

## **Illinois Adjustable Block Program PV System Lease Disclosure Form**

Draft for Stakeholder Comments

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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 the Adjustable Block Program, a state-administered incentive program.

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; one megawatt-hour of solar production equals one REC. RECs represent the environmental value of solar power, and whoever owns the RECs has the legal right to say they used that solar power. Because the environmental attributes of generation are sold as part of that transaction, customers participating in the sale of RECs relinquish their right to claim they are receiving solar energy.

Through program participation, all RECs from your system will be sold to Illinois utilities and retired to meet a compliance obligation. Payments for these RECs may be used to offset the purchase price or financing cost for the PV system you contract for. The actual level of these payments will vary depending on the size and location of the PV system.

There are different ways for customers to contract for a PV system. Customers may buy a system (system purchase), lease a system (lease), or contract to buy electricity generated by a system (power purchase agreement). Under a system purchase, the customer pays for and owns the system. Under a lease arrangement, 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 power purchase agreement, 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 you enter into will impact the economics of your solar decision.

By participating in the Adjustable Block Program, 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 Adjustable Block Program Administrator.

**PV System Lease Disclosure Form**

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, which is a legally binding agreement. Do not rely exclusively on this form for your lease agreement; You should read your lease agreement closely before you sign it.

This form is required for your leased PV system to be eligible for the Adjustable Block Program, a state-administered incentive program for PV systems, and an executed copy of this form will be provided to the Program Administrator. The Program Administrator may contact you to verify that you received this form.

Because you will not own the PV system you are leasing, you are not eligible to take the federal income tax credit for PV system owners; however, leasing a PV system may have tax implications for you. You should consult a tax professional to understand any tax consequences that may result.

You may rescind your system lease contract within ~~10 calendar~~ 3 business days of signing it by contacting the lessor of the PV system.

If you have questions complaints related to the system or this lease process, first contact the System Lessor. You you may contact the Adjustable Block Program Administrator by emailing [admin@illinoisabp.com](mailto:admin@illinoisabp.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
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Spanish Language: 1-866-310-8398

**Lessee’s (Customer’s) Contact Information**

Lessee
Name:
Address:
Phone Number:
Email Address:
Lessee’s Electric Utility:

**Other Parties’ Contact Information**

System Lessor <i>(the lessor is the owner of the PV system)</i>	Approved Vendor <i>(per Illinois Adjustable Block Program rules)</i>
Legal Name:	Legal Name:

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

System Installer		System Warranty and/or Maintenance Provider (if different from system installer)
Name:	Name Used for Marketing (if different):	Name:
<del>Qualified Person License Number:</del>		Name Used for Marketing (if different):
Business Address:		Business Address:
Phone Number:		Phone Number:
Email Address:		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 systems 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 are compounding. They apply not only to the initial lease payment rate, but also to the increases added annually due to the escalation.*

- A full schedule of all lease payments

*\*Your lease payments may not constitute your total monthly amount for electric service from your utility.*

- You will receive ELECTRONIC  OR PAPER  invoices
- Is PV system installation contingent upon selection for the Adjustable Block Program incentive?  
Yes OR No
- If the lease price is contingent upon selection for participation in the Adjustable Block Program,  
the expected value of the REC incentive payment(s) that will be received by the Approved  
Vendor for this PV system is \$ \_\_\_\_
  - Will the Approved Vendor pay a rebate to you or discount your lease payments for some  
or all of the value of the REC payment(s) received for the system? Yes OR No
    - If so, you will receive \$ \_\_\_\_ OR \_\_\_\_% of the value of the REC payment(s)  
received for the system.
- ~~Is PV system installation contingent upon selection for the Adjustable Block Program incentive?~~  
~~Yes OR No~~

\*As the counterparty to a REC delivery contract with an Illinois electric utility, the Approved Vendor will receive payment(s) for your system's RECs. Even if the Approved Vendor will not pay a rebate to you for some or all of the value of the REC payment(s) received for your system, those REC payments may be reflected in your overall system lease payments.

- ~~List all other state and/or federal tax incentives or rebates relied upon in determining the total of leasing the system and the value of each one:~~

Name of Incentive/Rebate	Estimated Value	Party Directly Realizing the Benefit of the Incentive
	\$	
	\$	
	\$	
	\$	

\*You may not be eligible for all state and/or federal incentives related to the lease of the PV system. In many cases, you will not be able to directly take advantage of incentives. 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 more than \_\_\_\_ days late, you will be charged \$ \_\_\_\_  
OR  
Late payments accrue interest at \_\_\_\_% annually.
- Estimate system removal fee \$ \_\_\_\_
- System maintenance fee \$ \_\_\_\_
- Document preparation fees \$ \_\_\_\_

- Non-connection to internet fee \$\_\_\_

~~*\*If you do not maintain a high-speed internet connection, you may be charged a fee by the lessor to enable electronic lease payments.*~~

**Commented [AY1]:** Internet connection is used to monitor system production, determine monthly payments, diagnose system shutdowns, etc.

- Returned checks fee \$\_\_\_

~~*\*If any of your checks are returned or refused by your bank, you may be charged a fee.*~~

- Automated clearinghouse fee \$\_\_\_ per month **OR**
- Automated clearinghouse discount: \$\_\_\_ per month

**Commented [AY2]:** A company may offer a discount for using ACH

~~*\*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 or discount associated with enrolling 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 informs third-parties that the lessor owns the system. If you plan to sell or refinance your home, contact your solar company. 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 and more expensive 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 prior to the conclusion of the contract term.
  - 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 approximate completion date of system installation will be \_\_\_ days from the date your contract is signed or \_\_\_\_\_[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>
- Commonwealth Edison Company: <https://www.comed.com/MyAccount/MyService/Pages/DistributionLess10k.aspx>
- MidAmerican Energy Company: <https://www.midamericanenergy.com/customer-generation.aspx>

**System Design Specifications**

- Size of system in kilowatts \_\_\_kW DC ~~and or~~ \_\_\_kW AC
- 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
- System WILL  OR WILL NOT  track with the location of the sun in the sky.
  - If a tracking system is installed it is a  SINGLE OR  DUAL\_AXIS TRACKER.

~~• The manufacturer of the PV panels is \_\_\_\_.~~

~~• The make of the inverter is \_\_\_\_; The model of the inverter is \_\_\_\_.~~

\* Because your system may be participating in the Illinois Adjustable Block Program, your system will be connected to the grid. Your electric utility remains responsible for the delivery of electric power and energy 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).

Commented [AY3]: Better addressed in the brochure

**Net Metering**

Commented [AY4]: Better addressed in the brochure

\*Net metering allows you to get credit from your energy supplier for electricity generated by your leased PV system. Your electricity bill will reflect the amount of electricity supplied to you, minus the excess electricity generated by the leased system and delivered to the grid. You are eligible to participate

in net metering if you own or operate an eligible PV system less than or equal to 2,000kW (AC-rated) for your own use. To participate in net metering, an application for net metering must be submitted to your energy supplier. Energy suppliers doing business in the State of Illinois are required to provide net metering for eligible solar customers. Net metering is subject to change or termination by executive, legislative, or regulatory action, which may impact the rate and terms under which you are credited.

**System Operations, Maintenance, Warranties, and Guarantees**

- System maintenance (operational upkeep) IS  OR IS NOT  included as part of the 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 warranted against issues related to improper installation? YES  OR NO 
  - If so, this warranty is for \_\_\_ years by \_\_\_ (for example, seller or installer)
- ~~• Do the PV panels come with a manufacturer’s warranty? YES  OR NO~~ 
  - ~~• If so, this warranty is for \_\_\_ years.~~
- ~~• Does the system inverter come with a manufacturer’s warranty? YES  OR NO~~ 
  - ~~• If so, this warranty is for \_\_\_ years.~~
- Your roof IS  OR IS NOT  warranted against leaks from the system installation.
  - If your roof is warranted 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 your roof to its original condition upon the removal of the system (ordinary wear and tear excepted).
  - Lessor WILL  OR WILL NOT  offer the lessee an option to own and retain the PV system after the term of the lease.
- 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 of 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 the Adjustable Block Program.*

**Property Transfers**

- If you sell your home, you MAY  OR MAY NOT  transfer the lease of the PV system to the purchaser(s) of the home.
  - If lease transfer is permitted, it will be subject to the following conditions:
    - Credit check of the home purchaser(s)
    - Minimum FICO score requirement: \_\_\_\_\_
    - Transfer fee \$\_\_\_\_\_
    - Assumption of the lease agreement by the home purchaser(s)
    - Other \_\_\_\_\_
- If you sell your home, 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:

[Here, three savings estimates will be presented to the customer—with low, middle, and high future electricity rate forecasts. The savings calculations will rely on the current default electricity supply price as the starting point with different escalator rates representing different potential future electricity rates and inflation forecasts. The savings estimates will be automated based on form inputs.]

*\*These savings estimates are not guarantees. Actual savings may vary.*

*\*This savings calculation uses your prior electricity usage to estimate future usage. Actual future usage may not be the same as prior usage.*

*\*This savings calculation was based on a standard forecast for retail electricity prices, using the following assumptions:*

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Actual retail electricity rates may vary from this projection. For further information regarding your electricity rates, contact your electric utility or the Illinois Commerce Commission.

\*Tax and other state and federal incentives are subject to change or termination by executive, legislative, or regulatory action, which may impact savings estimates. Savings may change if your electric utility's net metering tariffs or distributed generation rebates change prior to the commissioning of the system.

**Additional Terms and Disclosures**

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

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