Vendors will be given 90 days to cure any deficiencies found by the Agency and/or utilities.

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<sup>546</sup> The Agency will request on a semi-annual basis a report from each utility on RECs delivered by contract.

## 7. Community Renewable Generation Projects

Community Renewable Generation is still a relatively new concept in Illinois. It 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. ~~Community Solar Hub counts over 100 projects in 26 states, many led by rural electric cooperatives.<sup>547</sup> Illinois has at least two community solar projects already, built for rural electric cooperatives. The Solar Energy Industries Association reports that nearly 1,400 MW of community solar had been developed through 2018.<sup>548</sup>~~

Many policy issues that have been debated in other states are resolved in Illinois through the Act itself, including elements of project size, ownership structures, and the number and type of subscribers. In addition to explaining those aspects of Illinois law, in this Chapter, the Agency outlines the terms and conditions for the Community Renewable Generation Program that are not prescribed by the Act.

### 7.1. Statutory Overview

The Act contains several key provisions designed to make community renewable generation economically viable and practical in Illinois. These provisions create a program, provide it with important structure, and increase the benefits to participants through changes to net metering and bill crediting and the ability to monetize the value of RECs from the systems.

Section 1-10 contains several key definitions:

*"Community renewable generation project" means 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 capacity to less than or equal to 2,000 kilowatts.*

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<sup>547</sup> Community Solar Hub, <https://www.communitysolarhub.com>. Accessed September 1, 2017.

<sup>548</sup> <https://www.seia.org/initiatives/community-solar>.



*"Subscriber" means a person who (i) takes delivery service from an electric utility, and (ii) has a subscription of no less than 200 watts to a community renewable generation project that is located in the electric utility's service area. No subscriber's subscriptions may total more than 40% of the nameplate capacity of an individual community renewable generation project. Entities that are affiliated by virtue of a common parent shall not represent multiple subscriptions that total more than 40% of the nameplate capacity of an individual community renewable generation project.*

*"Subscription" means 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.*

These three definitions create the core of the idea of community renewable generation, where subscribers pay for shares or some other "interest" in a centralized (but small) renewable power project, receiving bill credits in exchange. It can be seen as a way of giving customers choices about their electricity generation in a manner that can serve as an alternative to the options created by the establishment of retail choice through the Electric Service Customer Choice and Rate Relief Law of 1997.<sup>549</sup>

Section 1-75(c)(1)(N) creates the community renewable generation program:

*(N) The long-term renewable resources procurement plan required by this subsection (c) shall include a community renewable generation program. The Agency shall establish the terms, conditions, and program requirements for 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. Any plan approved by the Commission shall allow subscriptions to community renewable generation projects to be portable and transferable. For purposes of this subparagraph (N), "portable" means that subscriptions may be retained by the subscriber even if the subscriber relocates or changes its address within the same utility service territory; and "transferable" means that a subscriber may assign or sell subscriptions to another person within the same utility service territory.*

*Electric utilities shall provide a monetary credit to a subscriber's subsequent bill for service for the proportional output of a community renewable generation project attributable to that subscriber as specified in Section 16-107.5 of the Public Utilities Act.*

*The Agency shall purchase renewable energy credits from subscribed shares of photovoltaic community renewable generation projects through the Adjustable Block program described in subparagraph (K) of this paragraph (1) or through the Illinois Solar for All Program described in Section 1-56 of this Act. The electric utility shall purchase any unsubscribed energy from community renewable generation projects that*

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<sup>549</sup> One aspect of the success of retail competition in Illinois has been municipal aggregation programs whereby a municipality negotiates an electric supply offer from an ARES on an opt-out basis for eligible retail customers. The Agency understands that those customers who participate in a municipal aggregation program remain individual customers and thus would be considered individually for the purposes of the 40% cap on individual subscriptions. The aggregator would not be considered a subscriber to a community renewable generation project.

*are Qualifying Facilities ("QF") under the electric utility's tariff for purchasing the output from QFs under Public Utilities Regulatory Policies Act of 1978. The owners of and any subscribers to a community renewable generation project shall not be considered public utilities or alternative retail electricity suppliers under the Public Utilities Act solely as a result of their interest in or subscription to a community renewable generation project and shall not be required to become an alternative retail electric supplier by participating in a community renewable generation project with a public utility.*

This Chapter describes the “terms, conditions, and program requirements” applicable to projects participating in an IPA program featuring community renewable generation project participation and how RECs produced by that facility are purchased. Certain other aspects of the Program requirements are ~~requirements that are~~ administered by the applicable utility, and the Agency will coordinate with ~~them~~ those entities to ensure compliance with the Act.

While the Act defines community renewable energy as including solar, wind, biomass, and other renewable sources, it creates an Adjustable Block Program only for photovoltaic generation, directing the Agency to “purchase renewable energy credits from subscribed shares” of community solar projects.<sup>550</sup> By procuring their RECs, the Agency is able to offer an additional financial incentive for customers choosing community solar.

Subscribers capture the value of their community energy subscription in the form of a “monetary credit” applied to the subscriber’s subsequent utility bill for service, in proportion to the net output of their subscription to the project. The determination of that subscriber utility bill credit is not the subject of this Plan, and is instead established through tariffs filed by the utilities with the Illinois Commerce Commission as discussed further below. Instead, the Agency’s role is simply in the procurement of RECs—which helps support the development of new projects and should reduce the subscriber’s subscription price. While subscribers may not (if their subscription does not take the form of equity in the project) necessarily directly receive revenue for the RECs procured for the utilities by the Agency, that revenue should factor into the economics faced by the project developer and impact the subscription offer made to subscribers.

The monetary credits for net energy production flow from newly available provisions of the Public Utilities Act that expand the concept of net metering, which had previously been available for distributed generation, to become available for community renewable generation subscribers. The previous version of Section 16-107.5(l) of the Public Utilities Act before the enactment of Public Act 99-0906 provided that electric utilities merely “shall consider” whether to allow community-owned facilities or meter aggregation projects in a single building. The revised version of that Section adds the requirement to Section 16-107.5 that utilities *shall allow*<sup>551</sup> net metering for subscribers to “community renewable generation projects,” as well as the other two types of community renewable projects.

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<sup>550</sup> As discussed elsewhere, the Agency understands “purchase” effectively to mean “procure” as used in this provision, as the Agency would not directly enter into contracts with renewable providers using non-RERF (or otherwise non-state-held) funds.

<sup>551</sup> 220 ILCS 5/16-107.5(l)(1).

The new law requires an “electricity provider” (meaning an electric utility or alternative retail electric supplier) to provide net metering credits for a community solar subscriber’s share of a project’s net electricity production at the subscriber’s energy supply rate.<sup>552</sup>

Public Act 99-0906 also required that each electric utility file a community solar net metering tariff ~~by~~within 90 days after the new law’s effective date of June 1, 2017. Each of ComEd, Ameren Illinois, and MidAmerican filed a proposed tariff during August of 2017, and the Commission approved all three tariffs on September 27, 2017.<sup>553</sup> These tariffs are discussed further in Section 7.7 of this Plan.

ComEd’s ~~new~~ tariff consisted of modifications to its Rider POGCS (Parallel Operation of Retail Customer Generating Facilities Community Supply), Rider POG (Parallel Operation of Retail Customer Generating Facilities), Rider PORCB (Purchase of Receivables with Consolidated Billing), and Rate RESS (Retail Electric Supply Service). Ameren’s ~~new~~ tariff consisted of a complete revision to its Rider NM (Net Metering) to now incorporate provisions governing community renewable net metering. MidAmerican’s ~~new~~ tariff created a new Rate NMS to embody its new community renewable net metering program.

## **7.2. Eligible Generating Technologies and Procurement/Program Eligibility**

Community renewable generation projects that are photovoltaic will be eligible to participate in the Adjustable Block Program outlined in Chapter 6. Other types of community renewable generation projects (the listing for which can be found in the definition of “renewable energy resources” found in Section 1-10 of the IPA Act) ~~will be~~were eligible to participate in the competitive procurement outlined in Chapter 5 ~~of the Initial Plan~~. These options define the process by which a system would come under contract with a utility to sell its RECs, and each option features different payment terms. The Adjustable Block Program has front-loaded REC payments, while competitive procurements will pay for RECs as they are delivered. Other than these contractual differences, the Agency believes all community renewable generation projects (including those participating in the Adjustable Block Program) should be treated the same as to other terms and conditions that follow in this Chapter, unless specifically noted.

For non-photovoltaic community renewable generation projects, the price per REC they will be paid will be based upon the price of ~~the~~each winning bidder’s bid in the competitive procurement and is not tied to any adders or requirements for residential subscription rates.

## **7.3. Co-location of Projects**

Co-location is when multiple projects are located adjacent to each other, perhaps using the same grid 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 Renewable Generation Projects are defined in the Act as being smaller than or equal to 2,000 kW, and for photovoltaic projects, the Adjustable Block Program includes adders for smaller projects. Co-location strategies could therefore result in the gaming of prices.

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<sup>552</sup> Community solar projects are to receive energy-only net metering credits starting from the enactment of Public Act 99-0906 on June 1, 2017 (or whenever each electricity provider implements the tariff or terms to do so following June 1, 2017), in contrast to other types of distributed generation, which will continue to receive full retail rate net metering from June 1, 2017 until total net metering for that electricity provider reaches 5% of the electricity provider’s peak demand, as discussed in Chapter 6.

<sup>553</sup> See ICC Docket No. 17-0350 (ComEd), ICC Docket No. 17-0368 (MidAmerican), and ICC tariff no. ERM 17-144 (Ameren Illinois).

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.<sup>554</sup>

The more recent 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.<sup>555</sup>

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.

### 7.3.1. Co-location Standard

In enacting Public Act 99-0906, the General Assembly expressly included a size limit for community renewable generation projects of 2,000 kW,<sup>556</sup> and the Agency does not believe it should ignore the intent of that size limit being included in the definition of community renewable generation projects. Additionally, as discussed in Section 6.5.1, the Agency seeks to avoid the situation in which multiple smaller projects are co-located in order to obtain the higher REC prices available to smaller systems.

To appropriately balance these competing issues, in recognition of a need to avoid problems of the types seen in Minnesota,<sup>557</sup> and generally consistent with the Commission’s Order in Docket No. 17-

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<sup>554</sup> 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>.

<sup>555</sup> 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=c4690835-61c4-40cf-8105-0cc8d3229c77>.

<sup>556</sup> See 20 ILCS 3855/1-10 (“‘Community renewable generation project’ means an electric generating facility that . . . is limited in nameplate capacity to less than or equal to 2,000 kilowatts.”).

<sup>557</sup> These principles are derived from the definition adopted in Minnesota regarding co-location. See, Minnesota PUC, In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of Its Proposed Community Solar Garden Program. Order Adopting Partial Settlement As Modified. August 6, 2015. Docket No. E-002/M-13-867. <https://www.edockets.state.mn.us/EFiling/edockets/searchDocuments.do?method=showPoup&documentId={43AC9E59-AD57-44FE-A57A-5F8A572D3C74}&documentTitle=20158-113077-01>.

0838,<sup>558</sup> the following policy is applicable to the co-location of Community Solar projects participating in the Adjustable Block Program:

- No Approved Vendor may apply to the Adjustable Block Program for more than 4 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).<sup>559</sup>
- Co-located projects summing to more than 2 MW of Community Solar may be permissibly located in one of two ways:
  - Two ~~2-MW~~ projects of up to 2-MW in size on one parcel; or contiguous parcels; or
  - ~~One~~An up to 2-MW project on each of two contiguous parcels.<sup>560</sup>
- A parcel of land may not have been divided into multiple parcels in the two years prior to the project application (for the Adjustable Block Program), or bid (for competitive procurements) in order to circumvent this policy. If a parcel has been divided within that time period, ~~the~~this requirement will apply to the boundaries of the larger parcel prior to its division.
- If there are multiple 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 adders will be based on the total size of the projects owned or developed on the contiguous parcels by that single entity or its affiliates. Furthermore, 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 2 MW, or more than 4 MW if co-located consistent with the provisions outlined above.<sup>561</sup>
  - “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. Additionally, parcels that are separated by a public road, a railroad, or other right of way accessible at all times to the general public 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.

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<sup>558</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 131. The Agency’s standard makes minor modifications which the Agency considers to be within the spirit of what was approved in that proceeding, as the Commission’s Order – if read literally – would allow for the co-location of two 2 MW projects, but would prohibit the co-location of two 1.9 MW projects.

<sup>559</sup> See id.

<sup>560</sup> See id.

<sup>561</sup> See id.

Additionally, on May 2, 2018, the Commission entered an Amendatory Order in Docket No. 17-0838 authorizing the IPA to “investigate outside of this docket the probability of cost savings (if any) for co-located projects that puts their average costs below those modeled in the IPA’s REC pricing model, and if warranted based on the results of that investigation, establish a tier in its REC pricing model applicable to co-located systems exceeding 2 MW in aggregate size.”<sup>562</sup> The IPA’s June 4, 2018 REC Compliance Filing containing updated REC values reflects the establishment of a REC pricing model tier applicable to co-located Community Solar systems exceeding 2 MW in aggregate size.

If a single project is developed and then a second, co-located project is developed on the same or a contiguous parcel, at a later date the approach above contemplates that these two projects will be considered co-located and co-located project prices will apply. To make this price adjustment the least administratively burdensome on all parties involved, the price adjustment for both projects will only be applied to the second project, with that project’s REC price reflecting not only the co-located project price, but also an additional discount reflecting the differential between the first project’s contract price and the applicable Block’s co-located project price.

In this draft Revised Plan, the Agency seeks stakeholder feedback on the propriety of this adjustment; given that the second project may be developed quite some time after the first (such as through being selected later off a waitlist), are efficiencies lost such that prices should not be adjusted downward?

In the case that there are two co-located projects on a single parcel (or two contiguous parcels) owned by a single Approved Vendor, one of these projects may not be sold to a different Approved Vendor in the effort to avoid the price adjustment that applies to co-located projects. In such a case, the second project’s REC price would be adjusted to a price accounting for both co-located projects (i.e., below the listed co-located project price) in line with the description above. This restriction also applies to projects that are accepted off the waitlist that would render an already developed project into a co-located project.

#### **7.4. 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,<sup>563</sup> 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 cooperative and municipal utilities.<sup>564</sup> This results in ambiguity around whether a community

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<sup>562</sup> Docket No. 17-0838, Amendatory Order dated May 2, 2018 at 1-2.

<sup>563</sup> See 20 ILCS 3855/1-10 (“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”).

<sup>564</sup> 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.

renewable generation project can be located within the service territory of a rural electric cooperative or a municipal utility.

Ultimately, the Agency recognizes 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 believes that community renewable generation projects (including community solar) located in these service territories should, if possible, be included in this Plan.

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, and the Commission's Final Order in that proceeding determined that the Agency's filed Plan was correct in authorizing the participation of these projects in the Adjustable Block Program, the Community Renewable Generation Program, and the Illinois Solar for All Program.<sup>565</sup> ~~After the denial of its application for rehearing, ComEd filed a petition for review with the Appellate Court of Illinois, Second Judicial District on In June 19, 2018 taking appeal, Commonwealth Edison Company filed a petition seeking review of that determination. As (i.e., an appeal) with the state's Second District Appellate Court, case number 2-18-0504. On May 2, 2019, the Appellate Court has not granted (or been presented with a motion for) a stay or other injunctive relief, the Commission's affirmed the ICC's decision granting in this regard. On July 11, 2019, ComEd filed a Petition for Leave to Appeal with the Supreme Court of Illinois. As of the permission for release of this draft Revised Plan, the Supreme Court has not acted on that Petition. Until such projects to participate governs the Agency's implementation of these programs and thus time as the Supreme Court of Illinois or any other tribunal with controlling authority renders a contrary decision, projects in the service territories of rural electric cooperatives, municipal electric utilities, and Mt. Carmel Public Utility Company may, will be allowed to receive REC delivery contracts under these programs. —the Adjustable Block Program.~~

As mentioned above, there are already at least ~~two~~three community solar offerings ~~from by or within~~ rural electric cooperatives. Illinois' first community solar project was a 126 kW installation in Elizabeth, built by Jo Carroll Energy in December 2014.<sup>566</sup> 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.<sup>567</sup> 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 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.~~

The Agency proposes the following standard for allowing community renewable generation projects in the service territories of rural electric cooperatives and municipal utilities to participate in the

<sup>565</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 177-179.

<sup>566</sup> Jo Carroll Energy, <https://jocarroll.com/content/south-view-solar-farm>.

<sup>567</sup> Prairie Power, <https://www.ppi.coop/brightoptions>.

Agency's programs or procurements. ~~These standards; it is unchanged from the standard proposed in the Initial Plan, approved by the ICC in Docket No. 17-0838. This standard~~ 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 ~~to take these actions or decline whether~~ to take these actions, but should they choose not to, 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.

The requirements for participation that the Agency recommends for 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."<sup>568</sup> This can be accomplished though offering "virtual net metering" substantially similar to the provisions contained in Section 16-107.5(l) of the Public Utilities Act.<sup>569</sup> The value of electricity credited must be at no lower than the subscriber's supply rate.<sup>570</sup>
- Provide a monetary credit to a subscriber's subsequent bill for service for the proportional output of a community renewable generation project attributable to that subscriber.<sup>571</sup>
- Purchase any unsubscribed energy from community renewable generation projects that are Qualifying Facilities ("QF") under the electric utility's tariff for purchasing the output from QFs under Public Utilities Regulatory Policies Act of 1978.<sup>572</sup>

Prior to a photovoltaic community renewable generation project applying for the Adjustable Block Program, 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 ~~the~~ other programmatic requirements for community renewable 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).

## **7.5. Types of Community Renewable Generation Projects**

Community Renewable Generation remains a new concept for Illinois, and it is still developing nationally. Practitioners are still developing the most viable business models, and new models are likely to emerge, both for-profit and non-profit. In some models, customers take ownership of a share of a community project, identifying specific solar panels. In others, the developer owns the project and sells subscriptions for a contractually obligated term, or an indefinite term that can be ended at

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<sup>568</sup> See definition of "Community Renewable Generation Facility" in 20 ILCS 3855/1-10.

<sup>569</sup> See 220 ILCS 5/16-107.5(l).

<sup>570</sup> 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.

<sup>571</sup> See 20 ILCS 3855/1-75(c)(1)(N).

<sup>572</sup> See id.



will. The value of the generation can be conveyed to the customer by virtual net metering (as an energy credit), by a value-of-solar tariff, or as a premium purchase.

One issue that the Agency has considered is the extent to which projects will be proposed by commercial developers who then seek to identify subscribers, and by community-led projects where interested parties in a community come together to seek to develop a project. A church parish, for example, could put photovoltaic panels on the roof of the church, with subscriptions sold to parishioners. In theory, developer-led projects are likely to be larger and located where interconnection costs are minimized, while community-led projects like the church parish could be smaller and face the possibility of higher interconnection costs because the location is determined by community-focused interests rather than pure engineering considerations. But in practice, the wide range of interconnection cost estimates offered to the many large community solar projects that have applied to the Adjustable Block Program demonstrate that the drivers of interconnection costs are not the size of the system itself but rather the broader infrastructure the project is interconnecting to.

~~While such community-led projects seem consistent with the intent of the Act, the Agency is not proposing a specific adder for community-led projects at this time. There are several reasons for this. First, the Agency has proposed adders that should encourage community-led projects like the church parish example, such as for smaller sized systems and for a larger portion of residential subscribers. Second,~~ Properly defining what is truly a community-led project could be problematic and subject to gaming. It is possible, for example, that community groups will team with professional solar developers to realize their projects, with varying ownership structures. Given the long waitlist of community solar projects that have already applied to the Adjustable Block Program, most of which appear to be developer-driven, the Agency is not proposing any changes (such as a price adder) for community-led projects. As discussed in Section 6.1, the Agency is seeking feedback on this draft Revised Plan on how to manage that waitlist of community solar projects.

~~In addition to the adders available through the Adjustable Block Program,~~ Certain community-led projects may instead apply to participate in, and be eligible for, a higher level of incentives through the Illinois Solar for All Program as described in Chapter 8. Developers of Community Solar projects that participate in that program are required to “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. Incentives 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.”<sup>573</sup> ~~Because a project does not have to rely exclusively on low-income subscribers (although additional incentives are available for projects that do so) this option may bring an additional value option to community-led projects.~~

~~It could also be difficult to ascertain if a project was really proposed by a community, or if a developer proposed the project and found community organizations to represent the project, which would clearly not be the intended outcome of a “community” adder. While a similar challenge exists for the community solar projects that participate in the Illinois Solar for All Program in that they require~~

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<sup>573</sup> 20 ILCS 3855/1-56(b)(2)(B).

~~community participation, that program also features the requirement that economic benefits flow to the (low-income) participants, which can help mitigate this concern.~~

## 7.6. Subscriber Requirements

With community renewable generation still an emerging concept, the level of consumer interest and the most viable business models remain to be determined. The Agency seeks to allow creativity and flexibility in developing projects while at the same time ensuring basic consumer protections.

### 7.6.1. Small Subscriber Participation

The Act requires 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.”<sup>574</sup> Collectively the Agency considers “residential and small commercial customers,” to be “small subscribers” so long as their subscription size is below 25 kW. ~~In the responses to the Request for Comments issued by the Agency after its May workshops, there were strong disagreements expressed about how this provision should be interpreted. Some parties argued that it meant that all projects must include some level of residential or small commercial participation, while others argued that the appropriate adders or other incentives would lead to robust participation and that there should be no requirement.~~

~~While the Agency appreciates the arguments made by those who would wish to require residential or small commercial participation in all projects, the Agency declines to adopt that proposal. Perhaps notably, the above-quoted language of the Act refers to “robust participation opportunities”<sup>575</sup> for small customers, —and does not mandate robust participation.~~

~~Instead~~To date, as described in Section 6.5, and consistent with the ~~use of~~Commission’s Order in Docket No. 17-0838, the Agency has used adders in the Adjustable Block Program ~~recognizes to recognize~~ the value of small subscriber subscriptions, and. The Agency ~~expects~~has found that this adder, along with the preference for a small subscriber commitment in the case of a lottery to select community solar projects upon the opening of the Adjustable Block Program (as described in Section 6.3.1),<sup>576</sup> ~~will be sufficient~~have been effective mechanisms ~~to ensure for ensuring~~ robust participation opportunities for small subscribers. ~~The Agency will review~~ During the ~~actual level of small subscribers achieved by initial community renewable generation projects and will not only use that review and any other available information as part~~litigation of the Initial Plan Update ~~conducted in 2019 and consider revising this determination if residential~~Docket No. 17-0838, some stakeholders sought for 25% small customer participation rates (measured in capacity) are in aggregate under 25%, but also closely monitor to serve as a useful baseline for measuring small subscriber participation ~~prior~~. 98.9% of community solar projects that applied to the 2019 Plan Update.<sup>577</sup> program when it opened in early 2019 made a commitment to have at least 50% small subscribers, and the Agency is not aware of any evidence at this time that projects selected in the lottery will not fulfill those commitments.

<sup>574</sup> 20 ILCS 3855/1-75(c)(1)(N).

<sup>575</sup> Emphasis added.

<sup>576</sup> See also Docket No. 17-0838, Final Order dated April 3, 2018 at 144.

<sup>577</sup> See *id.*

~~The level of interest in community renewable generation is still unknown, and it is possible that the interest and uptake of subscriptions may be stronger from larger commercial customers. Nationally, corporate customers have emerged as major buyers of renewable energy in order to meet sustainability and financial goals. Illinois is home to many corporations that have made sustainability commitments, which may constitute a significant market for community renewable generation.~~

~~If it turns out that the interest from potential small subscribers in community renewable generation is limited, requiring small subscriber participation could impede the successful development of the commercial community renewable generation market. As the Agency considers small subscriber participation levels in the future, consideration of the issue will include both results in Illinois as well as from other jurisdictions.~~

~~Therefore, the Agency believes that the initial program design was successful in encouraging small subscriber participation, but cautions that almost all contracted community solar projects are still under development, and actual realized small subscriber subscription rates are unknown. For the purposes of this draft Revised Plan, the Agency is not proposing any changes to its small subscriber requirements (other than the changes to the small subscriber adder explained in Section 6.5.3), but will continue to monitor actual results of small subscriber acquisition by selected projects.~~

#### **7.6.2. Marketing to Small Subscribers**

Subscribing to a community renewable generation project is not the same as choosing to purchase or lease a system to be located on your own property. It does, however, bear similarities to signing up to take supply service from an Alternative Retail Electric Supplier. The Agency observes that the history of questionable marketing practices of some Alternative Retail Electric Suppliers gives reason to be concerned about the marketing of community renewable generation subscriptions.<sup>578</sup>

While competition in the natural gas and electricity markets has created many benefits for the residents and businesses of Illinois, those benefits have not been uniform, and in many instances, particularly in residential markets, the benefits have been non-existent; in fact, at times supply offers have been harmful to consumers. This Plan is not the place to have a full debate on acceptable marketing practices, but the Agency would like to highlight past practices that some alternative gas and electric suppliers have engaged in that cause concern for the Agency. These 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 Agency recognizes that it may not be able to prohibit door-to-door ~~or~~, telemarketing, or online sales of community renewable generation subscriptions, but notes those marketing channels as ones

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<sup>578</sup> 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, misrepresentation of price or savings, failure to disclose cancellation fees or right to cancel, and more); ICC Docket No. 17-0273, Order, 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).

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 strongly encourages marketing channels that respect the opportunity for consumers to have complete and accurate information about the decisions they may make regarding subscriptions, particularly those related to upfront payments, the net price of energy, and termination fees and conditions. The Agency and/or its Program ~~Administrator~~ Administrators may conduct additional monitoring of Approved Vendors (and/or their partners/affiliates) that utilize door to door ~~or~~ telemarketing, and online sales, and reserves the right to request the Approved Vendor provide additional documentation of those marketing channels including, but not limited to, access to call center recordings for either sales or third-party verifications.

~~That being said~~ Along these lines, as referenced in Chapter 6, the Agency would appreciate stakeholder feedback around requiring all in-person, phone, and online marketing / lead generation firms to register with the Adjustable Block Program; or requiring Approved Vendors and designees to disclose all such partners and their direct contact information prior to utilizing their services within the scope of the Adjustable Block Program.

As described in the Initial Plan, 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.<sup>579</sup>

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<sup>579</sup> 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>.

**Table 7-1: 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 equipment
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 7-2: 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. In order to

ensure that subscribers are well-informed and thus afforded adequate consumer protections, the Agency will require that all projects adhere to the following terms and conditions for subscriptions.

Drawing from the consumer protection guidelines for community solar adopted by the Maryland Public Service Commission, the Agency ~~proposes to require~~ requires that Approved Vendors (or their subcontractors) seeking REC delivery contracts associated with Community Renewable Generation Facilities participating in the Adjustable Block Program or in Illinois Solar for All must 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 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 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;
- (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.

The Agency may also develop additional conditions in the general course of developing program requirements, but will seek stakeholder feedback prior to doing so. As referenced above, the Agency and its Procurement Administrator ~~will also be developing~~ have developed Standard Disclosure Forms for use in the marketing of community renewable generation project subscriptions, and the Agency has attempted to draw upon many of these same concepts in its Standard Disclosure Forms to ensure that key subscription terms are clearly disclosed to potential subscribers.

Additionally, the Agency notes that the Illinois General Assembly in its Spring 2019 legislative session passed Senate Bill 651,<sup>580</sup> which codifies certain ARES consumer protections around (among others) marketing conduct and automatic renewal already contained in Illinois Commerce Commission rules and introduces new consumer protections, including restrictions around enrolling low-income customers and a ban on termination fees for residential and small commercial customers.

The Agency is confident that the expressed will of the General Assembly supports the intent consistently expressed in the Initial Plan, in the early implementation of the Adjustable Block Program, and in this Revised Plan to hold community solar marketers to the highest standards of consumer protection. At this time, it is unclear how the Agency should update its Marketing Guidelines (and, potentially, other program documents and requirements) in light of SB 651 (which still remains unsigned) or the specific issues which that legislation seeks to address. As described further in Section 6.13, the Agency proposes that a new draft of its marketing guidelines (and other documents, where necessary) be published for stakeholder feedback within 45 days of the Commission's approval of this Revised Plan and finalized within 90 days of that approval date.

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) 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. The Agency understands

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<sup>580</sup> See 101st Illinois General Assembly, Senate Bill 651 (with amendments) as enrolled, <http://www.ilga.gov/legislation/101/SB/PDF/10100SB0651enr.pdf>.

that the community renewable net metering tariffs for Ameren Illinois, ComEd, and MidAmerican approved by the Commission on September 27, 2017 are consistent with these principles.

### **7.6.3. Marketing Claims Related to the Ownership of RECs and Community Renewable Generation Subscriptions**

The Agency's Adjustable Block Program for community solar, and the competitive procurement for other forms of community renewable generation, are both based on the core requirement that the value to the project developer (and in turn the ability to make a financially attractive offer to subscribers) is based upon the sale of the project's environmental attributes (in the form of RECs) from the project to a utility. Those RECs are then retired by the utility to meet the annual RPS goals of that utility, and the original REC holder's claims to those environmental attributes are effectively extinguished through that sale.

This raises the issue of what marketing claims may be made related to a subscription in a community renewable generation project receiving a REC contract (including community solar projects participating in the Adjustable Block Program), as such projects will have already contractually committed the sale of their environmental attributes to a third party. With the underlying "renewable" or "solar" element of that generation having been decoupled and sold to the utility, can it still be marketed as a "community solar" project? Moreover, can the subscriber make any claims for any commercial purpose about any "green" (or similar) aspect of his or her energy sourcing?

Guidance from the Federal Trade Commission ("FTC") would appear to limit what claims can be made about energy sourced from projects whose RECs are transferred to another entity.<sup>581</sup> ~~The~~That guidance suggests that appropriate disclaimers about the fate of the RECs may satisfy rules against deceptive marketing. Yet, at some point, the issue begins to border on the absurd: a lengthy factual explanation of a community solar subscription and this Agency's various RPS programs would be permissible, but a shorthand description used to market that subscription may be legally problematic. These issues would also apply for the most part equally to installations of onsite photovoltaic generation at homes or commercial facilities; the customers whose load offsets the onsite installation would not be able to make any claims about using "green" or "clean" energy, and the marketers should similarly not market the installation opportunity as one to obtain "green" or "clean" power.

While the Agency recognizes that it is not the Federal Trade Commission (or the state's Office of Attorney General) and thus cannot provide reliable guidance on what marketing claims may be permissible, the Agency can play an important role in ensuring that any potential subscribers understand the value of a community solar subscription—(or that any potential onsite hosts understand the value of an onsite installation)—even if more direct statements cannot be made about the environmental attributes of the underlying energy. To this end, the Agency ~~proposes to work~~has worked with its Adjustable Block Program Administrator on the development of a "brand" associated with Adjustable Block Program participation. ~~This, "Illinois Shines." The Illinois Shines~~ "brand," and associated content (including the public-facing web ~~content~~)—would—allowsite <http://illinoisshines.com> allows potential subscribers to a community solar project (or home and building owners seeking to install onsite solar) to understand that subscriptions to participation in

<sup>581</sup> See 16 C.F.R. § 260.15(d), Example 5; see also U.S. EPA, "Making Environmental Claims," <https://www.epa.gov/greenpower/making-environmental-claims>; see also U.S. FTC letter dated February 5, 2015. [https://www.ftc.gov/system/files/documents/public\\_statements/624571/150205gmpletter.pdf](https://www.ftc.gov/system/files/documents/public_statements/624571/150205gmpletter.pdf).



such a project ~~help~~helps the state meet its renewable energy goals and may support the development of a new generating facility—but without risking the project developer itself making false or misleading claims about “renewable” or “clean” energy.

The Agency plans to continue to work closely with representatives of the ~~community~~ solar industry, the state’s Office of the Attorney General, the Staff of the Illinois Commerce Commission, and other parties in ~~developing~~continuing to refine this approach and any associated content. This includes adding additional consumer-facing educational and informational content to the program website.

### 7.7. Utility Responsibilities

While the Agency, through the Adjustable Block Program and competitive procurements, will be responsible for the procurement of RECs from community renewable generation projects, it is not responsible for all aspects of a successful program. There are several additional key aspects of making community renewable generation 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 ~~the~~ 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 pertinent data and information that each party collects and maintains regarding projects and subscriptions.

Public Act 99-0906 required each electric utility to file a tariff within 90 days after the Act’s effective date, June 1, 2017, to implement net metering for community renewable projects.<sup>582</sup> All three utilities did so. A brief summary of those filings (and the resultant proceedings, where applicable) is outlined below.

ComEd’s community renewable generation net metering tariff, Rider POGCS, was approved by the Commission in Docket No. 17-0350 on September 27, 2017. The Commission resolved a dispute among between the Company and intervenors around indemnification by approving ComEd’s proposal that both subscribers and the project itself will indemnify the Company against any liabilities relating to the reporting of a subscriber’s share or a subscriber’s interval usage data – and that ComEd will not have reciprocal indemnification obligations. The Commission indicated that existing regulations related to billing and meter usage data would be “more than sufficient to ensure that ComEd complies with its legal obligations.”<sup>583</sup> The Commission rejected the proposal of certain intervenors that the net metering credit paid to community renewable generation projects include the volumetric transmission services charge, in addition to the supply charge (which includes an adjustment factor).

MidAmerican’s community renewable generation net metering tariff, Rate NM, was approved by the Commission in Docket No. 17-0368 on September 27, 2017. The tariff stipulates that both

<sup>582</sup> 220 ILCS 5/16-107.5(f), (l-5).

<sup>583</sup> Docket No. 17-0350, Final Order dated September 27, 2017 at 18.

subscribers and the project itself will indemnify the Company against any liabilities relating to the reporting of a subscriber's share or a subscriber's interval usage data. MidAmerican's tariff ~~would provide~~provides community renewable net metering credits at the "supply charge," plus certain adjustment factors.

Ameren Illinois proposed revisions to its existing net metering tariff, Rider NM, to include provisions for community renewable generation project net metering. The revisions were approved by the Commission on September 27, 2017. Ameren Illinois' revised tariff credits the energy service bills of subscribers to a community renewable generation project for net production at the "tariffed or contract rate for electricity supply as appropriate."

As discussed in Section 7.6.2, the Agency believes that the three approved tariffs will allow portability and transferability of subscriptions, as required by Section 1-75(c)(1)(N) of the Act.

~~The Agency understands that there are ongoing discussions between stakeholders and the utilities regarding these tariffs (in particular, issues related to bill crediting). The Agency will actively monitor those discussions, and to the extent they result in changes to any or all of these tariffs, the Agency will update the REC Pricing model to reflect any of those changes.~~



## 8. Illinois Solar for All Program

### 8.1. Overview

The Illinois Solar for All Program was created through revisions to Section 1-56(b) of the IPA Act contained in Public Act 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.”<sup>584</sup>*

The Act creates 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 Agency is instructed 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. This Chapter fulfills that provision of the Act.

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.

### 8.2. Design Considerations

In developing the program, the Agency ~~has~~ identified two key design elements ~~in~~for implementing the Illinois Solar for All Program ~~necessitating that necessitated~~ more focused discussion: the relationship to the Adjustable Block Program, and the creation of economic benefits for participants.

#### 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 in that both promote distributed photovoltaic generation and community solar. The ~~difference involves differences primarily involve~~ the sectors that the programs serve ~~and~~, the structure of the incentives and program design, and the applicable funding sources.

As described in this Chapter, the Agency ~~will administer~~administers the Illinois Solar for All Program ~~separateseparately~~ from the Adjustable Block Program, but ~~building on it is built off of~~ the program design of the Adjustable Block Program, with additional considerations specific to Illinois Solar for

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<sup>584</sup> 20 ILCS 3855/1-56(b)(2).

All. These include a different set level of incentives, 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 community involvement, consumer protections, and eligibility. To the extent not specifically mentioned in this Chapter, the program design, terms, and conditions of the Adjustable Block Program ~~would~~ also apply to the administration of, and REC delivery contracts ~~entered into for~~executed under, the Illinois Solar for All Program.

The exception to this principle is the Low-Income Community Solar Pilot ~~Projects, which do not participate~~Project sub-program; this sub-program operates under an entirely different project selection structure (featuring a competitive procurement process), and as discussed in the Adjustable Block Program, and whichInitial Plan, the Agency ~~proposes~~plans to fund this sub-program solely through the Renewable Energy Resources Fund ~~and administer through a competitive procurement process.~~

### **8.2.2. Economic Benefits**

The second consideration is the concept of “economic benefits” and how low-income participants can capture them. The Act stipulates that for the Illinois Solar for All Program, “[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.”<sup>585</sup> 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 where the low-income customer does not directly pay for energy.”<sup>586</sup>

A key barrier to low-income participation in renewable energy programs is lack of access to funds and financing to pay for the up-front costs of photovoltaic systems.

To create “tangible economic benefits” at a “reasonable” level, the Agency has determined that eligible ~~low-income 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. Further, participation in the 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 than 50% of the annual first year estimated production and/or utility default service net metering value to be received by the customer.<sup>587</sup>

The Agency requires that Illinois Solar for All Approved Vendors verify that developers, installers, landlords, and other intermediaries ensure that the resulting value of the incentives offered by the program flow through to the people the program is meant to serve. However, the Agency notes that in order to avoid an overly complex administrative system ~~for this program~~, incentive levels will not be customized to each participant’s specific economic circumstances.

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<sup>585</sup> 20 ILCS 3855/1-56(b)(2).

<sup>586</sup> Id.

<sup>587</sup> 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.”

As part of the evaluation of the Illinois Solar for All Program (see Section 8.17)), the Agency will review the impact of the program on the energy costs of participants to assess how the benefits created by the program reduces their energy burden. This evaluation will be used to inform any future modifications to the setting of incentive levels designed to create tangible economic benefits at a reasonable level for participants. At the time of the release of this draft Revised Plan, the program has only recently launched and there is insufficient information available to recommend a change in the incentive levels (i.e. the REC pricing structure and prices) from those contained in Chapter 8 of the Initial Plan.

For public and non-profit facilities that participate in the Illinois Solar for All Program, the Agency proposes to continue to utilize an approach in which the incentive level recognizes that these entities may not be able to capture the tax benefits that would be available to a comparable sized project ~~that participates instead~~participating in the Adjustable Block Program ~~would be able to. This adjusted incentive level.~~ 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.

In this draft Revised Plan, the Agency further clarifies that eligible projects cannot capture those tax benefits, as discussed more in Section 8.6.3 below. The Agency observes that over 160 non-profit and public facility projects (totaling nearly 67 MW of capacity) have applied to the Adjustable Block Program, indicating that many such projects are viable at the REC prices offered by that program.

Ensuring that “the wholesale market value of energy is credited to participating low-income customers” can be achieved through existing net metering provisions. Therefore, projects will be 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.

Ensuring that tangible economic benefits flow directly to program participants can also be accomplished by providing documentation to the Agency that the project has no upfront cost to the participant, that the value of 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 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 8.11, Illinois Solar for All Approved Vendors will be required to document how they ensure that this goal is met. The case of low-income multi-family housing can be more complex and is discussed in more detail in Section 8.6.1.

It should be noted that these 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 separate costs will be not be available through the Illinois Solar for All Program, and the Agency encourages participants to explore alternative sources of funding as needed. The Agency and the Illinois Solar for All Program Administrator will 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, and other forms of support. This includes the provision of a Program Resource Guide on those programs.<sup>588</sup>

### **8.3. Program Launch**

In implementing the various new programs and procurements mandated by Public Act 99-0906, the Agency ~~has 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 desire to make the benefits of the Program available to low-income households and communities so that they can benefit from lower energy costs. The Illinois Solar for All Program as proposed mostly builds on the Adjustable Block Program described in Chapter 6; therefore, it ~~will be~~ necessary ~~to first to~~ have the Adjustable Block Program's design finalized and put into operation before the Illinois Solar for All Program ~~will be ready~~ was able to launch. Like with the Adjustable Block Program, while the Initial Plan and this Revised Plan details detail many programmatic considerations, final program design including contracts, program manuals, etc. ~~will need~~ needed to be developed and finalized by the Agency and the Illinois Solar for All Program Administrator(s) prior to program launch. ~~This may create some delay in the start of the Illinois Solar for All Program, but the Agency will endeavor to make the Illinois Solar for All Program available as soon as practicable.~~

In November 2018, the Agency and Program Administrator initiated a series of stakeholder engagement sessions to share draft 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 program protocols and requirements was transparent and responsive to input from stakeholders from the solar industry, environmental advocates, and low-income advocates.

The program began accepting applications for registration to become ILSFA Approved Vendors on February 19, 2019 and opened for project applications on May 15, 2019. Due to anticipated high pent-up 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 distributed generation and non-profit/public facilities projects. 45 low-income community solar applications (totaling nearly 60 MW of capacity), 28 non-profit/public facilities applications (totaling over 3 MW of capacity), and 1 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 distributed generation sub-program featured application levels below the allocated sub-program budget.

As of the release of this draft Revised Plan, the ILSFA Program Administrator is still reviewing and verifying project application information. Pursuant to the Initial Plan, a project selection process (see Section 8.12.2 below) will be conducted in late August 2019 to determine which projects will be

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<sup>588</sup> See: <https://www.illinoisfa.com/app/uploads/2019/03/ILSFA-Program-Resources-Guide-v1-20190318.pdf>.

funded from the 2018-2019 program year budget. The 2019-2020 program year application window will open on September 4, 2019.

## **8.4. Funding and Budget**

The Illinois Solar for All Program is funded through three sources. First, the Renewable Energy Resources Fund pursuant to Section 1-56(b)(2) of the IPA Act; second, 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.

### **8.4.1. Renewable Energy Resources Fund Funding Available**

While Section 1-56(b)(2) envisions the Illinois Solar for All Program being funded primarily through the Renewable Energy Resources Fund, as of ~~July 31, 2018~~August 14, 2019, the balance of the Renewable Energy Resources Fund is ~~\$56,571,615.14~~\$50,422,472 (not including \$112.5 million that has been lent to the state's General Revenue Fund as discussed below), while existing commitments from the Fund for contracts from the Supplemental Photovoltaic Procurements total ~~\$20,679,126.74~~<sup>589</sup>13.9 million.<sup>590</sup> This implies \$149.0 million of RERF funds are available for Illinois Solar for All. Prior to the 2018-2019 program 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.

Prior to the enactment of Public Act 99-0906, the Renewable Energy Resources Fund 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 are no longer made to the Fund as of June 1, 2017; rather, they are now made to the utilities, and will be paid to the utilities through Fall 2019.<sup>591</sup> 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 current low balance is 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 ~~recently enacted~~ borrowing provisions contained in ~~new~~ Section 5h.5 of the State Finance Act.<sup>592</sup> Those \$37.5 million was paid back into the RERF in April of 2019,<sup>593</sup> and the remainder of borrowed

<sup>589</sup> ~~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 are completed and begin REC deliveries.~~

<sup>590</sup> ~~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.~~

<sup>591</sup> 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.

<sup>592</sup> 30 ILCS 105/5h.5(b); ~~see Public Act 100-0023.~~

<sup>593</sup> <https://illinoiscomptroller.gov/financial-data/state-revenues/by-fund/?FundSel=0836&FundGrpSel=&FundCatSel=&FundTypeSel=&GroupBy=Agcy&FY=18&ShowMo=Yes&submitted>.



funds are required by law to be paid back to the Renewable Energy Resources Fund within ~~two~~four years (i.e., by August 10, ~~2019~~2021).<sup>594</sup>

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...*

Were the RERF balance 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 ~~recent~~these transfers from the RERF have caused consternation, based on the assurances contained in the law, it does not believe that these transfers necessitate any adjustments to its proposed Solar for All program design, structure, and budget. ~~Indeed, \$37.5 million was transferred back into the RERF in April of 2018.~~<sup>595</sup>

~~The For the Low-Income Distributed Generation Initiative, the Low-Income Community Solar Project Initiative, and Incentives for Non-Profits and Public Facilities sub-programs the Agency plans to allocate up to \$2016.5 million per program year from the RERF for use for the Illinois Solar for All Program. This would ensure (the Low-Income Community Solar Pilot Projects sub-program is conducted through a different process that RERF allocates funds to each procurement event rather than program year).~~<sup>596</sup> ~~In this draft Revised Plan, the Agency clarifies that this allocation will be on an accrual basis, meaning that the amount allocated sets aside that much funding for the Low Income Distributed Generation Incentive, the Low Income selected applications during that 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 for a given sub-program would roll over and increase the balance.~~Community Solar

<sup>594</sup> ~~Section 5h.5 was initially created by Public Act 100-0023 and set the repayment time at two years. This was subsequently amended to four years by Public Act 101-0010.~~

<sup>595</sup> ~~<https://illinoiscomptroller.gov/financial-data/state-revenues/by-fund/?FundSel=0836&FundGrpSel=&FundCatSel=&FundTypeSel=&GroupBy=Agcy&FY=18&ShowMo=Yes&submitted->~~

<sup>596</sup> ~~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.~~

~~Project Initiative, and the Incentives for non-profits and public facilities is available for seven to eight years the subsequent program year for that sub-program.~~

**Table 8-1: RERF Funding for Solar for All<sup>597</sup>**

<u>Funding Source</u>	<u>Low-Income Distributed Generation Incentive</u>	<u>Low-Income Community Solar Project Initiative</u>	<u>Incentives for Non-Profits and Public Facilities</u>	<u>Low-Income Community Solar Pilot Projects</u>
<u>RERF Allocation Percent</u>	<u>22.5%</u>	<u>37.5%</u>	<u>15%</u>	<u>25%</u>
<u>Total RERF Allocation (\$)</u>	<u>\$33,750,000</u>	<u>\$56,250,000</u>	<u>\$22,500,000</u>	<u>\$37,500,000</u>
<u>Previously allocated* for 2018-2019 Program Year</u>	<u>\$4,500,000</u>	<u>\$7,500,000</u>	<u>\$3,000,000</u>	<u>(\$20 million allocated to 2019 procurement, balance for a 2020 or 2021 procurement)</u>
<u>Previously allocated* for 2019-2020 Program Year</u>	<u>\$4,500,000</u>	<u>\$7,500,000</u>	<u>\$3,000,000</u>	
<u>Allocated* for 2020-2021 Program Year</u>	<u>\$4,950,000</u>	<u>\$8,250,000</u>	<u>\$3,300,000</u>	
<u>Allocated* for 2021-2022 Program Year</u>	<u>\$4,950,000</u>	<u>\$8,250,000</u>	<u>\$3,300,000</u>	

\* 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.

Allocations are based on \$150 million of the RERF available for Solar for All at the time of the Initial Plan development, and assume continuing level support from the RERF for the three non-pilot sub-programs in the 2022-2023, 2023-2024, and 2024-2025 program years (which, if fully spent each year, while as discussed in Section 8.6.4, allocated, would eventually deplete the RERF, leaving only utility-supplied funding available for the Low-Income Community Solar Pilot Projects would be distributed over a ten-year period. RERF funds not spent in a year would be rolled over to the following year-program years after 2024-2025.).

The funds allocated from the RERF ~~would be~~ allocated according to the percentages specified in Section 1-56(b)(2) of the Act, namely 22.5% for the Low-Income Distributed Generation Incentive sub-program, 37.5% to the Low-Income Community Solar Project Initiative sub-program, 15% for the Incentives for non-profits and public facilities sub-program, and 25% for the Low-Income Community Solar Pilot Projects ~~(with sub-program. While the Act includes an all-time cap of \$50 million).~~<sup>598</sup> for the Low-Income Community Solar Pilot Projects, the 25% of available RERF funds is in fact closer to \$37.5 million. As discussed further in Section 8.6.4, the Agency intends to set a budget

<sup>597</sup> 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.

<sup>598</sup> Assuming that payments for the Low-Income Community Solar Pilot Projects are made over a ten-year period, that would be up to \$5 million per year, which would be consistent with a 25% allocation of the \$20 million per year from the Renewable Energy Resources Fund.

of \$20 million for the first Low-Income Community Solar Pilot Project procurement scheduled for late 2019; this budget is intended to cover the full 15-year value of contracts resulting from that procurement, although the contracts will be paid out continuously over time rather than upfront.

After accounting for all payments under the Supplemental Photovoltaic Procurement process pursuant to Section 1-56(i) of the IPA Act, as well as all payments under Illinois Solar for All contracts, whenever the balance of the RERF falls under \$5,000, then the RERF shall be inoperative and any remaining funds shall 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.<sup>599</sup>

#### 8.4.2. Utilities Annual Funding Available

Section 1-75(c)(1)(O) contains a provision that

*The long-term renewable resources procurement plan shall allocate 5% of the funds available under the plan for the applicable delivery year, or \$10,000,000 per delivery year, whichever is greater, 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, 2017, June 1, 2021, and June 1, 2025, the long-term renewable resources procurement plan shall allocate 10% of the funds available under the plan for the applicable delivery year, or \$20,000,000 per delivery year, whichever is greater, and \$10,000,000 of such funds in such year shall be used by an electric utility that serves more than 3,000,000 retail customers in the State to implement a Commission-approved plan under Section 16-108.12 of the Public Utilities Act.*

~~The Agency expects the Illinois Solar for All Program to begin during the 2018-2019 delivery year.~~ As discussed in Section ~~2.2.5.3~~2.2.5.3, the Agency ~~interprets~~understands “funds available under the plan” in the above statutory provision to ~~mean~~refer to funds collected by utilities through RPS riders under Section 1-75(c)(6) of the Act and Section 16-108(k) of the PUA. The following table lists ~~for the first three years the~~ projected amounts of utility funding that would be allocated to Illinois Solar for All based upon the load and budget forecasts contained in Chapter 3 for the Illinois Solar for All program years covered by this Revised Plan – namely, 2020-2021 and 2021-2022.

**Table 8-2: Utility Funding**

Delivery Year	Utility Renewable Energy Maximum Budgets	5% of Funds	Allocation to Illinois Solar for All
<del>2018-2019</del>	<del>\$189,960,757</del>	<del>\$9,498,038</del>	<del>\$10,000,000</del>
<del>2019-2020-2021</del>	<del>\$234,276,011</del> <u>227,872,083</u>	<del>\$11,713,801</del> <u>393,283</u>	<del>\$11,713,801</del> <u>393,283</u>
<del>2020-2021-2022</del>	<del>\$234,003,334</del> <u>225,607,664</u>	<del>\$11,700,167</del> <u>280,062</u>	<del>\$11,700,167</del> <u>280,062</u>

<sup>599</sup> 20 ILCS 3855/1-56(b-10).

These funds ~~will be~~ supplied by each utility based on the allocation percentages contained in Section ~~3.1.3.1~~. These funds are not subject to the ~~statutory~~ percentage allocations ~~specified~~ for the funding from the RERF, specified in Section 1-56(b)(2). ~~The Agency will use the~~As discussed in Section 8.6.4, utility-supplied funding ~~to supplement the programs that have is not used up their available funding from the RERF (with the exception of~~ the Low-Income Community Solar Pilot Projects). ~~sub-program.~~

In this draft Revised Plan, the Agency proposes to continue the approach described in the Initial Plan that utility funding would be allocated to the three non-competitive sub-programs at a pro-rata level based on how the law allocates RERF funding to those three sub-programs (30% to the Low-Income Distributed Generation Initiative, 50% to the Low-Income Community Solar Project Initiative, and 20% to Incentives for Non-Profits and Public Facilities.) As this allocation of utility funding to the sub-programs is not required by law, the Agency may adjust utility funding between those sub-programs on an as-needed basis during the program year if there are available funds in one sub-program and higher demand in another sub-program. The Agency welcomes stakeholder feedback on if a different initial allocation should be used.

For each of the three non-competitively procured sub-programs, approved project applications within a program year will be first funded by the utility funds, and then by the RERF funds. The reason for this approach is that utility funds shall be returned to ratepayers if not spent at the end of each program year starting with the reconciliation after 2020-2021,<sup>600</sup> while RERF funds are not subject to the same reconciliation and refund mechanism. Unallocated RERF funds within a sub-program from each program year would be rolled over to the following program year.

The funding for job training programs provided by ComEd (an electric utility that serves more than 3,000,000 retail customers) under Section 16-108.12 ~~of the PUA~~ is noted in the budget discussion in Chapter 3. 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 8.10.)

#### **8.4.3. Section 16-108(k) Funding**

Section 16-108(k) of the Public Utilities Act ~~provides for~~contemplates a possible situation in which the total amount of funds appropriated by the General Assembly from<sup>601</sup> 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.” This period encompasses part or all of three state Fiscal Years (running from July 1 of a given year to June 30 of the following year). If there is a funding shortfall, additional funding from the utilities could be available, as discussed below, and “may be used to fund the programs under subsection (b) of Section 1-56 of the Illinois Power Agency Act in

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<sup>600</sup> See 220 ILCS 5/16-108(k).

<sup>601</sup> The sixth paragraph of the newly enacted Section 16-108(k) of the Public Utilities Act defines the “funding shortfall” based on amounts appropriated by the General Assembly **to** the Renewable Energy Resources Fund. However, the General Assembly has, in fact, never made an appropriation **to** the RERF. The General Assembly does, though, regularly make appropriations **from** the RERF. (See, e.g., Public Act 99-0524, enacted June 30, 2016, at Art. 24, § 10; Public Act 100-0021, enacted July 6, 2017, at Art. 45, § 10.) Thus, the IPA interprets the word “to” as a scrivener’s error, intended to mean “from.”

the same proportion the programs are funded under that subsection (b)” to provide additional support to Illinois Solar for All as part of a supplemental plan developed by the Agency.<sup>602</sup>

If this provision is interpreted to be based on the amounts appropriated for the whole of all three Fiscal Years covered (rather than a prorated amount of the appropriations for the first and last years, Fiscal Year 2017 and Fiscal Year 2019), then for each of the three fiscal years, the appropriation made totals \$150 million for the relevant period.<sup>603</sup>

The Agency notes that an appropriation is merely authority to spend funds up to the appropriated amount for the purposes contained in an applicable Fiscal Year’s appropriation bill. It may not correspond to the actual Fund balance or match actual expenditures made in that fiscal year.

In addition, this funding is only available if the funds collected from ratepayers by the utilities through their RPS riders exceed their expenditure to fund their purchases of RECs under the RPS during each of the 2017-2018, 2018-2019, and 2019-2020 delivery years, and half of each year’s difference, if any, would be available to offset the shortfall. ~~The amount collected and expended by the utilities will also not be known until a later date, although based upon the scope of procurements proposed for the 2017-2018 and 2018-2019 delivery years, the Agency would expect that the amount collected from customers will significantly exceed actual expenditures by the utilities on Renewable Energy Credits. The Agency will ask each utility to provide an accounting of RPS collections and expenditures following the end of each delivery year. The Agency will ask each utility to provide an accounting of RPS collections and expenditures following the end of each of the three referenced delivery years. For the 2017-2018 delivery year, the total unspent RPS collections across the state’s three large electric utilities were \$102,229,434.<sup>604</sup> The Agency expects that there will be a similar excess for the 2018-2019 delivery year, given that no REC expenditures under the Initial Forward Procurements, the Adjustable Block Program, or Illinois Solar for All Program were made during 2018-2019, and also that the electric utilities’ RPS rider collection levels grew relative to the 2017-2018 delivery year as the separate Section 16-115D’s ARES compliance obligation continued to wind down, applying to 50% of ARES supplied retail load in 2017-2018 but then to only 25% in 2018-2019. In 2019-2020, the utilities’ RPS collections will grow yet again due to the full phaseout of ARES compliance obligations, but REC expenditures under the Initial Plan’s various procurement programs are beginning, so the expected balance of collections vs. expenditures is unclear.~~

If there is a funding shortfall and there are utility RPS rider overcollections during the 2017-2018, 2018-2019, and/or 2019-2020 delivery years that, in aggregate, do not exceed the funding shortfall, then Section 1-56(b)(7) provides that,

*If additional funding for the programs described in this subsection (b) is available under subsection (k) of Section 16-108 of the Public Utilities Act, then the Agency shall submit a procurement plan to the Commission no later than September 1, 2018, that proposes how the Agency will procure programs on behalf of the applicable utility. After notice and hearing, the Commission shall approve, or approve with modification, the plan no later than November 1, 2018.*

<sup>602</sup> 220 ILCS 5/16-108(k).

<sup>603</sup> See id.

<sup>604</sup> See Docket No. 18-1457, Final Illinois Solar for all Supplemental Funding Plan, November 26, 2018, at 16.

The Agency ~~will develop~~developed and ~~submit a filed~~ its Supplemental Funding Plan ~~to~~with the Commission ~~by September 1 on August 31, 2018 to reflect~~.<sup>605</sup> That Plan concluded as follows regarding whether and/or how to use any such funding shortfall to provide additional funding for the Illinois Solar for All Program:

Taking into account the status of the Illinois Solar for All Program, the statutory priority attached to ILSFA's annual RRB allocation, the legally-required availability of RERF funds would previously transferred to general funds under Section 5h.5 of the State Finance Act, Section 1-56(h)'s requirement that the RERF "shall not be proposed to be used beginning subject to sweeps, administrative charges, or chargebacks," and thus the expected availability of funding sufficient to satisfy the Solar for All annual budgets included in the 2018-2019 delivery year. Long-Term Plan, the IPA does not propose supplemental funding for Illinois Solar for All using the Section 16-108(k) supplemental funding mechanism.<sup>606</sup>

The Illinois Commerce Commission affirmed this determination in Docket No. 18-1457. The Supplemental Funding Plan did note, however, that the Agency would seek to work with stakeholders and potentially reopen that proceeding should a change in circumstances (namely, permanent depletion of the RERF's balance) necessitate funding the Illinois Solar for All Program using the 16-108(k) funding shortfall mechanism.<sup>607</sup>

#### 8.4.4. Setting Budgets

The Agency ~~is developing~~has developed the Illinois Solar for All Program under the assumption that the funds available for the ~~2018-2019~~2020-2021 and 2021-2022 delivery ~~year~~years will be funds from the RERF and the utility-supplied funds identified in Section 8.4.2. ~~Table 8-2~~ Table 8-3 provides a summary of the Illinois Solar for All funding.

**Table 8-3: Total Illinois Solar for All Budgets**<sup>608</sup>

<u>Program Year Funding Source</u>	<u>Renewable Energy Resources Fund Low-Income Distributed Generation Incentive</u>	<u>Utility—Funding Low-Income Community Solar Project Initiative</u>	<u>Funding Shortfall Incentives for Non-Profits and Public Facilities</u>	<u>Total Funding Low-Income Community Solar Pilot Projects</u>
<u>2020-2021 Program Year</u>				<u>\$37,500,000 from RERF</u>  <u>(\$20 million allocated to 2019 procurement.</u>

<sup>605</sup> See <https://www.icc.illinois.gov/docket/files.aspx?no=18-1457&docId=276329>.

<sup>606</sup> Final Illinois Solar for All Funding Shortfall Plan, dated November 26, 2018, at 30.

<sup>607</sup> See id. at 31.

<sup>608</sup> As noted above in Section 8.4.1, 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 and/or 2019-2020 that are rolled over to 2020-2021; the extent of allocation of 2018-2019 budgets for the three non-competitive sub-programs is not known at the time of publication of this draft Revised Plan.

				<u>balance for a 2020 or 2021 procurement</u>
<u>2018-2019 RERF</u>	<u>\$20,000,950,000</u>	<u>\$10,000,250,000</u>	<u>To be Determined \$3,300,000</u>	<u>\$30,000,000</u>
<u>Utility</u>	<u>\$3,417,985</u>	<u>\$5,696,642</u>	<u>\$2,278,657</u>	
<u>2019-2020 Total (\$27,893,284<sup>609</sup>)</u>	<u>\$20,000,000,367,985</u>	<u>\$11,708,367,13,946,642</u>	<u>To be Determined \$5,578,657</u>	<u>\$31,708,367</u>
<u>2021-2022 Program Year</u>				
<u>2020-2021 RERF</u>	<u>\$20,000,950,000</u>	<u>\$11,694,637,250,000</u>	<u>To be Determined \$3,300,000</u>	<u>\$31,694,637</u>
<u>Utility</u>	<u>\$3,384,018</u>	<u>\$5,640,031</u>	<u>\$2,256,012</u>	
<u>Total (\$27,780,061)</u>	<u>\$8,334,018</u>	<u>\$13,890,031</u>	<u>\$5,556,012</u>	

### 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 utility and is energized.”<sup>610</sup> Section 6.14.5 describes the options for the capacity factor used in the Adjustable Block Program to convert kilowatt size of a project to the number of RECs the system would be expected to generate over 15 years. Those same options ~~will be used for~~ apply to Illinois Solar for All, the price paid will be expressed on a dollar per REC basis, and payments will be based upon the 15-year expected REC production of the system. For example, as described in that section, using the standard capacity factor would mean that for each kW of capacity for a fixed-mount system, approximately 21 RECs would be generated over 15 years.

Payments for Illinois Solar for All incentives ~~will be take the form of~~ upfront payments ~~on~~ upon energization of systems, with the ~~same conditions~~ similar conditions as the Adjustable Block Program that a system must also be registered in GATS or M-RETS ~~so as to be able~~ to verify that it will produce RECs. However, as discussed in Section 8.6.4, the Agency proposes a different payment structure for Low-Income Community Solar Pilot Projects, which do not participate in the Adjustable Block Program.

REC delivery contracts are ~~Contracts will be~~ either with the Agency or an electric utility, depending on the funding source,<sup>611</sup> and will include the assignment of RECs from each system for 15 years. RECs from these contracts will be applied to the annual RPS goals of the utility to which the project is interconnected, but will do not count toward each utility’s new photovoltaic project targets.<sup>612</sup>

<sup>609</sup> This annual total budget figure, and the one below for 2021-2022, are for the three non-competitive sub-programs.

<sup>610</sup> 20 ILCS 3855/1-56(b)(3).

<sup>611</sup> 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.”)

<sup>612</sup> See id.

Projects that receive a contract through Illinois Solar for All will not be eligible also to receive a contract through the Adjustable Block Program.<sup>613</sup>

Contracts with the Agency (that utilize funds from the RERF) will be standard contracts that include ~~all~~ required state contract provisions—~~such as terms, conditions, and attachments~~—including ~~a clause stating that they are~~ payment is subject to appropriation. Contracts with the utilities may have ~~some~~ similarities, but will vary given the different ~~sets of regulations~~ requirements applicable to ~~which each~~.<sup>614</sup> ~~Similar to what was discussed in Section 6.7 regarding contracts for the Adjustable Block Program, the Agency and utilities must abide~~.<sup>615</sup> ~~published 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 this Revised Plan, the Agency will endeavor to also update the Illinois Solar for All REC contract structure along similar lines to the Section 6.7 discussion, including updates to the payment withholding in lieu of collateral option as discussed in Section~~ 6.14.6.

The 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 suggests that RECs from those projects procured through contracts with the Agency using the RERF would not be applied to the utility RPS goals, while any RECs procured through contracts with a utility would be applied to the RPS goals of the contracting utility.

## 8.5. Programs

Section 1-56(b)(2) outlines four sub-programs of the Illinois Solar for All Program:

1. Low-Income Distributed Generation Incentive
2. Low-Income Community Solar Project Initiative
3. Incentives for Non-Profits and Public Facilities
4. Low-Income Community Solar Pilot Projects

The first three of these ~~will~~ sub-programs provide an incentive based on the price per REC from the Adjustable Block Program, with adjustments to that price as described below to account for the specific needs of the Illinois Solar for All Program. The fourth sub-program will be competitively procured based on the competitive procurement approach discussed in Chapter 5, and further below in Section 8.6.4.

In addition to those four components, a provision of the Act allows stakeholders to propose alternative programs,

*“In the course of the Commission proceeding initiated to review and approve the plan, including the Illinois Solar for All Program proposed by the Agency, a party may propose an additional low-income solar or solar incentive program, or modifications to the*

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<sup>613</sup> Section 1-56(b)(3) requires that for Illinois Solar for All contracts, “[t]he payment shall be in exchange for an assignment of 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.

<sup>614</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 151-152.

<sup>615</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 151-152.



*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.”<sup>616</sup>*

Based on experience and best practices in other states and jurisdictions, the Agency is proposing program elements in Section 8.7 intended to increase the success of low-income solar deployment in Illinois. Those elements are intended to go beyond providing financial incentives to include providing guidance on project development for low-income customers, non-profits, and public sector customers. Additionally, the Agency will continue to monitor the treatment of multi-family buildings under the Low-Income Distributed Generation Incentive sub-program ~~(and will include the results of that monitoring for the Commission as part of its 2019 Plan update)~~ and reserves the right to propose new sub-programs when the Plan is revised in 2019.<sup>617</sup>

Any changes (compared to the Initial Plan) to sub-program terms and conditions, and other general aspects of Illinois Solar for All, described subsequently in this Chapter 8 (as well as the budgetary discussion in Section 8.4 above) will be effective for the 2020-2021 and 2021-2022 program years and will not apply to the 2019-2020 program year which will still be underway at the time the Agency expects this draft Revised Plan to be approved by the Commission.

As listed in Table 8-3, ~~at least \$30~~approximately \$27.9 million is expected to be available ~~for the 2018-2019 delivery year. The \$10~~in program year 2020-2021 and \$27.8 million ~~of~~in program year 2021-2022 for the non-competitively procured sub-programs. The utility-supplied funding will not be available for the Low-Income Community Solar Pilot Projects,<sup>618</sup> and the percentage funding allocations only apply to the funds from the Renewable Energy Resources Fund. The Agency proposes that the utility-supplied funding will be evenly allocated to the other three programs at the same relative weightings, but will monitor activity and may shift the use of the utility funding between sub-programs as needed.

**Table 8-3: Delivery Year 2018-2019 Illinois Solar for All Funding Allocations**

<b>Funding Source</b>	<b>Low-Income Distributed Generation Incentive</b>	<b>Low-Income Community Solar Project Initiative</b>	<b>Incentives for Non-Profits and Public Facilities</b>	<b>Low-Income Community Solar Pilot Projects</b>
	22.5%	37.5%	15%	25%
RERF	\$4,500,000	\$7,500,000	\$3,000,000	\$5,000,000
Utility	\$3,000,000	\$5,000,000	\$2,000,000	
<b>Total</b>	<b>\$7,500,000</b>	<b>\$12,500,000</b>	<b>\$5,000,000</b>	<b>\$5,000,000</b>

<sup>616</sup> 20 ILCS 3855/1-56(b)(4).

<sup>617</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 153.

<sup>618</sup> See Section 8.6.4 for a discussion of funding sources for the Low-Income Community Solar Pilot Projects.

~~Note that these funding allocations include program administration expenses, grassroots education funding (up to 5% of available funds), as well as payments for RECs.~~

## 8.6. Setting Incentive Levels

The incentive levels described in the following Sections were derived by ~~taking~~utilizing the REC prices for the Adjustable Block Program as described in Section 6.4 and ~~making adjustments~~adjusting those prices to meet the objectives of the Illinois Solar for All Program. These incentives ~~and~~ will be offered through a 15-year REC delivery contract, either with the Agency for projects funded with the Renewable Energy Resources Fund, or a utility for projects funded through utility-supplied funds.

Incentive levels are expressed as REC prices, and will be set according to the same groups and categories as the Adjustable Block Program (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 will initially not be ~~changed~~adjusted upward or downward based upon blocks of capacity filling up. Rather, the Agency proposes to review and update the incentive levels on an annual program year basis. That update will include an adjustment to account for how the comparable Adjustable Block Program REC price for each Group and category has changed since the previous update (or original REC prices as determined in this Plan), 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.

For this draft Revised Plan, the Agency is not proposing any changes to REC prices because with Solar for All. Because the Program opened for project applications in May 2019, the Agency lacks sufficient market information to make confident market-based adjustments to REC prices. The Agency welcomes stakeholder comments on this draft Plan regarding the REC prices described below.

For the Low-Income Distributed Generation Incentive sub-program, the Adjustable Block Program's REC prices ~~are~~were adjusted 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.<sup>619</sup> For the Low-Income Community Solar, ~~the sub-program, those~~ REC prices ~~are~~were adjusted by shortening the financing term to five years and lowering the debt financing to 35%. For the ~~non-profit~~Incentives for Non-Profits and Public Facilities ~~incentive, the sub-program~~, REC prices ~~are~~were adjusted by considering the project as a non-taxable entity. The Agency believes these approaches represent reasonable proxies for the higher incentive level needed for Illinois Solar for All projects to overcome the financing barriers and other hurdles these project face.

### 8.6.1. Low-Income Distributed Generation Incentive

The Low-Income Distributed Generation Incentive sub-program is intended to provide funding for photovoltaic projects located on individual homes and multi-~~family~~unit residential buildings. In addition to the requirements of the Adjustable Block Program, qualifying projects will be subject to the additional low-income consumer protections outlined in Section 8.14. As described in Section 8.15.4, 25% of available funding will be targeted to environmental justice communities.

<sup>619</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 155; see also Appendices E-3-a and E-3-b.

### **8.6.1.1. Eligibility**

The Agency proposes to treat residential buildings with one to four units differently than residential buildings with five units or more. For single-family homes, households ~~will have to~~must verify that they are low-income; for two-~~to-~~four-unit residential buildings, at least two of the households ~~will have to~~must be verified as low-income. For five-unit and larger residential buildings, either at least 50% of the tenants must be verified as low-income, or the building must be demonstrated to meet the definition of “affordable housing” contained in the Illinois Affordable Housing Act. ~~See Section 8.13.1 for more information on income verification and Section 8.13.2 for more information on income eligibility.~~<sup>620</sup> 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) ~~would~~ also qualify. The income qualification levels required for participation in these programs is lower than income requirements for the Illinois Solar for All program.

The project selection protocol<sup>621</sup> developed by the Program Administrator scores projects in a manner that will help to ensure a diversity of projects between 1-4 unit buildings and larger buildings.

For this draft Revised Plan, the Agency seeks feedback on whether mixed-use residential buildings (e.g., with both residential and commercial tenants) should have additional considerations/restrictions to account for the portion of the building that does not serve residential tenants.

### **8.6.1.2. Demonstrating Tangible Economic Benefits for Residents of Multifamily Buildings**

Section 1-56(b)(2) requires that the Illinois Solar For All incentives deliver tangible economic benefits for eligible low-income customers, including those that live in multifamily buildings. Multifamily 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; but instead the benefits accrue to the building owner/manager. Therefore, for master-metered building owners to be eligible for the Low-Income Distributed Generation ~~incentives~~Incentive sub-program, the building owner/manager will need to commit to passing along at least 50% of the energy savings from net metering to the tenants through reduced (or not raised) rents, or by other means, ~~and additionally communicate to residents those benefits and how they resulted from the installation of solar.~~ The commitment should also include a description of how this will be accomplished.

For multifamily buildings that are not master metered, one challenge is that the photovoltaic system will most likely be connected to the main building account that serves common areas and building-

<sup>620</sup> See Section 8.13.1 for more information on income verification and Section 8.13.2 for more information on income eligibility (including a required commitment for owners of multifamily buildings).

<sup>621</sup> See: <https://www.illinoisfsfa.com/app/uploads/2019/05/ILSFA-Project-Selection-Protocol.pdf> for the 2018-2019 and 2019-2020 program year protocol. As stated in Section 8.6.2, an updated project selection protocol will be developed for program years 2020-2021 and 2021-2022.

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 tenants as for master-metered buildings, or in the alternative, must commit to offering 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(l)(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.”

For this draft Revised Plan the Agency would welcome stakeholder feedback on if the benefits described above should flow to all tenants of a qualified building, or only to the verified low-income tenants. Furthermore should tenants who are not low-income be allowed to participate in net metering pursuant to Section 16-107.5(l)(1)(B) of the PUA?

### 8.6.1.3. Incentive Level

**Table 8-4: Incentives for the Low-Income Distributed Generation Program, 1-4 unit buildings (\$/REC)**

System Size	Group A	Group B
≤10 kW	\$143.09	\$143.09
>10 - 25 kW	\$127.55	\$127.55
>25 - 100 kW	\$103.28	\$103.28
>100 - 200 kW	\$90.40	\$90.40
>200 - 500 kW	\$84.41	\$84.41
>500 <del>-2000-</del> <u>2,000</u> kW	\$80.69	\$80.69

**Table 8-5: Incentives for the Low-Income Distributed Generation Program, 5+ unit buildings (\$/REC)**

System Size	Group A	Group B
≤10 kW	\$117.62	\$118.20

>10 - 25 kW	\$107.08	\$107.65
>25 - 100 kW	\$87.70	\$88.28
>100 - 200 kW	\$74.67	\$75.26
>200 - 500 kW	\$68.59	\$69.19
>500 <del>-2000-</del> <u>2,000</u> kW	\$65.32	\$65.92

These incentive payments are intended to be sufficient to provide tangible economic benefits to participants through enabling project developers to eliminate upfront costs to the participants for the installation of photovoltaic projects. The incentive will be a standard incentive expressed as a payment for the contractually obligated delivery of a renewable energy credit and not customized for each project.

Projects that participate in this incentive will also be subject to the provisions related to job training discussed in Section 8.9.

### 8.6.2. Low-Income Community Solar Project Initiative

This sub-program, or initiative, is intended to support participation in community solar by low-income subscribers. ~~In order~~ To qualify for this initiative, ~~a set of conditions for a community solar project are required that go projects must meet conditions~~ beyond the requirements ~~outlined in the Act~~ for community renewable generation projects ~~outlined in the Act~~ and ~~for beyond those applicable~~ community solar projects that participate in the Adjustable Block Program. These include:

- *“Each 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.”*
- *“Incentives 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.”<sup>622</sup>*

For the first provision, ~~Illinois Solar for All/LSFA~~ Approved ~~Vendors submitting a Low-Income Community Solar Project will need to~~ Vendors’ project applications must include ~~in the application for that project~~ a description of a partnership with community stakeholders in the community where the project will be located. applicable to that project. While the 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

<sup>622</sup> 20 ILCS 3855/1-56(b)(2)(B).

- Program design, implementation, and evaluation components have residents intimately involved, in leadership positions.<sup>623</sup>

The Agency will consider entities that demonstrate ~~how~~that they meet this definition as being able to represent community stakeholders in a partnership. Furthermore, the Agency believes the intent of the 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 members of the community.

In this draft Revised Plan, the Agency proposes to clarify that public entities are not considered community-based organizations for the purpose of this requirement and seeks stakeholder input on whether this is an appropriate clarification.

If the proposed project has an anchor tenant that does not qualify as a low-income residential household, the application should 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-income incentive. ~~For the purposes of this adjustment, if the draft Revised Plan the Agency proposes that for any anchor tenant is a not-for-profit, that reduction would be achieved by pricing their share at the equivalent applicable Adjustable Block Program REC price (i.e., non-profit organization or a public sector entity, then the incentive will not be reduced to account anchor tenants would no longer qualify for the share subscribed by the higher ILSFA price).~~ A project may only have one anchor tenant. ~~This is intended to encourage projects to have not-for-profit or public sector anchor tenants rather than for-profit entities, and that anchor tenant must be identified at the time of application.~~

~~For the second provision,~~ In order to encourage projects that have deep community connections, the Agency proposes that the separately-developed project selection protocol for the 2020-2021 and 2021-2022 program years (see Section 8.12.2) be updated to reflect the following prioritization in project selection:

- Projects without an anchor tenant (to maximize low-income subscriber participation);
- 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.

To qualify for any preference in project selection for a project with an anchor tenant, the anchor tenant subscription must be at least 20% of the project size (and, by law, may not be more than 40%).

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<sup>623</sup> National Community-Based Organization Network (NCBON), "What is a Community-Based Organization (CBO)?" <https://sph.umich.edu/ncbon/whatis.html>. Accessed September 2017.

Regarding projects “that are 100% low-income subscriber owned,” the Agency assumes the Act intended the plain meaning of the word “ownership,” and not that projects be merely 100% “subscribed” by low-income customers. For projects that can demonstrate that they are 100% owned by low-income subscribers (including not-for-profit organizations, and affordable housing owners), the incentive level will be increased by \$5/REC. To be eligible for this additional incentive, the Illinois Solar for All Approved Vendor will need to certify the intent for the project to be 100% low-income subscriber owned at the time of application, and if the project is not initially structured this way, the applicant will have up to six years after energization to complete the full transfer of ownership to the low-income subscribers. The price of the transfer must be provided at the time of application, and will be subject to approval by the Agency. ~~†~~The application must also contain a commitment that the project remain 100% low-income subscriber owned after the transfer. The additional incentive will be paid only upon the Illinois Solar for All Approved Vendor providing documentation to the Agency that the project is 100% low-income subscriber owned. The Agency understands that 100% low-income subscriber owned projects may face challenges in arranging financing. However, as the Act clearly states “100% low-income subscriber owned,” the Agency is not able to offer flexibility to allow other ownership models for this provision.

As described in Section 8.15.4, 25% of available funding will be targeted to environmental justice communities.

### 8.6.2.1. Incentive Level

**Table 8-6: Incentives for Low-Income Community Solar Projects (\$/REC)**

System Size	Group A	Group B
≤10 kW	\$121.99	\$119.55
>10 - 25 kW	\$111.98	\$109.52
>25 - 100 kW	\$93.32	\$90.82
>100 - 200 kW	\$80.72	\$78.20
>200 - 500 kW	\$74.78	\$72.23
>500 <del>-2000-</del> <u>2,000</u> kW	\$71.29	\$68.74
Co-located systems exceeding 2 MW in aggregate size	\$64.88	\$62.30

These incentives for Low-Income Community Solar Projects are for the portion of the project that is subscribed by low-income subscribers: (which includes a non-profit or public facility anchor tenant). In order to receive the incentive at the time of energization, the Approved Vendor will have to verify the level of low-income subscribers to the Project as outlined in Section 8.13.1. The Agency notes that the Adjustable Block Program only requires 50% of subscribers (in kW volume) to be identified at the time of energization, and that residential adders are granted only if the project meets the

residential subscriber level after one year of operation. This principle will apply to Low-Income Community Solar as well. Only 50% of the low-income subscribers will need to be identified by the time the project is energized to receive the incentive. However, the amount of incentive payment will be prorated to the anchor and low-income subscription ~~level~~levels at the time of energization. After one year, ~~the remaining incentive will a payment adjustment shall potentially~~ be ~~paid~~made based upon the anchor and low-income subscription level achieved by that time.

~~In order~~To ensure ongoing subscription levels by low-income subscribers, the Approved Vendor will have to provide ongoing collateral for ten years equal to 5% of the remaining REC value and report annually on low-income 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 subscription.

Additionally, the “adders” for small subscriber participation, as defined and described in Section 6.5.3 above relating to community solar projects in the Adjustable Block Program, will also apply to the REC prices for participating projects in the Low-Income Community Solar Project Initiative sub-program.<sup>624</sup>

### **8.6.3. Incentives for Non-Profits and Public Facilities**

Section 1-56(b)(2)(C) of the 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.”<sup>625</sup> The Act does not specify what specific non-profit organizations or public sector customers may be eligible.

Given that the objective of the Illinois Solar for All Program is in part, “to bring photovoltaics to low-income communities,”<sup>626</sup> it ~~could be~~is reasonable to infer that ~~the only~~ non-profits and public sector customers that in some manner serve low-income communities should be ~~given specific consideration~~eligible. However, the Act could also be interpreted such that all non-profits and public facilities would be eligible to participate; this interpretation would be consistent with the General Assembly’s findings that “the State should encourage the adoption and deployment of cost-effective distributed energy resource technologies and devices, such as photovoltaics, which can encourage private investment in renewable energy resources, stimulate economic growth, enhance the continued diversification of Illinois’ energy resource mix, and protect the Illinois environment”<sup>627</sup>—which could involve a wider range of photovoltaic facilities that would be eligible for these incentives. 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 and environmental justice communities to align with the implied legislative objectives has been the Agency’s approach.

<sup>624</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 155.

<sup>625</sup> 20 ILCS 3855/1-56(b)(2)(C).

<sup>626</sup> 20 ILCS 3855/1-56(b)(2).

<sup>627</sup> Public Act 99-0906, Section 1(a)(1) (“Findings”).



~~In order~~ To balance these objectives, initially Illinois Solar for All Approved Vendors will have to demonstrate that the project ~~meets one of the following criteria:~~

- ~~1. Document that the project~~ Has project financing structured in such a way that the project is not able to make use of federal tax credits, and/or accelerated tax depreciation.
- ~~1.2. Documents that it~~ meets the standards described in Section 8.11 related to projects having sufficient connection to, and input from, low-income community members; ~~or~~
- ~~3. Demonstrate~~ Is sited within an environmental justice community<sup>628</sup> or low-income community;<sup>629</sup> and
- ~~2.4. Serves the electricity load of a building~~ that the project is located at a facility owned and occupied by an organization that is a critical service provider for the community (e.g., youth centers, hospitals, schools, homeless shelters, senior centers, community centers, places of worship, affordable housing providers including public housing sites). For a public facility, the building must be owned by a unit of government and must host a critical service provider meeting this standard.

~~After one year of operation, the Agency will assess participation in the program, and if participation in the program is not meeting its budgeted goals, then eligibility will be expanded to other non-profits and public facilities.~~

As described in Section 8.15.4, 25% of available funding will be targeted to environmental justice communities.

### 8.6.3.1. Incentive Level

**Table 8-7: Incentives for Non-Profits and Public Facilities (\$/REC)**

System Size	Group A	Group B
≤10 kW	\$155.87	\$156.57
>10 - 25 kW	\$142.55	\$143.26
>25 - 100 kW	\$118.57	\$119.28
>100 - 200 kW	\$102.83	\$103.55
>200 - 500 kW	\$95.61	\$96.34
>500 - 2000 kW	\$91.31	\$92.04

<sup>628</sup> As defined by the methodology outlined in Section 8.15.2 of this Revised Plan.

<sup>629</sup> 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.

#### 8.6.4. Low-Income Community Solar Pilot Projects

Low-Income Community Solar Pilot Projects will participate in the Illinois Solar for All Program in a manner that is different from projects that participate in the other portions of the Program.

Unlike those other programs, the Low-Income Community Solar Pilot Projects “shall be competitively bid by the Agency, subject to fair and equitable guidelines developed by the Agency.”<sup>630</sup> This means that rather than applying to the Illinois Solar for All Program and receiving an administratively determined REC price, the incentive will be determined through a competitive bidding process as outlined in Chapter 5. The Agency has a well-established process for competitive procurements, and for this process, the Agency will leverage that experience.

In addition to the general provisions that the Agency uses for competitive procurements (e.g. sealed, pay-as-bid request for proposal process), the Agency also recommends that certain provisions related to other community solar projects also apply to the pilot projects: including the eighteen-month window of time for project development, and project and customer information requirements.

The procurement for Low-Income Community Solar Pilot Projects will be bid on a \$/REC basis, for contracts ~~that will be~~ for 15 years of delivery of all RECs from the project to the Agency once the project is energized. The price paid will be based solely on the bid price and will not include any payment based on the Adjustable Block Program REC prices (or adders/adjustments). PaymentsFor this draft Revised Plan, the Agency proposes that payments for projects contracted through this sub-program in 2020-2021 or 2021-2022 will be made over the 15 years of REC deliveries (rather than the first 10 years of as in the contract.Initial Plan). To ensure that the procurement follows “fair and equitable guidelines,” the Agency proposes that bids be evaluated only on the basis of price, as this is the most objective way to consider bid evaluation. While the Low-Income Community Solar Pilot Project procurement process requires additional considerations (described below), the Agency believes that those considerations are better applied as minimum criteria for determining eligibility to participate in the procurement rather than applied to the evaluation of competing bids (with the limited example provided below for why bids could be considered out of price order).

There are several considerations under Section 1-56(b)(2)(D) of the Act for how the competitive procurement is conducted that must be specifically considered and adapted for the Low-Income Community Solar Pilot Projects competitive procurement.

First, the Agency notes that the total funding over time for Low-Income Community Solar Pilot Projects cannot exceed \$50,000,000, and that it cannot exceed \$20,000,000 per project. However, as discussed in Section 8.4.1, only a maximum of \$37.5 million is available from the RERF for this sub-program. Furthermore, projects are allowed to be larger than the 2,000 kW limit that otherwise applies for community renewable generation projects under net metering laws and tariffs. ~~This means that as few as three projects could be selected to participate (e.g., two \$20,000,000 projects and one \$10,000,000 project), although depending on the winning bids, the number of projects could be greater.~~

Second, projects “must result in economic benefits for the members of the community in which the project will be located.” The Agency believes that this provision can be met by requiring projects that wish to bid in the procurement adhere to the same provisions as the Low-Income Community Solar

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<sup>630</sup> 20 ILCS 3855/1-56(b)(2)(D).

Projects in terms of partnerships with community stakeholders. Projects must also provide information about how they will comply with this provision through options such as providing a commitment to local hiring, describing impact on payments to community residents or organizations as part of the project development process, and offering of subscriptions to community residents and organizations. Failure to meet commitments made during the bidder/project registration phase of the procurement will be considered actions that would result in a default and cancellation of the contract.

Third, projects “must include a partnership with at least one community-based organization.” Information on the partnership will be required to register during the initial bidder registration phase and projects that cannot demonstrate such a partnership will not be eligible to bid. As described in Section 8.6.2, the community-based organization(s) should be an existing non-profit organization that provides programs and services within the community where the proposed project will be located.

Fourth, funds “may not be distributed solely to a utility;” and fifth, “at least some funds under this subparagraph (D) must include a project partnership that includes community ownership by the project subscribers.” These two provisions create interesting challenges in the evaluation of bids. For example, if bids are received and only the highest priced bid includes “a project partnership that includes community ownership,” (a distinct requirement around ownership that goes beyond the requirement that applies to all projects that they have a partnership with a community-based organization) but constitutes the only project able to be supported under the available budget, it would have to be selected. Similarly, ~~in order~~ to ensure that funds are not distributed solely to utilities, bids may need to be selected out of price order, otherwise, only a utility project would win.

Because utilities are potentially bidders in this procurement, ~~the Agency recommends that the~~ contracts resulting from this procurement may only be entered into by the Agency and only use the Renewable Energy Resources Fund as a source of contract funding. While generally the Illinois Solar for All Program allows for contracts to be entered into either with the Agency (using the RERF) or with one of the utilities, it would be inappropriate for utilities potentially to enter into contracts with themselves, and furthermore, the procurement process could allow for them as the Buyer to receive confidential information from competing bidders (e.g., potential Sellers).

The Agency ~~recommends that the~~ is planning a procurement for Low-Income Community Solar Pilot Projects ~~be conducted~~ in late ~~2018 or early~~ 2019. ~~Prior to accepting bids for the Low Income Community Solar Pilot Project procurement, with a budget of \$20 million (which will cover the 15-year REC contract value of selected projects).~~ The Agency ~~and its Illinois Solar for All Program Administrator will work with stakeholders to refine and finalize will consider changes to the~~ requirements for bidder participation.<sup>631</sup> ~~based upon a review (including the opportunity for stakeholder input) of the results of that first procurement, and will hold another procurement for the remaining balance of funds in this sub-program available during either the 2020-2021 or 2021-2022 program years.~~

## 8.7. Providing Guidance and Education

The Illinois Solar For All Program provides substantial financial incentives intended to enable low-income, non-profit, and public sector customers to share in the benefits of solar power. These

<sup>631</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 161.

customers are specifically identified in the legislation partly because they face additional hurdles in deploying solar, such as a lack of taxable income needed to monetize tax-based incentives, a lack of access to capital, or institutional barriers that limit deployment.

At the same time, such customers have access to a wide variety of non-energy programs and policies intended to promote economic development, provide affordable housing, and reduce the burdens of poverty. Programs from the U.S. Department of Housing and Urban Development, for example, provide financial assistance for housing and utility bills. Such programs are supporting solar deployment to reduce utility expenses for both residents and taxpayers.

Experience in other states has shown that there are many finance-related and other policies and programs at the federal, state, and local level that can be applied to low-income solar development. The Agency believes that the Illinois Solar For All Program would benefit from guidance and education provided to Illinois Solar for All Approved Vendors, community groups, public-sector customers, and others, in addition to the financial incentives described in other sections of the Plan. One vehicle for providing such guidance ~~will be~~ the Program Administrator(s) ~~selected to manage who manages~~ the Illinois Solar For All Program. ~~Therefore, related tasks will be included in the requirements for program administration, described below.~~

### **8.8. Illinois Solar for All Program Administrator**

~~The Program Administrator(s) will be selected on the basis of evaluating their ability to implement the program described here, and specifically the selection criteria will include consideration of applicant's "experience in administering low-income energy programs and overseeing statewide clean energy or energy efficiency services."<sup>632</sup> The selection of one or more Program Administrators may depend on the ability of applicants to adequately serve the entire State, and/or to serve specific sub-programs (in particular the ability to differentiate the needs of single-family and multifamily housing and provide the appropriate support and technical assistance to each sector). Program Administrator(s) may not also be an Illinois Solar for All Approved Vendor. The Request for Proposals for Illinois Solar for All Program Administrator(s) and for the Adjustable Block Program Administrator were conducted separately, with no prohibition against an entity serving in both roles.<sup>633</sup>~~

~~The Agency will review and score the Request for Proposals submitted by qualified bidders and will submit the contracts for its selected bid(s) to the Commission for Approval. The Agency will also provide the Commission with information about all bids received. The approval of the contract(s) for the Illinois Solar for All Program Administrator will be subject to approval by the Commission. The selection process is expressly exempted from the Illinois Procurement Code.<sup>634</sup>~~

~~The Program Administrator for the Illinois Solar for All Program was 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.~~

The Illinois Solar for All Program Administrator(s) will at minimum:

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<sup>632</sup> 20 ILCS 3855/1-56(b)(5).

<sup>633</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 163-164.

<sup>634</sup> 20 ILCS 3855/1-56(f).

- 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 application materials); generation of contracts). This ~~will include~~ 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 participants.
- 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 ~~grass-roots~~ 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 ~~will act~~ acts as a liaison between Illinois Solar for All Approved Vendors participating in the programs and organizations providing job training. The Program Administrator ~~will~~ shall 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 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.
- ~~Develop~~ 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.

~~The Agency issued a Request for Qualifications on January 18, 2018 and then a Request for Proposals on March 30, 2018 for one or more Illinois Solar for All Program Administrator(s).<sup>635</sup> Responses to the Request for Proposals were received on May 7, 2018, and in-person interviews were held between the Agency and qualified entities that had submitted RFP responses from June 18-21. At the time this Plan was finalized and filed with the Commission, a Program Administrator for the Illinois Solar for All Program had not yet been selected.~~

## 8.9. Quality Assurance

Due to the higher incentive level ~~of total incentives~~ that Illinois Solar for All projects will receive compared to those that participate ~~solely~~ in the Adjustable Block Program, 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 8.17), the Illinois Solar for All Program Administrator ~~will develop~~has developed and ~~implement~~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, the Illinois Solar for All Approved Vendor, at its own expense, will be responsible for any repairs, alterations, or additions to remedy the deficiencies. 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.

## 8.10. Coordination with Job Training Programs

~~The Illinois Solar for All Program's organizing statute~~Section 1-56(b)(2) of the Act contains two provisions that are designed to ensure that the job trainees supported by the ComEd job training programs<sup>636</sup> established under Section 16-108.12 of the Public Utilities Act participate in the installation of photovoltaic projects supported by the program. 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, and shall endeavor to coordinate with the job training programs described in paragraph (1) of subsection (a) of Section 16-108.12 of the Public Utilities Act.”<sup>637</sup> This program is known as the “solar training pipeline program.” Under this provision, ComEd is to spend \$3,000,000 in each of 2017, 2021, and 2025 to train installers for the solar projects authorized and contemplated under the Solar for All program and other RPS programs. 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.”<sup>638</sup>

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<sup>635</sup> <https://www2.illinois.gov/sites/ipa/Documents/IPA%20-%20ILSFA%20-%20Program-Administrator%20-%2018-RFO-02%20%28Released%201182018%29.pdf>; <https://www2.illinois.gov/sites/ipa/Documents/2018ProcurementPlan/IPA-ILSFA-Program-Administrator-18-RFP-02-20180330.pdf>.

<sup>636</sup> ComEd's job training implementation plan was approved by the Commission on September 27, 2017 in Docket No. 17-0332.

<sup>637</sup> 20 ILCS 3855/1-56(b)(2).

<sup>638</sup> 220 ILCS 5/16-108.12(a)(1).

The availability of job training opportunities for Solar for All projects depends, in part, on the availability of graduates of the solar training pipeline program. ComEd's Request for Proposals from potential training providers was issued August 1, 2017 and remained open until September 30, 2017. The RFP emphasizes the need for training providers to include trainee recruitment, substantive solar industry training, and post-training opportunities.<sup>639</sup> Moreover, ComEd has committed "to coordinate with the Illinois Power Agency or its administrator of Illinois Solar for All."<sup>640</sup>

The second relevant provision ~~governing the Solar for All Program~~ is that, for the Low-income Distributed Generation ~~Incentives~~ sub-program, "[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."<sup>641</sup>

The Act does not specify what is meant by "a portion" and also does not define who would qualify as a "job trainee" in contrast with the prior provision that specifically ties it to the solar training pipeline program. The Agency notes that Section 16-108.12 of the Public Utilities Act not only creates the solar training pipeline program described above but also creates a "craft apprenticeship program" and a set of six "multi-cultural jobs programs." The Agency infers that graduates of those programs could reasonably be considered "job trainees" for the purposes of the Low-income Distributed Generation Incentive sub-program within Illinois Solar for All.

ComEd ~~has~~ stated in the ~~recent~~ ICC proceeding reviewing its Section 16-108.12 ~~jobs~~ job training ~~program~~ 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.<sup>642</sup> 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.<sup>643</sup> This program may be essential for ensuring the availability of job trainees across the State. In July 2019, ComEd released an annual report detailing the status of its job training programs under Section 16-108.12.<sup>644</sup>

To ensure that "a portion" of projects use job trainees, Illinois Solar for All Approved Vendors who participate in the Illinois Solar for All program should 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, or the multi-cultural jobs program. Furthermore, each Illinois Solar for All Approved Vendor will have to demonstrate that for their first year of

<sup>639</sup> Docket No. 17-0332, ComEd Ex. 1.0 (<http://www.icc.illinois.gov/downloads/public/edocket/451215.pdf>) at 8. As described further at the ~~site linked below~~ webpages linked below, recipients of Multi-Cultural Jobs Program grants were announced in August 2017: [https://www.comed.com/News/Pages/NewsReleases/2017\\_08\\_01.aspx](https://www.comed.com/News/Pages/NewsReleases/2017_08_01.aspx) and recipients of Solar Training Pipeline Program grants were announced in December 2017: [https://www.comed.com/News/Pages/NewsReleases/2017\\_12\\_07.aspx](https://www.comed.com/News/Pages/NewsReleases/2017_12_07.aspx).

<sup>640</sup> Docket No. 17-0332, ComEd/EDF/ELPC/LVEJO Joint Initial Comments at 5.

<sup>641</sup> 20 ILCS 3855/1-56(b)(2)(A).

<sup>642</sup> ICC Docket No. 17-0332, ComEd Ex. 1.0 at 12.

<sup>643</sup> Id. at 13.

<sup>644</sup> <https://www.icc.illinois.gov/docket/files.aspx?no=17-0332&docId=288221>.

participation, 10% of the hours worked on 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.

For this draft Revised Plan, the Agency seeks stakeholder feedback on whether the second and third year requirements are too challenging and should be modified (especially due to concerns related to staff turnover rates and achieving these proportions for small firms).

Illinois Solar for All Approved Vendors will be required to document the use of job trainees, and to provide a summary of their work to the Program Administrator. Illinois Solar for All Approved Vendors may also request to use job trainees from other job training programs so long as they can demonstrate that completion of the job training program would lead to the trainee becoming a “Qualified Person” under the Part 461 Rule related to the certification of installers of photovoltaic systems (see Section 2.3.2.4 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.

The Illinois Solar for All Program Administrator will coordinate with the entities providing job training to maintain a clearinghouse of information that Illinois Solar for All Approved Vendors can use to identify potential job training program graduates to hire. They expect the clearinghouse to be available by October 2019.

The Agency and its Program Administrator(s) will 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.

### **8.11. Additional Requirements for 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, ~~and therefore participation in the Illinois Solar for All Program will direct participants must first be coordinated through Illinois Solar for All approved as ABP~~ Approved Vendors ~~who are approved~~ through the process outlined in Section 6.9. Approved Vendors who ~~have seek to submit~~ projects ~~that they wish to have participate in into~~ Illinois Solar for All will additionally have to register with the Illinois Solar for All Program and agree to additional terms and conditions ~~in order~~ to become an Illinois Solar for All Approved Vendor.<sup>645</sup> An Approved Vendor that does not ~~do so achieve this status~~ will not be eligible to ~~have submit~~ projects ~~participate in, and receive incentives from, the~~. A list of Illinois Solar for All Program. The Agency will maintain on its website lists of Approved Vendors that will indicate which Approved Vendors are also registered to participate in the is available on both the Adjustable Block Program website and Illinois Solar for All Program 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)

<sup>645</sup> 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.



- Plan for inclusion of job training opportunities
- ~~For~~ For those indicating intention to submit projects that receive the Low-income Distributed Generation incentive sub-program, a commitment to hire job trainees for a portion of the projects as described in Section 8.10
- Coordination with the Program Administrator on income verification
- 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 8.14
- Demonstration that for low-income distributed generation and community solar projects that participants do not have any up-front payments.

The 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.”<sup>646</sup> ~~The Agency understands how these provisions may apply to~~ For community solar projects, these requirements apply through the requirement to identify partnerships with community stakeholders, ~~but~~. 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 and Public Facilities sub-program.

To ~~meet the intent of~~ 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 ~~be able to~~ 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
- ~~Participate~~ 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 ~~will~~ may result in an Illinois Solar for All Approved Vendor being removed from participating in the Illinois Solar for All Program.

## **8.12. Application Process**

### **8.12.1. 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 ~~will mirror~~ generally mirrors that for the Adjustable Block Program described in Section 6.14. Projects ~~will be~~ are submitted by Illinois Solar for All Approved Vendors

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<sup>646</sup> 20 ILCS 3855/1-56(b)(2).

through ~~the same~~ similar batch process as the Adjustable Block Program but the minimum batch size ~~will be~~ is 50 kW. There ~~will not be any~~ no application fee for Illinois Solar for All projects.

~~The application~~ Applications will ~~indicate that~~ be submitted through the ~~batch of projects is for~~ Illinois Solar for All project application portal and will provide the supplemental information required for those projects for Illinois Solar for All in addition to ~~all the information that~~ what would be required for an Adjustable Block Program project. 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 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. A project may not apply to the Illinois Solar for All Program if it is included in a batch of Adjustable Block Program projects that have been submitted to the Commission for approval (or subsequently approved). If a project applies to both programs, the Solar for All application will have to be withdrawn at the time the Adjustable Block Program 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 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. ~~Those~~ In this draft Revised Plan the Agency proposes that those contracts will be executed first with the utilities using the allocation from their Renewable Resources Budgets, and then by the Agency ~~if using funds are available~~ from the Renewable Energy Resources Fund. ~~Should those funds not be available (either due~~ This change from the order contained in the Initial Plan (which was to the annual budget being expended, or the lack of an annual approved appropriation), then execute contracts ~~will be with the Agency first)~~ is to recognize that with the end of the rollover period for utility collected funds there is more urgency to allocated to one of the utilities. For and spend those funds. For contracts allocated to a utility, the Program Administrator will strive to allocate contracts to each utility for projects in their service territory, and ~~also~~ in a manner that will obligate funds at a level consistent with each utility's share of funds committed to Illinois Solar for All.

For Low-Income Community Solar Pilot Projects, the application process will take place through registering for, then bidding in, the competitive procurement for those projects. Prior to accepting bids for the Low-Income Community Solar Pilot Project competitive procurement process, the Agency and its Illinois Solar for All Program Administrator will work with stakeholders to refine and finalize requirements for bidder participation.<sup>647</sup> The approval of contracts by the Commission will take the form of the Commission approving the results of the competitive procurement.

### **8.12.2. Project Selection for Sub-programs with High Demand**

Projects and batches for each sub-program (except for Low-income Community Solar Pilot projects) 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

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<sup>647</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 161.

budget (including RERF funds and utility funds)<sup>648</sup> 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 Revised Plan and creates a ranking of projects based on these scores. 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-income community (as defined above in Section 8.6.3),
- Projects developed by Approved Vendors that are women- or minority-owned businesses, or
- Preferences for types of subscribers in Low-Income Community Solar projects, as outlined in Section 8.6.2;
- 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 ensure the goal of 25% of funds going to Environmental Justice communities is met whenever possible. As discussed in Section 8.15.4 below, the 25% allocation for projects located in Environmental Justice communities 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 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.

The 2019-2020 project selection process may result in a waitlist of unselected projects within one or more sub-programs for that program year. The Agency proposes through this Revised Plan that each 2019-2020 waitlist would not be used after May 31, 2020.

### **8.13. Customer Eligibility**

Customer eligibility for the Illinois Solar for All Program is partly defined in the Act. Further refinements are proposed in this section.

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<sup>648</sup> Note that sub-program budgets are adjusted to account for any funds not committed in the previous program year and rolled over (although utility budgets cannot be rolled over starting with the uncommitted 2020-2021 utility budget), administrative expenses, and grassroots education costs. Furthermore, the Agency may adjust allocations of utility-supplied funding if needed.

### **8.13.1. Income Guidelines**

The Act states that 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.”<sup>649</sup>

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.<sup>650</sup>

Because the 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 2017 HUD guidelines for every area and adjusted for family size, are presented in Appendix F. These guidelines will be updated in 2022.

For Fiscal Year 2017, the HUD eligibility income limits for Illinois 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. (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.<sup>651</sup>

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<sup>649</sup> 20 ILCS 3855/1-56(b).

<sup>650</sup> HUD, FY 2017 Income Limits Documentation System at <https://www.huduser.gov/portal/datasets/il.html>.

<sup>651</sup> <https://www.huduser.gov/portal/datasets/il/il17/State-Incomelimits-Report-FY17.pdf>. For metropolitan area and county level income limits, see: [https://www.hudexchange.info/resource/reportmanagement/published/HOME\\_IncomeLmts\\_State\\_IL\\_2017.pdf](https://www.hudexchange.info/resource/reportmanagement/published/HOME_IncomeLmts_State_IL_2017.pdf).

**Table 8-8: HUD Income Limits**

HUD State Income Limits: Illinois FY 2017								
Median family income (MFI) = \$74,100								
Persons in household	1	2	3	4	5	6	7	8
30% of median ("extremely low income")	\$15,550	\$17,800	\$20,000	\$22,250	\$24,000	\$25,800	\$27,550	\$29,350
50% of median ("very low income")	\$25,950	\$29,650	\$33,350	\$37,050	\$40,000	\$43,000	\$45,950	\$48,900
<b>80% of median ("low income")</b>	<b>\$41,500</b>	<b>\$47,400</b>	<b>\$53,350</b>	<b>\$59,300</b>	<b>\$64,000</b>	<b>\$68,750</b>	<b>\$73,500</b>	<b>\$78,250</b>

It should be noted that other low-income energy programs, such as the Illinois Home Weatherization Assistance Program ("IHWAP") and the Low-Income Home Energy Assistance Program ("LIHEAP") have eligibility guidelines that are updated each program year, based on the federal poverty level, (not area income,) with state-wide statewide values. Eligible Eligibility guidelines are set for households with income below 200% and 150% of the federal poverty level, depending on the program. Illinois eligibility guidelines for Illinois are set by the Department of Commerce and Economic Opportunity, and are shown in Table 8-9.<sup>652</sup>

**Table 8-9: Eligibility Guidelines for LIHEAP and WAP in Illinois**

Household Size	2017 Illinois LIHEAP eligibility		2018 IHWAP Income Eligibility Guidelines	
	30 Day Income	Annual income (150% of FPL)	State Funds (150% of FPL)	Federal -Funds (200% of FPL)
1	\$1,508	\$18,090	\$18,090	\$24,120
2	\$2,030	\$24,360	\$24,360	\$32,480
3	\$2,553	\$30,630	\$30,630	\$40,840
4	\$3,075	\$36,900	\$36,900	\$49,200
5	\$3,598	\$43,170	\$43,170	\$57,560
6	\$4,120	\$49,440	\$49,440	\$65,920
7	\$4,643	\$55,710	\$55,710	\$74,280
8	\$5,165	\$61,980	\$61,980	\$82,640

In all regions of Illinois, 150% of the federal poverty level is lower than 80% of Adjusted Median Income ("AMI") for all household sizes. Thus, all households eligible for LIHEAP are also eligible for Illinois Solar For All. Households participating in IHWAP using state funds are also eligible, while those using Federally funded IHWAP (200% of FPL) may be eligible in some areas of the state and

<sup>652</sup> Illinois Department of Commerce and Economic Opportunity, "Community Assistance, Energy Efficiency and Infrastructure," <https://www.illinois.gov/dceo/CommunityServices/Pages/default.aspx>. Accessed September 2017.

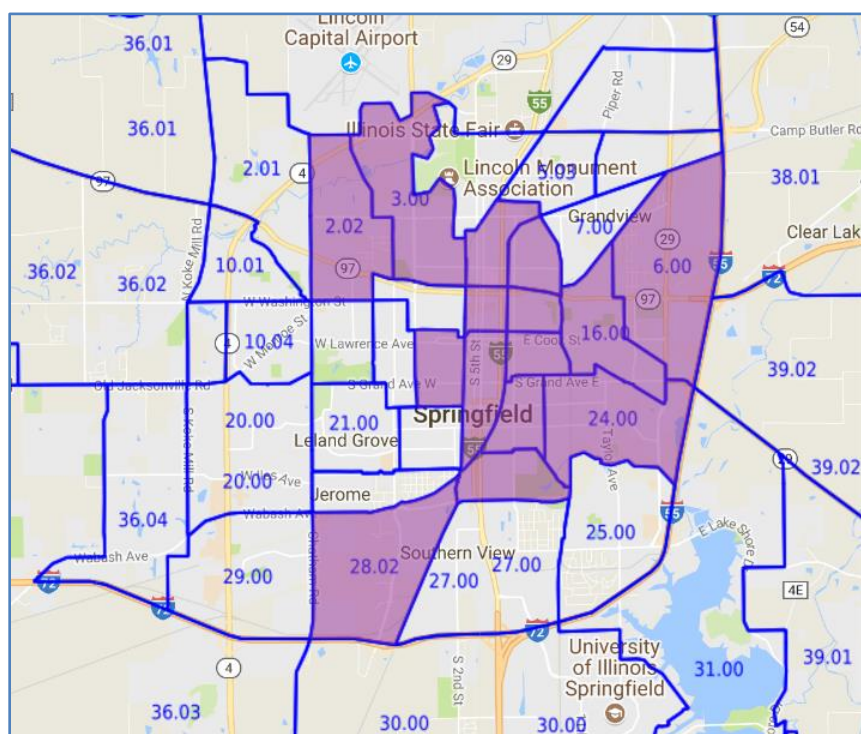
some household sizes, but not others. The tables in Appendix F compare HUD eligibility levels to LIHEAP and IHWAP income eligibility levels.

Another approach to identifying low-income customers, by geographic area rather than by individual household income, is to use HUD's "Qualified Census Tracts"<sup>653</sup> which are used to define eligibility for the Low-Income Housing Tax Credit (LIHTC).<sup>653</sup> Qualified Census Tracts must have 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 8-1 as an example.

The Agency will use QCTs (along with subscriber affidavits) as a streamlined method for determining eligibility for low-income community solar customers/subscribers, as discussed in the next section.

Figure 8-1: Springfield Qualified Census Tracts



Source: HUD, [https://www.huduser.gov/portal/sadda/sadda\\_qct.html](https://www.huduser.gov/portal/sadda/sadda_qct.html)

<sup>653</sup> HUD, "Qualified Census Tracts and Difficult Development Areas," web site accessed July 19, 2017. <https://www.huduser.gov/portal/datasets/qct.html>.

### 8.13.2. Determining Income Eligibility

The Agency proposes several approaches to determining income eligibility for the Illinois Solar for All Program.

For projects that participate in the Low-income Distributed Generation Incentive Program sub-program, verification of income should be done at the household resident level. This can be done in ~~a number of several~~ ways.

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 energy program (such as LIHEAP or state-funded IHWAP), in HUD's housing assistance programs where the income eligibility standard is lower than 80% of AMI for that participant, or in other benefits programs where the income eligibility is lower than 80% of AMI.

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.<sup>654</sup>*

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 multifamily building.

~~For~~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 five years.

For low-income 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 via the same provisions used for the Low-Income Distributed Generation Incentive sub-program.

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<sup>654</sup> 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 if they reside in a HUD Qualified Census Tract and also provide a signed affidavit that they meet the income qualification level.<sup>655</sup>

It ~~will be~~ the responsibility of the Illinois Solar for All Approved Vendor to track subscribers and document income eligibility for community solar projects<sup>656</sup>. 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 eligibility requirements, but new subscribers over time will be required to meet those requirements.

#### **8.14. Consumer Protections**

The Agency believes that ~~it has proposed~~the Plan features a strong set of consumer protections as part of the Adjustable Block Program for both distributed generation and for community solar (see Sections 6.13 and 7.6.2). These protections will also apply to the Illinois Solar for All Program. But several factors lead the Agency to require additional consumer protections for the Illinois Solar for All Program. ~~In order~~Thus, to be an Illinois Solar for All Approved Vendor for the Solar For All program, Illinois Solar for All Approved Vendors must agree to the following additional provisions for low-income customers.

- In order to “ensure tangible economic benefits flow directly to program participants,” Illinois Solar for All Approved Vendors must also verify that for residential program participants there are no up-front payments for distributed generation projects, or up-front subscription fees for community solar projects. 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 ongoing participation fees, are at least 50% of the value produced by the solar system through avoided usage or net metering credits.<sup>657</sup>
- For distributed generation projects, a ~~roof inspection~~site suitability report is required to ensure that projects are being installed on ~~roofs~~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.

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<sup>655</sup> The Agency will monitor the use of this provision and may consider modifying the consideration of eligible census tracts (for example to census tracts where at least 50% of households are below 80% of AMI) if the proposed use of the QCT approach appears to be a barrier to facilitating subscription verification.

<sup>656</sup> While generally the Agency would expect the Approved Vendor to verify a potential low-income community solar subscriber's income through one of the methods described in this Revised 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.

<sup>657</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 151.



- Contracts between Illinois Solar for All Approved Vendors (or their sub-contracted installers) and program participants for Low-Income Distributed Generation projects ~~will beare~~ required to offer clear disclosure of the costs seven calendar days before consummation of the transaction, and the right to cancel the transaction within seven businesscalendar days after consummation.
- 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.<sup>658</sup>
- For low-income 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.<sup>659</sup>
- 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.
- Marketing and contractual materials must be in the language requested by the customer.
- 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.

### **8.15. Environmental Justice Communities**

The Act directs the Agency to define and provide special consideration to Environmental Justice Communities in implementing the Illinois Solar For All program. The Act sets as 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

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<sup>658</sup> 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](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.

<sup>659</sup> For example, the Illinois Energy Efficiency Loan Program offers unsecured loans at moderate interest rates through on-bill financing, but is only available for certain energy efficiency measures. See: <http://programs.dsireusa.org/system/program/detail/5152>.

located in environmental justice communities.”<sup>660</sup> (The provision does not apply to the Low-Income Community Solar Pilot Projects, which are competitively bid.)

The following sections include definitions of terms, a methodology for determining which Illinois communities should be considered Environmental Justice Communities, and how the Agency ~~will determine to~~ implement the relevant provisions of the Act. In developing the Illinois Solar for All program participation requirements, the Agency ~~will consult~~ 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.

### **8.15.1. Definitions**

The Act states that “the Agency shall define ‘environmental justice community’ as part of long-term renewable resources procurement plan development, to ensure, to the extent practicable, compatibility with other agencies’ definitions and may, for guidance, look to the definitions used by federal, state, or local governments.” The term “environmental justice” is not defined in the 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 (415 ILCS 155), 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.*<sup>661</sup>

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 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.*<sup>662</sup>

The Illinois EPA has also defined a “potential environmental justice community” based on demographic factors, but not environmental factors:

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<sup>660</sup> 20 ILCS 3855/1-56(b)(2)(A), (B), (C).

<sup>661</sup> 415 ILCS 155/5.

<sup>662</sup> Illinois EPA web site, “Environmental Justice Policy,” <http://www.epa.illinois.gov/topics/environmental-justice/ei-policy/index>. Accessed July 19, 2017.

*A “potential” EJ community is a community with a low-income and/or minority population greater than twice the statewide average. In addition, a community may be considered a potential EJ community if the low-income and/or minority population is less than twice the statewide average but greater than the statewide average and that has identified itself as an EJ community. If the low-income and/or minority population percentage is equal to or less than the statewide average, the community should not be considered a potential EJ community.*<sup>663</sup>

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.*<sup>664</sup>

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 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) and is updated annually.

The US EPA tool is called EJ SCREEN.<sup>665</sup> 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, EJ SCREEN evaluates individual environmental indicators but does not look at cumulative impacts.

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).<sup>666</sup> CalEnviroScreen compiles data on 12 indicators of pollution burden and 8 population characteristics collected at the Census tract level. It then weights certain

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<sup>663</sup> Id.

<sup>664</sup> US EPA, “EJ 2020 Glossary,” <https://www.epa.gov/environmentaljustice/ej-2020-glossary>. Accessed July 19, 2017.

<sup>665</sup> See: <https://ejscreen.epa.gov/>.

<sup>666</sup> California Office of Environmental Health Hazard Assessment (“OEHHA”), *California Communities Environmental Health Screening Tool (CalEnviroScreen)*, <https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-version-20>.

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.

**Table 8-10: Summary of CalEnviroScreen 3.0 Identification Methodology**

<b>Pollution Burden</b>	<b>Population Characteristics</b>
<i><b>Exposures</b></i>	<i><b>Sensitive populations</b></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><b>Environmental effects</b></i>	<i><b>Socio-economic indicators*</b></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.

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 ~~the use of~~ using readily available data from the U.S EPA’s EJ SCREEN tool. CalEnviroScreen does not account for race in its calculations, but by using data from EJ SCREEN, the Agency will be able to do so.

### **8.15.2. Proposed Approach for Defining Environmental Justice Communities**

The Agency ~~will determine~~ **determined which areas qualify as** Environmental Justice Communities by analyzing data from Illinois census block groups<sup>667</sup> for the following environmental ~~and demographic~~ indicators, as described by the EJ SCREEN Tool:<sup>668</sup>

- 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

<sup>667</sup> There are approximately 10,000 census block groups in the state of Illinois.

<sup>668</sup> See <https://www.epa.gov/ejscreen/overview-environmental-indicators-ejscreen>.

- 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 EJ SCREEN and were incorporated into the Agency's methodology.<sup>669</sup>

- Percent Low-Income
- Percent Minority
- Less than high school education
- Linguistic isolation
- Individuals under age 5
- Individuals over age 64

~~In addition,~~ The Agency ~~will consider~~ considered including the following seven indicators that use data not contained in EJ SCREEN. These are not available at the same level of detail as the indicators using data from EJ SCREEN (more typically they have data at the zip code or county level), and ~~as these~~ would need to be translated to the block group level. Therefore, the Agency ~~will assess~~ determined in the final methodology ~~if 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

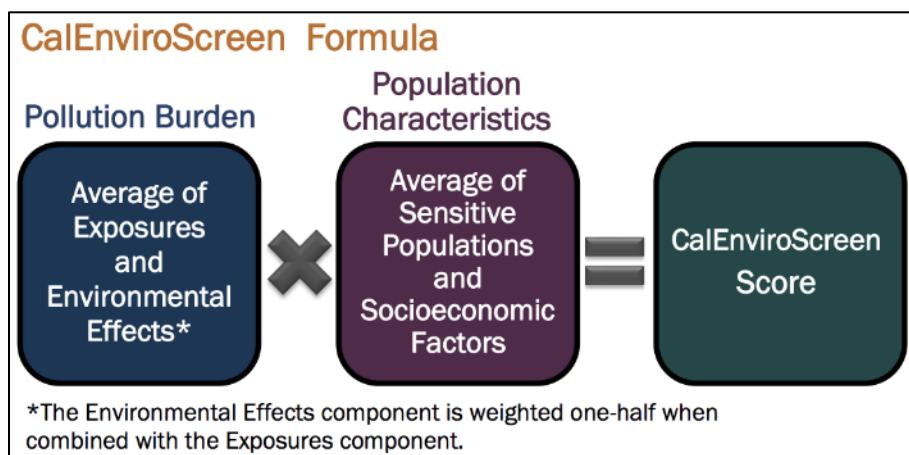
and the following environmental indicators from the Illinois Environmental Protection Agency~~:~~

- 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 8.15.2, the Agency ~~will~~ then weightweighted each factor using an approach adapted from CalEnviroScreen: Census block groups ~~will be~~ ranked for each environmental and demographic indicator, a resulting percentile score ~~will be~~ determined for each census block group within each indicator, and the percentile scores ~~will be~~ averaged, resulting in an environmental score and a demographic score for each census block group. The two averages ~~would be~~ then multiplied together to determine a ~~score~~ single Environmental Justice score for each census block group.

<sup>669</sup> See <https://www.epa.gov/ejscreen/overview-demographic-indicators-ejscreen>.

Figure 8-2: CalEnviroScreen Formula



Source: OEHHA

Communities with scores in the top 25% ~~will be 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 grass-roots education funding and incentives for the Low-income Distributed Generation, Non-profits/Public Facilities, and ~~public facilities~~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 consideration from the Agency to be included. The Agency will consider requests for self-designation as an environmental justice community based on a consideration of 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 Process 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.

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 EJSscreen 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."<sup>670</sup>

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.

<sup>670</sup> EJSscreen Technical Documentation, at <https://www.epa.gov/ejscreen/technical-documentation-ejscreen>.

### **8.15.3. Environmental Justice Community Designations**

~~The Agency will work with~~ The Illinois Solar for All Program Administrator ~~to undertake~~undertook the analysis described in Section 8.15.2 in early 2019 prior to the program launch, which included a workshop and an opportunity for written stakeholder comments. ~~The Agency will consult with the Illinois Commission on resulting interactive map of~~ Environmental Justice ~~and interested stakeholders on finalizing the methodology and will publish on its website draft maps and data and invite stakeholders to review and comment on the results. This will also provide an initial opportunity for communities to request self-designation~~Communities, as an environmental justice community, well as information from that stakeholder process, is available at [www.illinoisfa.com/environmental-justice-communities/](http://www.illinoisfa.com/environmental-justice-communities/). ~~The Agency will review the feedback received and then publish final maps and lists~~map of ~~the designated~~ environmental justice communities. ~~The maps~~ will be updated on a semiannual basis to reflect any additional approved requests for self-designation.

### **8.15.4. Environmental Justice Communities 25% Goal**

The 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.”<sup>671</sup>

For the Low-income Distributed Generation Incentive, the Low-Income Community Solar Project Initiative, and the Incentives for Non-profits and Public Facilities sub-programs, the Agency will reserve 25% of each ~~category's~~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 ~~fiscal~~new program year.

~~The Act also directs the Agency to “allocate up to 5% of the funds available under the Illinois Solar for All Program to community-based groups to assist in grassroots education.”<sup>672</sup> As noted in Section 8.8, that 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.~~

~~The Agency will review progress toward meeting the 25% goal during the Plan Update to be developed in 2019, and will recommend changes to this approach, if necessary.~~

## **8.16. Program Changes**

Several provisions in the Act anticipate the ability to revise and change program provisions. In addition to the provision described in Section 1-56(b)(4) of the Act that allows stakeholders to propose additional programs, an additional provision allows the Agency to reallocate funds between programs:

*“The allocation of funds among subparagraphs (A), (B), or (C) of this paragraph (2) may be changed if the Agency or administrator, through delegated authority, determines*

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<sup>671</sup> 20 ILCS 3855/1-56(b)(2).

~~<sup>672</sup> 20 ILCS 3855/1-56(b)(3).~~

*incentives in subparagraphs (A), (B), or (C) of this paragraph (2) have not been adequately subscribed to fully utilize the Illinois Power Agency Renewable Energy Resources Fund. The determination shall include input through a stakeholder process.”<sup>673</sup>*

~~As part of the~~With this draft Revised Plan ~~Update scheduled to occur in 2019,~~ the Agency ~~will review preliminary program results and the evaluation report outlined in Section 8.17 before~~is not proposing ~~any changes~~a change in allocation of funds.

Likewise, the Agency has not proposed any adjustments to the programs 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.”<sup>674</sup>*

~~The Agency would expect that any such proposals will also be part of the Plan Update scheduled to be developed in 2019.~~

## **8.17. Evaluation**

Section 1-56(b)(6) requires that this Plan include an approach for independent evaluation of the Illinois Solar for All Program. ~~Specifically, it calls for:~~

*“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 ~~will work with stakeholders~~held a workshop and took stakeholder feedback to developassist in the development of the scope and process for the evaluation.<sup>675</sup> The

<sup>673</sup> 20 ILCS 3855/1-56(b)(2).

<sup>674</sup> 20 ILCS 3855/1-56(b)(4).

<sup>675</sup> See Docket No. 17-0838, Final Order dated April 3, 2018 at 165-166. Participation in this stakeholder process would preclude a party from responding to the subsequent Request for Qualifications. See: <https://www.illinoisfa.com/announcements/2019/01/written->



Agency ~~will~~ then ~~issue~~issued a Request for Qualifications/Request for Proposals to select an independent evaluator to conduct the evaluation.<sup>676</sup> This selection process is expressly exempted from the Illinois Procurement Code.<sup>677</sup> ~~The Agency expects to select On August 7, 2019, the evaluator prior to the launch of the Illinois Solar for All Program. Like other contracts to implement this Plan, the selection of the evaluator will be subject to Commission approval. The Agency observes that having an evaluator in place prior to program launch helps to ensure proper data collection by the evaluator~~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 ~~is expected to~~did not launch ~~in 2018 or early~~for project applications until May 2019, ~~(and project selection is underway as of the release of this draft Revised Plan),~~ and the Agency is ~~planning to develop the first update to~~updating the Plan ~~in 2019, with implementation thereof starting in 2020. Due to this timing, the first~~release of a draft in August of 2019. Preliminary evaluation ~~will be done on an accelerated schedule, in 2019, to inform the update process. results were therefore not available for this draft Revised Plan, but the Agency cautions that due to potential start up complications, early results may not be indicative of ongoing impacts of~~will endeavor to work with the programs, and evaluator to provide initial, high-level observations on the first evaluation may have a stronger emphasis on process than on outcomes. program launch as part of the Revised Plan filed for Commission approval in late September 2019.

### **8.18. Grassroots Education Funding**

The Act also directs the Agency to "allocate up to 5% of the funds available under the Illinois Solar for All Program to community-based groups to assist in grassroots education."<sup>678</sup> For 2020-2021 and 2021-2022, the Agency interprets the "funds available under the [Program]" to be the annual contribution of approximately \$11.6 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<sup>679</sup>. Therefore, the maximum available annual budget for grassroots education is \$1.53 million for these two program years; the Agency reserves the right to allocate less than this amount.

For the purposes of grassroots education, community-based organizations must be 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 very small, hyper-local organizations can participate.

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comments-on-illinois-solar-for-all-third-party-program-evaluation/ and <https://www.illinoissfa.com/announcements/2019/02/public-comments-on-third-party-evaluation/>.

<sup>676</sup> See: <https://www2.illinois.gov/sites/ipa/Documents/IPA%20-%20IllSfA%20-%20Program-Administrator%20-%2018-RFO-02%20%28Released%2001182018%29.pdf> and <https://www2.illinois.gov/sites/ipa/Documents/2018ProcurementPlan/IPA-ABP-Program-Administrator-18-RFP-01-20180312.pdf>.

<sup>677</sup> 20 ILCS 3855/1-56(f).

<sup>678</sup> 20 ILCS 3855/1-56(b)(3).

<sup>679</sup> While for three of the sub-programs there are defined program year funding levels available, that concept does not apply cleanly to the Low-Income Community Solar Pilot Project sub-program. For simplicity, the Agency is proposing to allocate the total available funding for that sub-program 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.

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.<sup>680</sup>

As noted in Section 8.8, 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.

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 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 financial relationship with an ILSFA Approved Vendor at the time of performing those services, and any past relationships should be clearly disclosed when submitting proposals.

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<sup>680</sup> See: <https://www.illinoissfa.com/announcements/2019/06/announcing-grassroots-organizations..>