

Illinois Shines PV system Lease Disclosure Form

This form gives consumers who are considering contracting for a solar photovoltaic ("PV") system clear information about the system and their transaction. Execution of this form is required for the system to be eligible for Illinois Shines, a state-administered incentive program.

Illinois Shines (also known as the Adjustable Block Program) provides payments for the sale of Renewable Energy Credits ("RECs") produced by new PV systems. RECs are created when solar panels generate electricity; 1,000 kilowatt-hours of solar production equals one REC. RECs represent the environmental value of solar power. RECs are separate from the electricity and can be bought and sold separately; whoever owns the RECs has the legal right to say they used that solar power. Because the environmental attributes of generation are part of the sale of RECs, customers participating in the sale of RECs relinquish their right to claim they are receiving solar energy.

Through participation in Illinois Shines, for 15 years, all RECs from your system will be sold to Illinois utilities and used to meet a compliance obligation. Payments for these RECs may be used to offset the purchase price or financing cost for your PV system.

There are different ways for customers to contract for a PV system. Customers may (1) buy a system (system purchase), (2) lease a system (lease), or (3) contract to buy electricity generated by a system at an agreed price (power purchase agreement, or "PPA"). Under a system purchase, the customer pays for and owns the system. Under a lease, a customer enters into a service contract to pay scheduled, pre-determined payments to a solar leasing company, which owns the system on the customer's property. Under a PPA, a customer agrees to host a system and to buy electricity generated from it at a per-kilowatt-hour rate from a company that owns the system. The type of contract will impact the economics of your solar decision.

By participating in Illinois Shines, an installer or other vendor is required to provide you with this disclosure form so that you have accurate information about the PV system, including its size, cost, operations, warranties, and financial benefits. At the point when you decide to enter into a solar contract, you will be asked to sign this form indicating that the information in it has been provided to you. The form will be submitted to the Illinois Shines Program Administrator as part your system's application. The Program Administrator may contact you to verify that you received this form.

The installer or other vendor is also required to provide you with an Informational Brochure about Illinois Shines. Do not sign this disclosure form unless you have received and read that brochure because it provides you with important consumer protection information. The Brochure can be found at <http://illinoisabp.com/wp-content/uploads/2018/12/Brochure.pdf>

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You are leasing a PV system. Another party will own the system installed on your property.

The purpose of this form is to provide you with clear and accurate information about terms of your lease, but this form is not a substitute for your contract. Do not rely exclusively on this form for your lease; You should read your contract closely before you sign it.

Because you will not own the PV system, you are not eligible to take the federal income tax credit for PV system owners, but you may receive an indirect benefit in the form of lower lease payments. You may want to consult a tax professional to understand any tax issues related to the system.

At the end of this form, the installer or other vendor will have an opportunity to provide additional details or explanations related to the information contained in the form.

You may rescind your system lease contract and receive a refund of any deposit you paid within three calendar days of signing the contract, by contacting the lessor of the PV system.

Approval from your local municipality will likely be needed for the PV installation.

If you have complaints related to the system or this lease process, first try to resolve the problem with your installer or Approved Vendor. If you can't agree with the company about how to solve the problem, you may contact the Illinois Shines Program Administrator by emailing admin@illinoisshines.com or by calling (877) 783-1820. If you have been subject to fraudulent or deceptive sales practices, the Consumer Protection Division of the Illinois Attorney General's office may be able to help. Customers may contact the Illinois Attorney General's office by calling one of the following hotlines:

Chicago
800-386-5438
TTY: 800-964-3013

Springfield
800-243-0618
TTY: 877-844-5461

Carbondale
800-243-0607
TTY: 877-675-9339

Spanish Language: 1-866-310-8398

Program website for more information: www.illinoisshines.com

Lessee (Customer's) Contact Information

Lessee
Name:
Address:

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Phone Number:
Email Address:
Lessee's Electric Utility:

Other Parties' Contact Information

System Lessor (the lessor is the owner of the PV system)
Legal Name:
Name Used for Marketing (if different):
Business Address:
Phone Number:
Email Address:

Approved Vendor
Legal Name:
Name Used for Marketing (if different):
Business Address:
Phone Number:
Email Address:

System Installer
Name:
Name Used for Marketing (if different):
Business Address:
Phone Number:
Email Address:

If the system installer is not known at this time, one of the following three installers will be used:

System Installer 1
Name:
Name Used for Marketing (if different):
Business Address:
Phone Number:
Email Address:

System Installer 2
Name:
Name Used for Marketing (if different):
Business Address:
Phone Number:
Email Address:

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System Installer 3
Name:
Name Used for Marketing (if different):
Business Address:
Phone Number:
Email Address:

System Warranty and/or Maintenance Provider (if different from system installer)
Name:
Name Used for Marketing (if different):
Business Address:
Phone Number:
Email Address:

**The parties listed above are independent and are not representing, endorsed by, or acting on behalf of, a utility, a consumer group, or a governmental body except in those cases where they are a governmental body or consumer group.*

**Your lease may be assigned, sold, or transferred by the lessor to a third party who will be bound by the terms of your contract. If such a transfer occurs, you will be notified if this will change the address or phone number to use for questions, payments, maintenance, or repair requests.*

System Lease Information

- Total of all your payments over the course of the lease, including any down payment, all lease payments, interest or escalators, service fees, and other fees: \$____
 - Deposit, down payment, or initial amount owed at lease signing \$____
 - The term of the lease is ____years and ____months
 - Frequency of lease payments (for example, monthly) _____
 - First lease payment \$____ and the time it is due _____ (for example, 30 days after system interconnection).
 - Final lease payment \$____ and the time it is due _____ (for example, 20 years after the first lease payment).
 - Total number of lease payments over the term of the lease contract____
 - Annual escalation rate_____

**Many lease contracts increase a lessee's monthly payments on an annual basis to account for inflation and projected annual increases in electricity rates. These escalation rates compound, meaning they apply not only to the initial lease payment rate, but also to the increases added annually.*

**Your lease payments may not constitute your total monthly amount for electric service from your utility. In addition to the lease payments, you may still receive an electricity bill.*

- You will receive ELECTRONIC OR PAPER invoices

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- The expected value of the REC incentive payment(s) that will be received by the Approved Vendor for this PV system is \$ ____
 - Is PV system installation contingent upon selection for the Illinois Shines incentive? Yes
OR No
 - If installation is not contingent, will the pricing terms change if the project is not selected for the Illinois Shines incentive? Yes OR No

**Selection for Illinois Shines is not guaranteed, but if the system is selected, the Approved Vendor, as the counterparty to a REC delivery contract with an Illinois electric utility, will receive payment(s) for your system's RECs. The value of these REC payments may be reflected in your overall system lease payments.*

- Other tax incentives or rebates:

Name of Incentive/Rebate	Party Directly Realizing the Benefit of the Incentive

**In many cases, you will not be able to directly take advantage of incentives because the system is owned by a third party. Instead, the lessor or Approved Vendor will realize the incentive benefit. The benefit of these incentives may be passed on to you in the form of reduced costs.*

Fees

- If a payment is made more than ____ days after due date, you will be charged \$ ____
OR
Late payments accrue interest at ____% annually.
- Estimated system removal fee \$ ____
- System maintenance fee \$ ____
- Document preparation fees \$ ____
- Non-connection to internet fee \$ ____

**If you do not maintain a high-speed internet connection to facilitate the transmittal of generation data from your system for the purpose of creating RECs, you may be charged a fee by the lessor to cover the cost of such a connection.*

- Returned checks fee \$ ____

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- Automated clearinghouse fee \$___

*You may be required to enroll in a program in which your lease payments are made through an electronic transfer of funds cleared through an automated clearinghouse and there may be a fee associated with enrolling in an automated clearinghouse program.

- Does the lessor intend to file a Uniform Commercial Code-1 filing statement? YES OR NO
 - If so, the Uniform Commercial Code Notice Removal and Re-filing fee is \$___.

*Some PV system lessors will file a Uniform Commercial Code-1 filing statement, often referred to as a "fixture filing" or a "UCC-1 filing," which allows them to legally take possession of the system in the event that you breach your lease contract. A fixture filing can make it more complicated for you to refinance your mortgage or convey the real estate equipped with the PV system.

- The lessor WILL OR WILL NOT impose a fee or penalty for early termination of the lease by the lessee.
 - If the lessor will impose an early termination fee or penalty, the amount of the fee/penalty will be \$___ OR will be calculated as follows: _____.
- Any other fees (description, amount, and when it is due)

Fees	Amount	When It Is Due
	\$	
	\$	
	\$	
	\$	

System Installation Timing

- The approximate start date of system installation will be ___ days from the date your contract is signed or _____ [date].
- The estimated completion date of system installation will be ___ days from the date your contract is signed or _____ [date].
- Does lessor plan to furnish a mechanic’s lien waiver to the customer upon final payment? Yes OR No
 - If so, the approximate date when the installer is expected to furnish a mechanic’s lien waiver to the customer will be _____ [date].
- YOU OR LESSOR OR INSTALLER are responsible for submitting a system interconnection application to your utility.

*The interconnection rules may vary based on location and utility service territory. Links to interconnection information are provided below for three electric utilities:

- Ameren Illinois: <https://www.ameren.com/illinois/electric-choice/distributed-generation>

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- Commonwealth Edison Company:
<https://www.comed.com/MyAccount/MyService/Pages/DistributionLess10k.aspx>
- MidAmerican Energy Company: <https://www.midamericanenergy.com/customer-generation.aspx>

If your system is in the service territory of an Illinois municipal electric utility or rural electric cooperative, you should contact them for their interconnection requirements.

System Design Specifications

- Size of system in kilowatts ___kW DC and ___kW AC

*Any system size variations plus or minus more than 5% of the specifications listed above will require completion and submission of a new disclosure form.

- Estimated gross annual electricity production in kilowatt-hours from your system in the first year ___kWh
- Estimated annual system production decrease: ___%
- Expected life of the system ___ years
- Expected overall percentage degradation over the life of the system ___%
- System will be ROOF-MOUNTED OR GROUND-MOUNTED
- The manufacturer of the PV panels is _____. If it is not known at this time which manufacturer will provide the PV panels for the system, the panels will be provided by one of the following three manufacturers:
 - 1) _____
 - 2) _____
 - 3) _____
- The make of the inverter is _____; The model of the inverter is _____. If it is not known at this time what the make and model of the inverter for the PV system is, one of the following three inverter makes and models will be used:
 - 1) Make____; Model_____
 - 2) Make____; Model_____
 - 3) Make____; Model_____

* To participate in Illinois Shines, your system must be connected to the distribution grid. Your electric utility remains responsible for the delivery of electric power to your premises and will continue to respond to any service calls and emergencies. A grid-connected PV system will not function in the case of an electricity outage unless you have an accompanying electricity storage system and the ability to "island" (disconnect from the grid).

Net Metering

*Net metering allows you to receive credit from your energy supplier for electricity generated by your PV system. Your electricity bill will reflect the amount of electricity supplied to you, minus the excess electricity generated by the system and delivered to the grid. To participate in net metering, an application for net metering must be submitted to your electric supplier which is either your local utility or an Alternative Retail Electric Supplier.¹

System Operations, Maintenance, Warranties, and Guarantees

- System maintenance (operational upkeep) IS OR IS NOT included as part of your system lease.
 - If system maintenance is included, for ___ years by ___ (for example, lessor, installer, or approved vendor)
- System repairs (actions required to fix a malfunctioning system) ARE OR ARE NOT included as part of the system lease.
 - If system repairs are included, for ___ years by ___ (for example, lessor, installer, or approved vendor)
- Is the PV system warrantied against issues related to improper installation? YES OR NO
 - If so, this warranty is for ___ years by ___ (for example, seller or installer)
- Do your solar panels come with a manufacturer's warranty? YES OR NO
 - If so, this warranty is for ___ years.
- Does your system inverter come with a manufacturer's warranty? YES OR NO
 - If so, this warranty is for ___ years.
- If your PV system is roof mounted, your roof IS OR IS NOT warrantied against leaks from the system installation.
 - If your roof is warrantied against leaks from system installation, for ___ years after installation by ___ (for example lessor, installer, or approved vendor)
- The lessor WILL OR WILL NOT remove the PV system at the conclusion of the term of the lease.
 - Lessor WILL OR WILL NOT return any portions of the system's site to its original condition upon the removal of the system (ordinary wear and tear excepted).
 - Lessor WILL OR WILL NOT offer you an option to own and retain the PV system after the term of the lease.
 - The system owner WILL OR WILL NOT offer you an option for lease renewal after the initial term of the lease.

¹ If you are a customer of ComEd, be advised that ComEd has indicated that it believes customers financing a PV system through a PPA arrangement may not be eligible for net metering.

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- The lessor WILL OR WILL NOT insure for loss or damage to the system.
 - If the lessor will insure the system for any loss or damage, except under the following circumstances

**You are responsible for any loss or damage to the PV system not covered under the lessor's obligations above. Consult an insurance professional to understand how to protect against the risk of loss or damage to the system.*

- The lessor is providing you with a:
 - ___ System performance or electricity production guarantee
 - ___ Other type of system guarantee (please specify) _____
 - ___ No system guarantee

**Unauthorized modification of your PV system, including the relocation of it, is prohibited under Illinois Shines.*

Property Transfers

- If you sell your home or business where the PV system is located, you MAY OR MAY NOT transfer the lease of the PV system to the purchaser(s) of the home or business.
 - If lease transfer is permitted, it will be subject to the following conditions:
 - Credit check of the home purchaser(s)
 - Minimum FICO score requirement: _____ (dependent upon lessor's credit criteria at the time of system transfer)
 - Transfer fee \$ _____
 - Assumption of the lease agreement by the home purchaser(s)
 - Other _____
- If you sell your home or business where the PV system is located, you ARE OR ARE NOT required to purchase the system prior to the sale.
 - In such event, the purchase price will be calculated as follows: _____

Net Cash Flow Estimate

- Estimated total lease savings calculations:

NPV of Lease Over 15 Years: \$
NPV of Electricity Savings Over 15 Years (Low Estimate): \$
NPV of Electricity Savings Over 15 Years (Med Estimate): \$
NPV of Electricity Savings Over 15 Years (High Estimate): \$

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* The formula used for determining lease savings computes a net present value of all payments made under the lease and compares that value to a net present value of the electricity your system would produce using a starting price of \$124.80/MWh and an escalation rate of .5%, 1.7%, and 2.5% based on U.S. Energy Information Administration average retail price costs for Illinois. A discount rate of 5.5% is used in all cases and the calculation is made over the 15 year term of the Illinois Shines contract. The production figures are based on the first year production with a .5% annual degradation factor. The assumptions used in these calculations are based on past values so there is no guarantee that they will be indicative of future results and they may not match the assumptions you or your solar installer might use. However, the same assumptions are used in every disclosure form for Illinois Shines, allowing you to make an apples to apples comparison of competing offers.

**Nothing listed below shall alter, amend, repeal, or supersede the disclosure requirements contained in this form.*

Please Initial

_____ The person or company presenting this Disclosure form also has provided me with a copy, either electronic or printed, of the Illinois Shines Distributed Generation Brochure, and I have had the opportunity to ask questions about it.

Signature

**By signing this form, you certify that you read and received this form.*

Printed Name: _____

Signed: _____

Date: _____
