

RENEWABLE RESOURCES



Long-Term Renewable Resources Procurement Plan

Final Revised Plan

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~~19-0995, dated February 18, 2020.

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* Appendix C is no longer applicable to this Plan. The Agency’s approach to REC pricing is unchanged from the Initial Plan (as discussed in Chapter 6 herein), therefore Appendices D and E were not updated for this Revised Plan. Appendices C, D, and E from the Initial Plan may be found at: <https://www2.illinois.gov/sites/ipa/Pages/2018-Long-Term-Renewable-Appendices.aspx>. Additionally, an updated Appendix B prepared for this Final Revised Plan can be found on the Illinois Power Agency’s website at: <https://www2.illinois.gov/sites/ipa/Pages/2020-LTRRPP-Appendices.aspx>.

1. Introduction

This is the Final version of the first Revised Long-Term Renewable Resources Procurement Plan (“Revised Plan”) developed by or “Plan”) of the Illinois Power Agency (“IPA” or “Agency”), consistent with the Final Order of the Illinois Commerce Commission (“ICC” or “Commission”) entered on February 18, 2020.

The Initial Long-Term Renewable Resources Procurement Plan (“Initial Plan”) was developed by the IPA 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 Plan is the result of That Initial Plan¹ 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. The Initial Plan covered the Agency’s renewable energy resources procurement and provided programmatic activities for 2018 and 2019 and was approved by the Commission on April 3, 2018 in Docket No. 17-0838. The Agency published the final Initial Plan on August 6, 2018.

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 process of developing the Revised Plan 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 develop the long-term renewable energy resources procurement plan in conjunction with the Agency’s other planning and approval processes conducted under this Section.” On August 15, 2019 a draft Plan within 120 days of that date.² The Revised Plan was released for public comment concurrently with the IPA’s release of the its draft Plan on September 29, 2017 fulfilled that requirement. Interested parties had 45 days to comment. 2020 Electricity Procurement Plan.³ The Revised Plan was filed for Commission approval on October 21, 2019 and reflected the Agency’s consideration of comments received on the draft Plan, and the Agency then had 21 days to revise the Plan to prepare it for filing for with the Illinois Commerce Commission (“Commission” or “ICC”). The Agency filed a revised Plan with the Commission on December 4, 2017 fulfilling that requirement. Revised Plan. Under Section 16-111.5(b)(5)(ii)(C) of the PUA, the Commission then had 120 days to review this the Revised Plan and enter its Order confirming or modifying this Plan. That Order was issued on April 3, 2018, with the Commission issuing an Ammendatory Order in response to an IPA Motion for Clarification on May 2, 2018. the Plan.

¹ 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>.

² 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(c)(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.

³ While the draft Revised Plan was initially released for public comment with a schedule of 30 days for the receipt of public comments and a subsequent 14 day period for the Agency to update the Plan based on those comments, on September 3, 2019 the Agency announced an update to that timeline to 45 and 21 days, respectively, after reconsideration of certain language in Section 16-111.5(b)(5)(ii) of the Public Utilities Act.

See: [https://www2.illinois.gov/sites/ipa/Documents/Draft%20Revised%20Plan%20-%20Summer%202019/Revised%20Plan%20Schedule%20Update%20\(3%20September%202019\).pdf](https://www2.illinois.gov/sites/ipa/Documents/Draft%20Revised%20Plan%20-%20Summer%202019/Revised%20Plan%20Schedule%20Update%20(3%20September%202019).pdf).

~~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. 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 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, along with job training opportunities (supported separately) to benefit low-income households and environmental justice communities. The Revised Plan updated those programs and procurements where applicable.~~

~~Prior This Final Revised Plan reflects changes arising from the Commission's Order confirming and modifying the filed Plan. The Revised Plan as filed has been amended consistent with the IPA's understanding of the Final Order issued by the Commission in Docket No. 19-0995. While the Agency has strived to the development of fully and accurately reflect the Commission's Order in this Plan, update, in the planning for the procurement case 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 any unintended inconsistencies between this separate Final Revised Plan for the procurement of RECs for and the utilities, while Commission's Order, 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 Final Order issued by the Commission shall govern. The 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. 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 Revised Plan provides a general framework for changes to procurements and programs should additional funding become available.⁴ The Agency expects that as part of its annual procurement planning process conducted in calendar year 2019-2021 (for implementation starting in calendar year 2020, 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 years⁵~~

⁴ The Illinois Solar for All Program is not impacted by the same budget constraints as it features somewhat distinct funding sources, and this Revised Plan proposes updates to the administration of that program.

⁵ 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

~~2017-2018 through 2019-2020 as well as to begin to put into place contracts for REC deliveries for future delivery years that will help to meet those future years' RPS goals.in 2022), it will again update and revise this Plan.~~

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.⁶~~
- ~~• 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.~~

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").

⁶In 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.

- ~~• 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.~~

1.1. 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.⁷ October 2018)~~
- ~~• Photovoltaic Forward Procurement (2 million RECs annually from new utility-scale solar projects.⁸ 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, for project applications for the 2018-2019 program year on May 15, 2019, and for the 2019-20 program year on September 4, 2019.~~
- ~~• Second Subsequent Forward Procurement (1 million RECs annually from new utility-scale wind projects. Conducted December 2019). No projects were selected in this procurement.~~
- ~~• Community Renewable Generation Procurement (50,000 RECs annually over 15 years from community renewable generation projects that are not photovoltaic. Conducted December 2019). No projects were selected in this procurement.~~
- ~~• Low-Income Community Solar Pilot Procurement (\$20 million budget for 15-year REC delivery contracts. Conducted December 2019).~~

~~These activities are in addition to the Initial Forward procurements authorized through Section 1-75(c)(1)(G)(i)-(ii) of the Act and conducted in the second half of 2017 and first half of 2018; those~~

⁷ The law defines "utility-scale wind project" as an electric generating facility that (1) generates electricity using wind; and (2) has a nameplate capacity that is greater than 2,000 kilowatts. 20 ILCS 3855/1-10.

⁸ The law defines "utility-scale solar project" as an electric generating facility that (1) generates electricity using photovoltaic cells; and (2) has a nameplate capacity that is greater than 2,000 kilowatts. 20 ILCS 3855/1-10.

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 continuing to fill previously authorized blocks in the Small Distributed Generation category of the Adjustable Block Program.⁹

1.2. Plan Organization

This Final 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~~requested 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 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 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~~.¹⁰could 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,

⁹ As approved through Docket No. 19-0995, the Agency is also authorized to conduct an additional utility-scale wind procurement under this Revised Plan in light of no projects having been selected in the Second Subsequent Procurement under the Initial Plan.

¹⁰ 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).

consumer protections, delivery requirements, and more. For this Revised Plan, the Agency proposed certain adjustments to the program structure contained in the Initial Plan and proposed a framework for managing 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 Revised Plan, the Agency proposed 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 Revised Plan, the Agency proposed certain adjustments to the program structure contained in the Initial Plan.

1.3. Action Plan

In this Revised Plan, the IPA ~~recommends~~recommended 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 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.~~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.~~4. Approve the proposed procurements contained in Chapter 5.¹¹
- ~~4.5.~~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 Revised Plan.
- ~~5.6.~~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 Revised Plan.
- ~~6.7.~~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 Revised Plan.

The Illinois Power Agency respectfully ~~files it~~submits this Final Revised Long-Term Renewable Resources Procurement Plan, ~~reflecting which reflects~~ the Commission's Final Order ~~approving this Plan~~ in Docket No. ~~17-083819-0995 confirming 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

¹¹ This includes a utility-scale wind procurement for 1,000,000 RECs delivered annual to occur no later than May 31, 2021. This utility-scale wind procurement was authorized to bring RECs under contract previously expected from the Fall 2019 utility-scale wind procurement. See Docket No. 19-0995, Final Order dated February 18, 2020 at 18.

~~of Section 1-56 and subsection (c) of Section 1-75 of the Illinois Power Agency Act” as required by~~
~~modifying this Plan consistent with~~ Section 16-111.5(b)(5)(ii)(D) of the PUA.

2. Legislative/Regulatory Requirements of the Plan

As with the original Long-Term Plan, this Chapter of the IPA's Revised 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.¹²

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.¹³

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.¹⁴ 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):¹⁵

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,¹⁶ the Public Utilities Act makes clear that "alternative

¹² ~~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.~~

¹³ 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.

¹⁴ 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.

¹⁵ The characterizations of state law in this excerpt refer to the requirements of the Illinois Power Agency Act prior to Public Act 99-0906.

¹⁶ 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.”¹⁷

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.”¹⁸ 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 2012.¹⁹ 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.”²⁰ 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.”²¹ 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.²² 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.²³

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

¹⁷ 220 ILCS 5/16-115D(d)(4).

¹⁸ 20 ILCS 3855/1-56(c).

¹⁹ After not having procured energy in 2013, the Agency did conduct energy procurements in April 2014 and September 2014.

²⁰ 20 ILCS 3855/1-56(d).

²¹ 20 ILCS 3855/1-56(c).

²² 20 ILCS 3855/1-56(b).

²³ 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).²⁴ 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,”²⁵ 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;²⁶ 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

²⁴ 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 100-0023~~ 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.”

²⁵ 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.

²⁶ 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;²⁷ additional financial assistance for low-income ratepayers;²⁸ bill crediting for the energy production associated with subscriptions to community renewable generation;²⁹ and a smart inverter rebate for behind-the-meter generating facilities.³⁰

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 customers³¹ with funding collected through a delivery services charge. ~~Outside of the Initial Forward Procurements (discussed further below) and two remaining years³² 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.³³ 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,

²⁷ See 220 ILCS 5/16-111.5B.

²⁸ 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).

²⁹ See 220 ILCS 5/16-107.5(I).

³⁰ See 220 ILCS 5/16-107.6.

³¹ 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,² 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.

³² ~~This includes the 2017-2018 delivery year.~~

³³ P.A. 99-0906, § 1(a).

photovoltaic distributed generation, which should benefit all citizens of the State, including low-income households.”³⁴

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.”³⁵ Other findings also reinforce the value of community solar in expanding access to renewable energy,³⁶ 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.”³⁷

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,”³⁸ 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.

³⁴ 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).

³⁵ 20 ILCS 3855/1-5(6).

³⁶ 20 ILCS 3855/1-5(7).

³⁷ 20 ILCS 3855/1-5(8).

³⁸ 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.”³⁹ 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,⁴⁰ 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 capacity⁴¹ 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.⁴² 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.”⁴³ 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

³⁹ 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”).~~

⁴⁰ See 20 ILCS 3855/1-10.

⁴¹ “Nameplate capacity” is defined in the law as the aggregate inverter nameplate capacity in kilowatts AC. 20 ILCS 3855/1-10.

⁴² Id.

⁴³ 20 ILCS 3855/1-75(c)(1)(K).

prices and quantities for winning bidders, was kept confidential. While these competitive 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”⁴⁴ 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.

⁴⁴ 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,”⁴⁵ 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”⁴⁶—i.e., the first delivery year for which the Plan ~~is was~~ ~~would be was~~ developed ~~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 5,⁴⁷ 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,^{48,49} ~~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 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.”⁵⁰ 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).⁵¹ 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—As with the Initial~~ Plan, ~~the~~ this 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.”⁵² ~~As explained further below,~~ This subparagraph concerns the quantitative

⁴⁵ 220 ILCS 5/16-111.5(b)(5).

⁴⁶ 20 ILCS 3855/1-10.

⁴⁷ See generally the discussion of “Spot Procurements.”

⁴⁸ See Docket No. 17-0838, Final Order dated April 3, 2018 at 42.

⁴⁹ See Docket No. 17-0838, Final Order dated April 3, 2018 at 42.

⁵⁰ 220 ILCS 5/16-111.5(b)(5)(ii)(B)(aa).

⁵¹ 220 ILCS 5/16-111.5(b)(5)(iii).

⁵² 220 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.”⁵³ ~~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 contracts⁵⁴ must first be approved by the Commission prior to execution.⁵⁵ 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 approval 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.”⁵⁶ ~~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.⁵⁷

In Docket No. The IPA does not anticipate 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

⁵³ 220 ILCS 5/16-111.5(b)(5)(ii)(B)(cc).

⁵⁴ 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.”

⁵⁵ 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.

⁵⁶ 20 ILCS 3855/1-75(c)(1)(B).

⁵⁷ 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.”⁵⁸ 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 Revised Plan, and has been designed ~~its Plan~~ in a manner that likewise reduces the likelihood of any such conflict occurring.⁵⁹ 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 budgets⁶⁰ 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);⁶¹
- (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)).⁶²

The IPA is committed to ensuring that this priority ranking is reflected in this ~~Plan and in any future revisions to the 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

⁵⁸ ~~Docket No. 17-0838, Final Order dated April 3, 2018 at 42.~~

⁵⁹ ~~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.~~

⁶⁰ 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 Revised Plan.

⁶¹ This requirement is discussed further in the subsection below.

⁶² 20 ILCS 3855/1-75(c)(1)(F).

goals.⁶³ 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 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.⁶⁴ This provision is presumably intended to provide some balancing between wind and solar quantities, ~~and 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.~~⁶⁵ 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).⁶⁶ 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. From the Act, 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.⁶⁷

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 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.

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

⁶³ 20 ILCS 3855/1-75(c)(1)(G)(i).

⁶⁴ 20 ILCS 3855/1-75(c)(1)(G)(iv).

⁶⁵ 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.

⁶⁶ See Docket No. 17-0838, Final Order dated April 3, 2018 at 47-48.

⁶⁷ As no party contested this issue in Docket No. 19-0995, the IPA understands that the wind/solar balancing requirement found in Section 1-75(c)(1)(G)(iv) of the IPA Act becomes effective as of June 1, 2022.

being so rate-based, shall be made up through a procurement conducted in the Agency's next procurement event. This connects back to a ~~new statutory~~ 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."⁶⁸ 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."⁶⁹ 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."⁷⁰ ~~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~~.⁷¹ For a distinct, *non-PV* community renewable generation program ~~must also be established~~.⁷² ~~The Agency's proposed community renewable generation program, modeled, the IPA's Initial Plan set out a competitive procurement event with bids selected on but distinct from its Adjustable Block Program,~~

⁶⁸ 20 ILCS 3855/1-75(c)(1)(J).

⁶⁹ 20 ILCS 3855/1-75(c)(1)(K).

⁷⁰ 20 ILCS 3855/1-75(c)(1)(N).

⁷¹ 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.)

⁷² 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.)

~~can be found~~the basis of price. This procurement event was held in Chapter 7. ~~late 2019 and no bids were selected.~~⁷³

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.”⁷⁴ 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,”⁷⁵ 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 experiencing. Thus, the IPA believes~~The IPA understands that the intention of this language in

⁷³ More information about the community renewable generation procurement can be found here: <https://www.ipa-energyrfp.com/2019-community-renewable-generation-program-forward-procurement-aic-and-comed>.

⁷⁴ 20 ILCS 3855/1-56(b)(2).

⁷⁵ 20 ILCS 3855/1-56(b)(4).

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.⁷⁶

If additional funding for Illinois Solar for All programs is available under Section 16-108(k)⁷⁷ 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.⁷⁸ 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.⁷⁹

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.⁸⁰

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

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

⁷⁷ As discussed in Sections 2.6.1 and 9.4.38.4.3, 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).

⁷⁸ 220 ILCS 5/16-108(k).

⁷⁹ Final Illinois Solar for All Supplemental Funding Plan, dated November 26, 2018, at 30.

⁸⁰ See id. at 31.

generation. Thus, many items that may be of interest to readers of this Revised Plan are not 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 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”⁸¹ 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).⁸²~~

~~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 took a similar approach for this revised Long-Term Plan, but with certain modifications. The draft Revised Plan was published on August 15 of this year, but per the requirements of Section 16-111.5(b)(5)(ii) of the PUA, the Agency announced⁸³ on September 3, 2019 a comment period of 45 days, resulting in a comment deadline of September 30, 2019.⁸⁴~~

~~During the comment period, the Agency was 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 held public hearings ~~occurred on October 26th of 2017~~September 3, 2019 in Chicago (ComEd), and September 4, 2019 in Springfield (Ameren Illinois), ~~October 31st in Chicago (ComEd), and November 3rd in~~ and Moline (MidAmerican). ~~No comments were received at these public hearings.~~

~~With a draft Plan release date of September 29, 2017, comments were due on the draft Plan by November 13, 2017. 49~~Written comments were received from: ~~3~~Degrees 21 stakeholders: AES Distributed Energy, Ameren Illinois, APXAmeresco, Borrego Solar, 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/Updated, Citizens Utility Board, Clean Grid Alliance, ComEd, Community Energy Solar, Cypress Creek Renewables, Environmental Defense Fund, Environmental Law & Policy Center 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, Vote Solar, ICC Staff, 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

⁸¹ 220 ILCS 5/16-111.5(b)(5)(ii)(B).

⁸² 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.”

⁸³ See [https://www2.illinois.gov/sites/ipa/Documents/Draft%20Revised%20Plan%20-%20Summer%202019/Revised%20Plan%20Schedule%20Update%20\(3%20September%202019\).pdf](https://www2.illinois.gov/sites/ipa/Documents/Draft%20Revised%20Plan%20-%20Summer%202019/Revised%20Plan%20Schedule%20Update%20(3%20September%202019).pdf).

⁸⁴ 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.

~~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, Shariff Shakir, SRECTrade, Sunvest Solar, Syncarpha Capital, Tick Tock Summit Ridge Energy, Sunrise Energy Ventures, and Trajectory Energy Partners, Village of Oak Park, Vote Solar, Will County, and Wind on the Wires.~~⁸⁵

~~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.”⁸⁶ 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.⁸⁷~~

~~The Illinois Commerce After the September 30, 2019 comment deadline, the IPA then took 21 days (again, as allowed under Section 16-111.5(b)(5)(ii)) to revise its draft Revised Plan. The Revised Plan was filed with the Commission for approval on October 21, 2019.~~

~~The Commission’s Plan approval proceeding of this Final Revised Plan took the form of a contested, docketed proceeding governed by pursuant to 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,⁸⁸ Within 14 days after of the filing of the Revised Plan, “any person objecting to parties taking issue with the plan” was were required to “file an objection with the Commission.”⁸⁹ With a December 4, 2017 filing date, “objections” were due by December 18, 2017. Objections were by November 4, 2019.⁹⁰ The Commission granted Petitions to Intervene filed by Ameren Illinois Company, 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, Cypress Creek Renewables, the Environmental Law & Policy Center, Vote Solar, the 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. Summit Ridge Energy, the Illinois Chamber of Commerce, and the Citizens Utility Board; Commission Staff and the Illinois Attorney General’s Office also participated in the proceeding.~~

~~Per Pursuant to the schedule set by the Administrative Law Judge, Responses to Objections were due on or by January 11, 2018, while December 3, 2019, and Replies to Responses were due on or by January 25, 2018 December 17, 2019. The Administrative Law Judge issued a Proposed Order on February 26, 2018. January 15, 2020. Briefs on Exception were due by March 7, 2018, and Briefs in~~

⁸⁵ Comments received by the Agency on the Draft Revised Plan may be found at: <https://www2.illinois.gov/sites/ipa/Pages/2020-Draft-LTRRPP-Comments.aspx>.

⁸⁶ Id.

⁸⁷ 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).

⁸⁸ 83 Ill. Adm. Code 200, et. seq.

⁸⁹ 220 ILCS 5/16-111.5(b)(5)(ii)(C).

⁹⁰ 220 ILCS 5/16-111.5(b)(5)(ii)(C).

~~Reply to~~ Exceptions were due by ~~March 14, 2018~~. January 24, 2020, and Reply Briefs on Exceptions were due on January 31, 2020.

~~The law requires that the Commission enter its order confirming or modifying the initial Long-Term Renewable Resources Procurement Plan or any subsequent revisions within 120 days after the filing of the plan by the Illinois Power Agency.⁹¹ Again, with a December 4, 2017 filing date, this left the Commission with an April 3, 2018 deadline for issuing an Order confirming or modifying the plan. The Commission issued its Order approving the plan with certain specified modifications on April 3, 2018.⁹² The Commission's standard of review was to approve the Plan if it determined "that the plan will reasonably and prudently accomplish the requirements of Section 1-56 and subsection (c) of Section 1-75 of the Illinois Power Agency Act,"⁹³ and in paragraph (4) of the Order's Findings and Ordering Paragraphs, the Commission indeed determined that "the initial~~The Commission issued its Final Order approving the plan with certain modifications on February 18, 2020, within the 120-day timeline prescribed by statute.⁹⁴ The Commission found that "the Revised 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."[.]"⁹⁵

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"⁹⁶ 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).⁹⁷ ~~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

⁹¹ ~~Id.~~

⁹² ~~An Amendatory 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.~~

⁹³ ~~220 ILCS 5/16-111.5(b)(5)(ii)(D).~~

⁹⁴ ~~Id.~~

⁹⁵ ~~Docket No. 17-083819-0995, Final Order dated April 3, 2018~~February 18, 2020 at ~~480-109.~~

⁹⁶ ~~220 ILCS 5/16-111.5(b)(5)(ii)(B).~~

⁹⁷ ~~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."~~

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.⁹⁸ ~~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.⁹⁹

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.”¹⁰⁰

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.¹⁰¹

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

⁹⁸ 220 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>.

⁹⁹ For example, see: <https://www.icc.illinois.gov/workshops/Electricity-Procurement-Process-for-Plan-Years-Beginning-June-2019>.

¹⁰⁰ 20 ILCS 3855/1-75(c)(1)(B).

¹⁰¹ Id.

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.¹⁰²

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.”¹⁰³

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.

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.¹⁰⁴

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

¹⁰² 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.

¹⁰³ 20 ILCS 3855/1-75(c)(1)(C).

¹⁰⁴ 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.”

waste other than tree waste, railroad crossties, utility poles, or construction or demolition debris, other than untreated and unadulterated waste wood.”¹⁰⁵

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 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

¹⁰⁵ 20 ILCS 3855/1-10.

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”¹⁰⁶~~, 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”¹⁰⁷ (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.

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.”¹⁰⁸

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.¹⁰⁹

¹⁰⁶ 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.

¹⁰⁷ 20 ILCS 3855/1-75(c)(1)(j).

¹⁰⁸ 20 ILCS 3855/1-75(c)(7); 20 ILCS 3855/1-75(c)(7). The “qualified person” requirement is expressly not applicable to the Illinois Solar for All Program (see 20 ILCS 3855/1-56(b)(2), final paragraph), although installers of ILSFA projects must, under state law, still have ICC certification under Part 468 as Distributed Generation Installers.

¹⁰⁹ 83 Ill. Adm. Code § 461.10.

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.

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”¹¹⁰ 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 the exclusivethrough P.A. 99-0906 concerned an added focus on the~~ 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”¹¹¹ 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”).

¹¹⁰ For the definition of “qualified person” under Part 468, please see 83 Ill. Adm. Code § 468.20, <http://www.ilga.gov/commission/jcar/admincode/083/083004680000200R.html>.

¹¹¹ Emphasis added.

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,¹¹² 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 that there may be a shallow market for long-term bilateral energy off-take agreements for geographically-qualifying new projects, which developers believe are necessary for providing the revenue certainty required for financing new facility construction. That concern will likely 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 generation of the first wave of these projects may no longer have room in their energy portfolios.¹¹³ 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 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 retail 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.~~

¹¹² 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).

¹¹³ These concerns were reinforced through comments received in the IPA’s April 2020 utility-scale wind procurement comment process; for those comments, see: <https://www2.illinois.gov/sites/ipa/Pages/wind-comments-2020.aspx>.

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 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.”¹¹⁴ The greater of these amounts—the 2007 amount per kilowatt-hour (“kWh”), as both amounts are known and, for each utility, it is greater¹¹⁵—then “shall be applied to the actual amount of kilowatt-hours 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.¹¹⁶

~~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 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.”¹¹⁷ 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.”¹¹⁸ 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.”

¹¹⁴ 20 ILCS 3855/1-75(c)(1)(E).

¹¹⁵ The specific cost cap rate for each of the three utilities is shown in ~~Table 3-1~~ Table 3-4 in Chapter 3 of this Revised Plan.

¹¹⁶ 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.”

¹¹⁷ 20 ILCS 3855/1-75(c)(6).

¹¹⁸ 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).

~~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.”¹¹⁹ 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 were 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 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.”¹²⁰ The IPA believes strongly in the principles outlined in this statement in the law, and ~~believes~~^{hopes} that ~~both~~ its ~~Initial Plan and this 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. ~~As outlined in Section 6.17, in this~~

¹¹⁹ ~~20 ILCS 3855/1-75(c)(6).~~

¹²⁰ 20 ILCS 3855/1-75(c)(7).

Revised Plan the Agency is proposing additional reporting by Adjustable Block Program Approved Vendors on the utilization of graduates of job training programs

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):

- 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 comebe 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.¹²¹ The Agency

¹²¹ The IPA Act, as modified by P.A. 99-0906, defines a “brownfield site photovoltaic project” as:

[P]hotovoltaics that are:

~~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.¹²²

~~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 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 renewable energy facilit[y] that [is] energized after June 1, 2017.”¹²³ 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.¹²⁴

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.”¹²⁵ ~~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~~

(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.

¹²² 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.~~

¹²³ 20 ILCS 3855/1-10.

¹²⁴ Id.

¹²⁵ 20 ILCS 3855/1-75(c)(1)(C).

~~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 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, in some cases,~~ prior to) the development of ~~this~~ the Initial 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.”¹²⁶ 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

¹²⁶ 20 ILCS 3855/1-75(c)(1)(G)(i), (ii).

solar procurement potentially conducted across multiple procurement events up to one year from June 1, 2017.¹²⁷

~~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”¹²⁸ 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;¹²⁹ 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 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 potentially 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.¹³⁰ ~~targets (and nearly 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.

¹²⁷ Id.

¹²⁸ Id.

¹²⁹ 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.

¹³⁰ 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.

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.”¹³¹

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,”¹³² the [IPA Agency](#) understands that this requirement becomes applicable to its planning process after June 1, ~~2021~~2022, the latest date for first delivery of RECs from the initial forward procurements.¹³³ [as discussed in Section 2.2.5.2 above.](#)¹³⁴

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.”¹³⁵ [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.

¹³¹ 20 ILCS 3855/1-75(c)(1)(G)(iv).

¹³² Id.

¹³³ ~~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.~~

¹³⁴ See Docket No. 17-0838, Final Order dated April 3, 2018 at 47-48.

¹³⁵ Id. 20 ILCS 3855/1-75(c)(1)(G)(iv).

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.”¹³⁶ 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.”¹³⁷ Thus, each block constitutes a quantity of nameplate capacity with a REC price¹³⁸ 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.¹³⁹

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 solar¹⁴⁰).

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);

¹³⁶ 20 ILCS 3855/1-75(c)(1)(K).

¹³⁷ Id.

¹³⁸ Prices can be a set value, or established as the product of a formula.

¹³⁹ Through its Final Order in Docket No. 19-0995, the Commission further reinforced this paragraph’s description of what is statutorily required from an “Adjustable Block Program” by finding that a proposal under which block prices would be set through a reverse auction “would require legislative action.” Docket No. 19-0995, Final Order dated February 18, 2020 at 46.

¹⁴⁰ 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.

- (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.¹⁴¹

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.¹⁴²

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.¹⁴³
- (3) At least 25% from photovoltaic community renewable generation projects.
- (4) The remaining 25% shall be allocated as specified by the Agency in the long-term renewable resources procurement plan.¹⁴⁴

~~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,¹⁴⁵ 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

¹⁴¹ 20 ILCS 3855/1-10.

¹⁴² Id.

¹⁴³ 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.

¹⁴⁴ 20 ILCS 3855/1-75(c)(1)(K).

¹⁴⁵ 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>.

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.”¹⁴⁶ The Agency understands “purchase price” to refer to the sum of payments for RECs required to be made under the contract—i.e. full prepayment.¹⁴⁷

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.”¹⁴⁸

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 Revised Plan’s proposed approach to Adjustable Block Program contracts generally (including certain recommended changes to the contract form published on January 30, 2019 for which the Agency expressly sought Commission approval), as well as to the clawback provisions, collateral

¹⁴⁶ 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.

¹⁴⁷ 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)).

¹⁴⁸ 20 ILCS 3855/1-75(c)(1)(L)(iii).

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.¹⁴⁹

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.”¹⁵⁰ ~~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.

~~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. 17-0838.¹⁵¹ 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 serve~~ as the baseline for any subsequent modifications of up to 25%.¹⁵² For establishing a baseline for future price adjustments, this Final version of the Revised Plan filed with the ICC on April 20, 2020 provides those baseline prices. REC prices are shown in Table 6-2 of the Revised Plan. They are unchanged from the REC prices published in the version of the Revised Plan that was filed for ICC approval on October 21, 2019 in Docket No. 19-0995, and, aside from providing prices for Block 5, generally follow the prices found in the Initial Plan.¹⁵³

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.”

¹⁴⁹ 20 ILCS 3855/1-75(c)(1)(K).

¹⁵⁰ 20 ILCS 3855/1-75(c)(1)(M).

¹⁵¹ Docket No. 17-0838, Final Order dated April 3, 2018 at 73-74.

¹⁵² See id.

¹⁵³ In Docket No. 19-0995, the Commission additionally determined that “REC prices must be lower to both efficiently invest ratepayer money and limit oversubscription resulting in a lottery process” given the oversubscription of certain categories of the Adjustable Block Program upon the program's opening. To effectuate any price changes, the Commission held that “workshops should be held and stakeholder input considered.” However, no specific changes to REC prices were directed through that Order. See Docket No. 19-0995, Final Order dated February 18, 2020 at 46.

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.¹⁵⁴ The program website also features a program dashboard updated daily to provide stakeholders with daily updates on block activity,¹⁵⁵ and recently added project information spreadsheets to provide increased transparency about photovoltaic projects supported through the Adjustable Block Program.¹⁵⁶ And in preparing this Revised Plan, in addition to the comment process and public hearings required by law, the Agency held both in-person workshops and a written comment process in the summer of 2019 through which comments on program activity and market conditions were offered by stakeholders.¹⁵⁷

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.”¹⁵⁸ 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 and small commercial customers and those who cannot install renewable energy on their own properties.”¹⁵⁹

From the law, the exactThe 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 unclearambiguous; the law simply references that “subscribed shares of photovoltaic community renewable generation projects” shall be purchased through the Adjustable Block Program.¹⁶⁰ 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.

¹⁵⁴ Both the presently effective Guidebook and prior editions of the Guidebook can be found here: <http://illinoisabp.com/program-guidebook>.

¹⁵⁵ The Adjustable Block Program dashboard can be found here: <http://illinoisabp.com/dashboard-home>.

¹⁵⁶ Project application disclosure information can be found here: <http://illinoisabp.com/project-information-disclosure-process>.

¹⁵⁷ 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>.

¹⁵⁸ 20 ILCS 3855/1-75(c)(1)(N).

¹⁵⁹ Id.

¹⁶⁰ Id.

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 and other contemporaneous activities, 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. Further discussion of this topic may be found in Section 7.6.2.~~

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 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?~~

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).¹⁶¹ Only the second of these questions falls within the scope of this Plan. On that question, the Agency's disclosure form requirements found in Chapter 6 are fundamental to subscribers receiving standardized information. Those requirements constitute 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.

In approving this Revised Plan, the Commission agreed with the Agency that any community solar subscription aggregation program (if legally possible) for a project participating in the ABP or ILSFA would be required to ensure that every individual subscriber receives and executes an individualized standard disclosure form, pursuant to Section 6.13 of this Revised Plan.¹⁶² The Commission likewise agreed with the Agency that the question of whether opt-out municipal aggregation for community solar subscriptions is legally authorized under Section 1-92 of the IPA Act is an issue outside the scope of Plan approval, finding that "this proceeding is not the forum for the Commission to decide the legality of opt-out municipal aggregation for community solar subscriptions, as numerous interested stakeholders - such as the many municipalities that might be interested and the private brokers that might assist them in soliciting bids - would not be on notice that the issue is being decided."¹⁶³

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

2.6. Illinois Solar for All Program

~~Set forth~~As 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."¹⁶⁴

¹⁶¹ 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 express statutory role (separate from its role administering renewable resources programs under this Plan) assisting governmental aggregation programs under Section 1-92(g) of the Act, the Agency's perspective should at least carry valuable advisory authority.

¹⁶² Docket No. 19-0995, Final Order dated Feb. 18, 2020 at 7.

¹⁶³ Id.

¹⁶⁴ 20 ILCS 3855/1-56(b)(2).

AnA 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 (either by the Agency or a utility, depending on which entity was the REC contract counterparty) 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,¹⁶⁵ and approximately \$13.9 million in such prior obligations remain outstanding.¹⁶⁶ State law¹⁶⁷ 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.¹⁶⁸

¹⁶⁵ 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)

¹⁶⁶ 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.

¹⁶⁷ 30 ILCS 105/5h.5(b).

¹⁶⁸ 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 appropriations¹⁶⁹ 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 available¹⁷⁰ 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

¹⁶⁹ These are the appropriations for Fiscal Year 2017 (July 1, 2016 through June 30, 2017), Fiscal Year 2018 (July 1, 2017 through June 30, 2018), and Fiscal Year 2019 (July 1, 2018 through June 30, 2019).

¹⁷⁰ 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.”¹⁷¹ ~~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.¹⁷²

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.¹⁷³

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.”¹⁷⁴ 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.¹⁷⁵

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 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.

¹⁷¹ 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.~~

¹⁷² Docket No. 18-1457, Final Illinois Solar for All Funding Shortfall Plan, dated November 26, 2018, at 30.

¹⁷³ See *id.* at 31.

¹⁷⁴ 20 ILCS 3855/1-56(b)(3).

¹⁷⁵ *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.”¹⁷⁶ 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.¹⁷⁷

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.¹⁷⁸

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”¹⁷⁹ 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.”¹⁸⁰ 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.”¹⁸¹ 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.¹⁸²

¹⁷⁶ Id.

¹⁷⁷ More information on the Illinois Solar for All grassroots education process can be found here: <https://www.illinoissfa.com/grassroots-education> and in Section 8.15.5.

¹⁷⁸ 20 ILCS 3855/1-56(b)(3).

¹⁷⁹ 20 ILCS 3855/1-56(b)(2).

¹⁸⁰ Id.

¹⁸¹ 20 ILCS 3855/1-56(b)(2)(A), (B), (C).

¹⁸² See: <https://www.illinoissfa.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.”¹⁸³

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.”¹⁸⁴ 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,”¹⁸⁵ 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.”¹⁸⁶ 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;”¹⁸⁷ ~~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).

¹⁸³ 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. No additional programs were proposed in Docket No. 19-0995.

¹⁸⁴ 20 ILCS 3855/1-56(b)(2)(A).

¹⁸⁵ Id.

¹⁸⁶ Id.

¹⁸⁷ 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.”¹⁸⁸ 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.”¹⁸⁹ ~~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.”¹⁹⁰ 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,”¹⁹¹ 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.”¹⁹² 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

¹⁸⁸ 20 ILCS 3855/1-56(b)(2)(B).

¹⁸⁹ Id.

¹⁹⁰ Id.

¹⁹¹ Id.

¹⁹² 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).~~¹⁹³

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,”¹⁹⁴ 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.”¹⁹⁵ 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.”¹⁹⁶ 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).¹⁹⁷

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

¹⁹³ 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>.

¹⁹⁴ Id.

¹⁹⁵ 20 ILCS 3855/1-56(b)(2)(D).

¹⁹⁶ Id.

¹⁹⁷ 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.”¹⁹⁸

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.”¹⁹⁹ 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,”²⁰⁰ 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;”²⁰¹ while it is unclear from the law 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,²⁰² 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.”²⁰³ 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,

¹⁹⁸ 20 ILCS 3855/1-56(b)(2)(D).

¹⁹⁹ 20 ILCS 3855/1-56(b)(2).

²⁰⁰ Id.

²⁰¹ Id.

²⁰² Docket No. 17-0838, Final Order dated April 3, 2018 at 150-151.

²⁰³ 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).²⁰⁴ 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.

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 included 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”)

²⁰⁴ 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.~~

The Spring 2019 session concluded on May 31, 2019 without any of the above bills making significant advancement.²⁰⁵ The General Assembly concluded its veto session on November 14, 2019, again without enacting any energy legislation. None of the bills listed above, nor any new energy bills, advanced prior to the General Assembly going on hiatus starting in March 2020 due to the presently-ongoing COVID-19 pandemic.

As of the publishing of this Final Revised Plan (April 20, 2020), the Agency understands that negotiations among at least certain principal bill interests are ongoing, and that working groups continue to convene – even if virtually or by phone rather than in person – to continue discussing potential legislation. However, as no legislation significantly reforming the Agency’s responsibilities under this Plan has passed as of the time of the Plan’s approval or the filing of this Final Revised Plan, the Agency will faithfully implement the Plan as described herein.

The Agency is presently monitoring legislative discussions and has been an active participant in hearings, working group meetings, and other discussions in which its interests and responsibilities are implicated. Should any legislation pass which significantly modifies the Agency’s responsibilities under this Revised Plan, the Agency hopes that any such legislation will expressly address which portions of the Agency’s Revised Plan, if any, shall continue to remain in effect.

²⁰⁵ 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.²⁰⁶ 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.~~²⁰⁷

The revisions to the RPS include a number of REC procurement goals and targets. As used in this 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.²⁰⁸ 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

²⁰⁶ 220 ILCS 5/16-111.5(a).

²⁰⁷ ~~20 ILCS 3855/1-75(c)(1)(B).~~

²⁰⁸ 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, 2021²⁰⁹) 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 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");²¹⁰ Table 3-1 shows the proposed allocation across each of the three utilities based on each utility's cost cap rate and eligible load.²¹¹

²⁰⁹ 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."

²¹⁰ 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.

²¹¹ 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.

Table 3-1: Utility REC Cost Allocations

Utility	Reference Year Forecasted Delivered Volume ([MWh]) ²¹²	Cost Cap Rate ²¹³ (\$/[\$/MWh])	RPS Budget for 2020-2021 Delivery Year (\$)[\$] ²¹⁴	Allocation Based on RPS Budget for 2020-2021 Delivery Year (%) [%]
Ameren Illinois	38,017,110 35,079,537	1.8054	68,636,091 63,332,597	29.33 27.793%
ComEd	87,012,436 86,640,000	1.8917	164,601,426 163,896,888	70.34 71.925%
MidAmerican*	616,844 517,599	1.2415	765,812 642,599	0.33 282%

*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, ~~\$293,300~~277,930 and associated REC contracts would be allocated to Ameren Illinois, ~~\$703,400~~719,250 and associated RECs to ComEd, and ~~\$3,300~~2,820 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.~~²¹⁵

²¹² The 2019-2020 delivery year is the reference year for the 2020-2021 delivery year.

²¹³ 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.

²¹⁴ 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.").

²¹⁵ 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.²¹⁶

~~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 load through rates regulated by any state or states on or after January 1, 2017.~~²¹⁷ ~~Starting with the 2019-2020 delivery year and continuing for subsequent delivery years its programs and procurements.~~²¹⁸ Therefore, ARES do not no longer have an obligation to procure RECs or make ACPs for RPS compliance.²¹⁹

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

²¹⁶ 20 ILCS 3855/1-75(c)(1)(B); 220 ILCS 5/16-115D(a)(3.5).

²¹⁷ 220 ILCS 5/16-115D(a)(3.5); 83 Ill. Adm. Code § 455.120(b)(4).

²¹⁸ 20 ILCS 3855/1-75(c)(1)(B); 220 ILCS 5/16-115D(a)(3.5).

²¹⁹ 220 ILCS 5/16-115D(i).

electric supplier to Illinois retail customers during the delivery year ending May 31, 2016.”²²⁰

“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.”²²¹

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.”²²²

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.”²²³

~~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 year under this provision, starting June 1.²²⁴ This quantity will be accounted as RECs from “other

²²⁰ 20 ILCS 3855/1-75(c)(1)(H)(iii).

²²¹ Id.

²²² Id.

²²³ Id.

²²⁴ ~~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 2020-2021 delivery year, see: <https://www2.illinois.gov/sites/ipa/Documents/2020-2021%20Delivery%20Year%20ARES%20REC%20Report.pdf>.~~

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 ~~thethat~~ 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.²²⁵

~~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.²²⁶ 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.~~

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]²²⁷</u>	<u>Applicable Load After</u>	<u>RPS Budget Before Change [\$]</u>	<u>RPS Budget After Change [\$]</u>
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²²⁵ 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.

²²⁶ Docket No. 18-1564, Final Order dated November 26, 2018.

²²⁷ Based on load volumes presented in the Initial Plan.

			<u>Change [MWh]²²⁸</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.²²⁹

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 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 would cause the annual commitments of already procured RECs and associated spending to exceed

²²⁸ Based on volumes provided by MidAmerican in its response submitted for the preparation of this Revised Plan.

²²⁹ MidAmerican allocates 10.86% of the UCAP ratings of its baseload units for Illinois Historical Generation.

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 could have left 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 have caused 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.²³⁰

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 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.

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 Revised Plan) should be fixed at 26.025% of MidAmerican's annual total Illinois retail load. This percentage

²³⁰ 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.

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.²³¹

Adopting this proposal produces 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.

As this proposal was uncontested in Docket No. 19-0995, the IPA understands this proposal to have been adopted by the Commission through its Final Order in that proceeding approving the Plan.

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]²³²</u>	<u>RPS Budget Before Change August 1, 2017 [\$]²³³</u>	<u>Applicable Load Using Proxy [MWh]²³⁴</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>

²³¹ The Agency notes that it did not receive any objections to this proposed approach in comments received on its draft Revised Plan. Rather, the Clean Grid Alliance, Environmental Law and Policy Center/Vote Solar, and the Natural Resources Defense Council expressed support for it.

²³² Based on load volumes presented in the Initial Plan.

²³³ Budget used in the Initial Plan.

²³⁴ Applicable Load equals 26.025% of Forecast Retail Load.

<u>2025-2026</u>	<u>2024-2025</u>	<u>372,831</u>	<u>462,870</u>	<u>522,222</u>	<u>648,338</u>
<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 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.²³⁵~~

~~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.~~

~~the balance of this Revised Plan, MidAmerican's Applicable Load will be determined by using the proxy approach proposed in this Section.~~

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 retail customers to "no more than the greater of 2.015% of the amount paid per kilowatt-hour by

²³⁵ 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.

those customers during the year ending May 31, 2007 or the incremental amount per kilowatt-hour paid for these resources in 2011.”²³⁶ 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.²³⁷ The cost cap rate, in cents per kilowatt-hour, is provided in Table 3-4.

Table 3-4: REC Procurement Cost Cap Rate by Utility²³⁸

Utility	RPS Cost Cap Rate (¢/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...”²³⁹

~~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 plans²⁴⁰—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, 2021.²⁴¹ ~~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.~~ 242

²³⁶ 20 ILCS 3855/1-75(c)(1)(E).

²³⁷ Id.

²³⁸ 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 https://www2.illinois.gov/sites/ipa/pages/Prior_Approved_Plans.aspx at 12.

²³⁹ 220 ILCS 5/16-108(k).

²⁴⁰ 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.

²⁴¹ See id.

²⁴² Subject to limits (discussed in Chapters 2 and 8 of this 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 2017-2018, 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.²⁴³ 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.²⁴⁴ 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.²⁴⁵

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, 2017.²⁴⁶ 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

²⁴³ 20 ILCS 3855/1-75(c)(1)(F).

²⁴⁴ 20 ILCS 3855/1-75(c)(1)(C).

²⁴⁵ 220 ILCS 5/16-111.5(a).

²⁴⁶ 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.²⁴⁷ 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 Revised Plan, although these RECs would count toward the overall 75% of RECs coming from wind or photovoltaic resources.²⁴⁸

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).²⁴⁹ 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 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; the IPA’s proposal that the deadline for the matching requirement extend to June 1, 2022 was uncontested in Docket No. 19-0995 approving the Plan.

3.8. REC Portfolio

For the planning and development of the various procurements and programs under this 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 Plan) 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 planned Forward Procurement of utility-scale wind RECs, and the balance of the Adjustable Block Program.

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

²⁴⁷ ~~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.

²⁴⁸ ~~20 ILCS 3855/1-75(c)(1)(B), (C).~~

²⁴⁹ ~~20 ILCS 3855/1-75(c)(1)(B), (C).~~

and the aggregated statewide portfolio.²⁵⁰ ~~In~~ as of April 20, 2020.²⁵¹ 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;²⁵² ~~and “~~
- “Legacy DG” means includes RECs procured under the Distributed Generation procurements procurement events conducted by the IPA in 2015, 2016, and 2017;²⁵³
- “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;
- “IPA Programs Solar” includes existing RECs procured and under contract resulting from the Adjustable Block Program and the Illinois Solar for All Program as of April 10, 2020.

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> ²⁵⁴	<u>DG IPA Programs Solar RECs</u>	<u>Total Wind RECs</u>	<u>Total Solar RECs</u>	<u>Total All RECs</u>
<u>2020-21</u>	<u>596,571</u>	<u>3,429</u>	<u>7,475</u>	<u>409,153</u>	<u>280,828</u>	<u>215,734</u>	<u>1,005,724</u>	<u>507,466</u>	<u>1,513,190</u>
<u>2017-2018</u>									
<u>2018-2021</u>	<u>596,571</u>	<u>3,429</u>	<u>251,767,040</u>	<u>2,629,863,696</u>	<u>488,833,363</u>	<u>6,797,287,668</u>	<u>848,356,460,267</u>	<u>12,855,181,501</u>	<u>861,211,641,768</u>
<u>2021-22</u>									
<u>2018-2019</u>									
<u>2019-2022</u>	<u>596,571</u>	<u>3,429</u>	<u>4,529</u>	<u>863,696</u>	<u>488,833,363</u>	<u>8,411,287,644</u>	<u>596,589,460,267</u>	<u>11,840,178,966</u>	<u>608,429,639,233</u>
<u>2022-23</u>									

²⁵⁰ 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.

²⁵¹ ILSFA REC commitments have been included in the utilities’ existing REC portfolios (where a utility is contractual counterparty) for the 2018-2019 and 2019-2020 program years.

²⁵² Procurement conducted pursuant to 220 ILCS/16-111.5(k-5) (Repealed, effective June 1, 2017).

²⁵³ 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.

²⁵⁴ Including Brownfield Site Photovoltaics.

2019						8,411,287.		11,840,11	608,429.
-						621		78,743	639,010
2020	596,571	3,429	4,330	863.696	48883.36		596,589.		
2023					3		460,267		
-24									
2020						7,475,287.		10,904,11	607,475.
-						597		74,389	634,656
2021	596,571	3,429	-	863.696	883.363		1,460,267		
2024							596,571		
-25									
2025	596,571	3,429	-	863.696	883.363	287,573	1,460,267	1,174,366	2,634,633
-26									

Table 3-6: ComEd Existing REC Portfolio

Delivery Del. Year	LTPPA Wind RECs	LTPPA Solar RECs	Rate Stability Other Legacy DG Solar RECs	DG Forward Procurements Wind RECs	DG Forward Procurements Solar RECs ²⁵⁵	IPA Programs Solar RECs	Total Wind RECs	Total Solar RECs	Total All RECs
2017 - 2018 2020 - 21	1,233,838	27,887	271,47 321,18 1	22 981,244	16,55667 3,490	1,233,86 0533.56 2	44,4432.2 15.082	1,549,776 256.120	3,471.202
2018 - 2019 2021 - 22	1,233,838	27,887	20.138	22 2,071,340	23,0952.1 18,507	1,233,86 0703.62 1	50,9823.3 05.178	1,284,842 2,870.153	6,175.331
2019 - 2020 2022 - 23	1,233,838	27,887	=	22 2,071,340	23,0952.1 18,507	1,233,86 0703.59 3	50,9823.3 05.178	1,284,842 2,849.987	6,155.165
2020 - 2021 2023 - 24	1,233,838	27,887	=	2,071,340	21,1812.1 18,507	703.565 1,233,83 8	49,0683.3 05.178	1,282,906 2,849.959	6,155.137
2024 - 25	1,233,838	27,887	=	2,071,340	2,118,507	703.538	3,305,178	2,849,932	6,155,110
2025 - 26	1,233,838	27,887	=	2,071,340	2,118,507	703.510	3,305,178	2,849,904	6,155,082

Table 3-7: MidAmerican Existing REC Portfolio

Delivery Del. Year	LTPPA Wind RECs	LTPPA Solar RECs	Legacy DG Solar RECs	Forward Procurements Wind RECs	Forward Procurements Solar RECs ²⁵⁶	IPA Programs Solar RECs	Total All Wind RECs	Total Solar RECs	Total RECs
2017-2018		655	655						
2018-2019		655	655						

²⁵⁵ Including Brownfield Site Photovoltaics.

²⁵⁶ Including Brownfield Site Photovoltaics.

2019-2020-21	655-	655-	580	4,603	3,160	3,272	4,603	7,012	11,615
2020-2021-22	655-	655-	449	9,717	9,939	6,544	9,717	16,932	26,649
2022-23	-	-	-	9,717	9,939	6,544	9,717	16,483	26,200
2023-24	-	-	-	9,717	9,939	6,544	9,717	16,483	26,200
2024-25	-	-	-	9,717	9,939	6,544	9,717	16,483	26,200
2025-26	-	-	-	9,717	9,939	6,544	9,717	16,483	26,200

~~3.10. Initial Forward Procurement~~

~~The Act requires 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.²⁵⁷ The utility-scale projects are specified as those with a generating capacity that is greater than 2,000 kW,²⁵⁸ 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.~~

~~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.²⁵⁹ Two additional procurement events were then held on March 19 and April 26, 2018 to procure the remaining 800,000 annually-delivered solar RECs.²⁶⁰ 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.~~

~~²⁵⁷ 20 ILCS 3855/1-75(e)(1)(C)(i), (ii).~~

~~²⁵⁸ 20 ILCS 3855/1-10.~~

~~²⁵⁹ Results of the August 31, 2017 procurement are available at:~~

~~<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.~~

~~²⁶⁰ 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>.~~

3.10. Forward Procurements Scheduled for the Fall of 2019, Planned Utility-Scale Wind Forward Procurement, and Balance of RECs to be Procured under the Adjustable Block Program

In accordance with competitive procurements approved in the Initial Plan, the Agency conducted two competitive procurements events in the Fall of 2019: the Second Subsequent Forward Procurement for utility-scale wind projects (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). Neither of these procurement events resulted in the procurement of RECs. The Agency, as described in Section 5.9.2, plans to conduct a utility-scale wind forward procurement in the Fall of 2020 or the Spring of 2021; volumes and delivery assumptions for this procurement are shown in Table 3-8 below.

Also, as described in Section 6.17 of this Revised Plan, the Adjustable Block Program is presently in the process of being implemented, with some 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~~: Planned Utility-Scale Wind Forward Procurement RECs²⁶⁴

Delivery Year	Wind	Solar	Total All RECs Utility Scale Target Wind RECs (estimate)
2017-2018 2021-2022			
2018-2019 2022-2023			
2019	965,000		1,965,000
2020		1,000,000	
2021			
2022			
2023			
2024			
2020-2021	965,000	1,000,000	1,965,000

²⁶⁴Section 1.75(c)(1)(C) 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.

24			
=			
20			
25			
<u>2025-2026</u>		<u>1,000,000</u>	

Table 3-9: Balance of ABP RECs to be Procured²⁶²

<u>Delivery Year</u>	<u>Balance of ABP Solar RECs (estimate)</u>
<u>2020-2021</u>	<u>141,029</u>
<u>2021-2022</u>	<u>160,129</u>
<u>2022-2023</u>	<u>160,129</u>
<u>2023-2024</u>	<u>160,129</u>
<u>2024-2025</u>	<u>160,129</u>
<u>2025-2026</u>	<u>160,129</u>

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,²⁶³ 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.

Table 3-10: Statewide REC Portfolio

<u>Del. Year</u>	<u>Exist ing Wind RECs</u>	<u>Exist ing Solar RECs</u>	<u>Existing Other²⁶⁴</u>	<u>Initial Fall 2020/Spring 2021 Utility-Scale Forward Wind RECs (estimate)</u>	<u>Other Technology RECs Supplied by</u>	<u>Initial Forward Balance of ABP Solar</u>	<u>Total Wind RECs²⁶⁶</u>	<u>Total Solar RECs</u>	<u>Total Other</u>	<u>Total All RECs</u>

²⁶² Chapter 6, particularly Table 6-5, provides further details of the Adjustable Block Program procurement of RECs.

²⁶³ REC deliveries for ABP are based on the "Assumed Energization" rate shown in Table 3-23.

²⁶⁴ "Other" refers to RECs from other technologies, other than wind or solar.

²⁶⁶ 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.

							ARES 265	RECs (esti mate)				
2017	2,08							2,08				
-	2,21	57,953		271,473				57,9		271,473	2,411,	
2018	6							6	53		642	
2020-20212	3,22	1,830,449,770,597					1,830,	63,47	3,22	1,893,926,91	6,707,	
018-2019	5,40			63,47			449,56	7,141,	5,40	1,626	013	
	9			7-			9,978	029	9			
2021-2022	4,77	4,068,586						160.1	4,77	4,228,714	9,003,	
	5,16			=				29	5,16		876	
	2							2	2			
2022-2023	4,77	4,045,436						160.1	4,77	4,205,564	8,980,	
	5,16			=				29	5,16		726	
	2							2	2			
2019-20202	1,83	63,4		965,			2,795,	1,063,	5,77	3,858,926,4,	9,980,	
023-2024	0,44	77,4		000	1,000,000		449	4,771,6	5,16	205,314	476	
	94,7	04,5						0,129	2			
	75,1	185										
	62											
2020-20212	1,83	60,6		965,			2,795,	1,060,	5,77	3,856,036,4,	9,976,	
024-2025	0,40	27,4		000	1,000,000		409	6,271,6	5,16	200,932	094	
	94,7	04,0						0,129	2			
	75,1	80,4										
	62											
2025-2026	4,77	4,040,752						160.1	5,77	4,200,881	9,976,	
	5,16			1,000,000				29	5,16		043	
	2							2	2			

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 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.

3.13. Applicable Retail Customer Load

The table below shows the forecasted retail customer load subject to RPS compliance through the 2020-20212025-2026 delivery year.²⁶⁷ Because the Act mandates the transition to a single RPS

²⁶⁵ ARES option to supply RECs is discussed in Section 3.3 above.

²⁶⁷ As customary, in support of the IPA procurement processes, in the summer of 20172019 the utilities developed and provided the actual and forecast loads used in this Revised Plan.

~~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.~~

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

Compliance Delivery Year	Reference Delivery Year	Ameren Illinois [MWh]	ComEd [MWh]	MidAmerican [MWh] ²⁶⁸	Statewide [MWh]
2017-2018	2016-2017	21,152,970	54,420,529	539,165	76,112,664
2018-2019	2017-2018	29,995,820	71,460,380	503,181	101,959,381
2019-2020-2021	2018-2019-2020	37,993,44135,079.537	87,121,73186,640.000	704,364517.599	125,819,536122,237.136
2020-2021-2022	2019-2020-2021	38,017,11034,608.468	87,012,43685,892.000	616,844518.437	125,646,391121,018.905
2022-2023	2021-2022	34,330,656	85,314,000	519,350	120,164,007
2023-2024	2022-2023	34,093,802	84,797,000	520,308	119,411,110
2024-2025	2023-2024	33,873,550	84,578,000	521,252	118,972,802
2025-2026	2024-2025	33,873,550	84,258,000	522,222	118,653,772

~~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%.²⁶⁹ 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 3.20.1.~~

3.14. RPS Goals and Targets

RPS annual goals are ~~derived from~~expressed 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

²⁶⁸ ~~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.~~

²⁶⁹ ~~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).

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

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 Load (Applicable Load) [MWh]	Overall RPS Target [RECs]
2017-2018	13.0%	2016-2017	76,112,664	9,894,646
2018-2019	14.5%	2017-2018	101,959,381	14,784,110
2019-2020	16.0%	2018-2019	125,819,536	20,131,126
2020-2021	17.5%	2019-2020	125,646,391 122,237,136	21,988,118 391,499
<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>

3.15. 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.

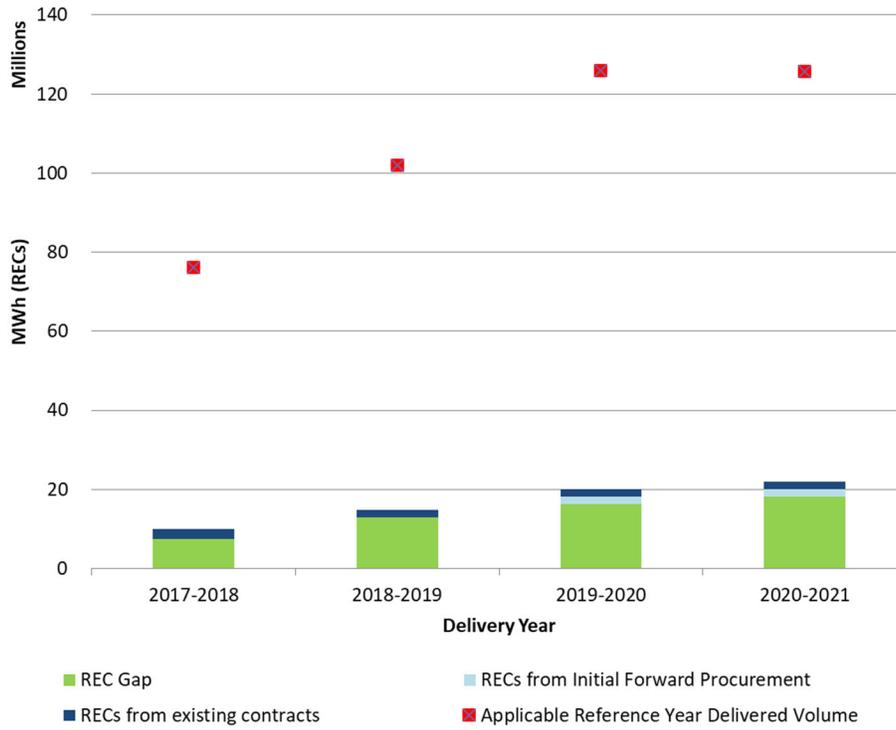
Table 3-13: Statewide Overall REC Gap²⁷⁰

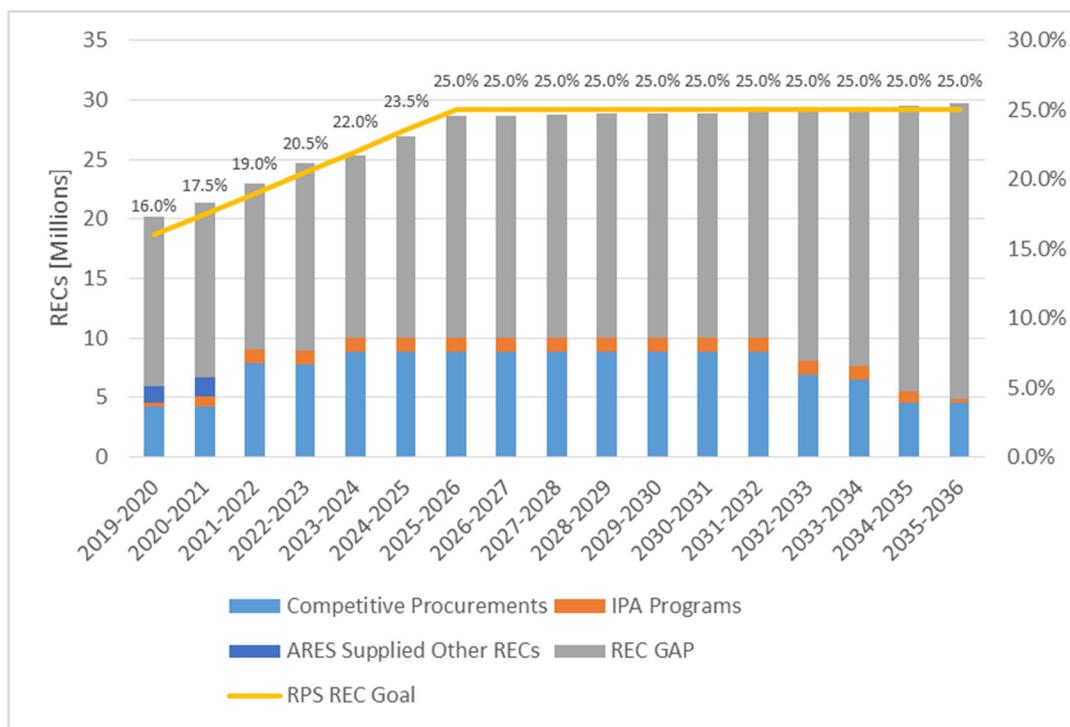
Delivery Year	Overall RPS Target RECs	Statewide Portfolio Total All RECs	Overall REC Procurement Target (REC Gap)
2017-2018	9,894,646	2,411,642	7,483,004
2018-2019	14,784,110	1,893,926	12,890,184
2019-2020	20,131,126	3,858,926	16,272,200
2020-2021	21,988,118 391,499	3,856,036 5,137,035	18,132,082 16,254,463
2021-2022	22,993,592	9,003,876	13,989,716
2022-2023	24,633,621	8,980,726	15,652,895
2023-2024	26,270,444	9,980,476	16,289,969
2024-2025	27,958,609	9,976,094	17,982,514
2025-2026	29,663,443	9,976,043	19,687,400

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.

²⁷⁰ Unadjusted for RECs supplied by ARES.

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





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, 2.3.1, 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 nearly 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 the overall RPS Targets.~~

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

Overall RPS Target [Total RECs]	Wind RECs ²⁷¹	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	Exi Plus Sup Ot T R
(a) 5,137,035 ²⁷²	(b) = (a) * 0.75 3,225,409	(c) 1,911,626	(d) = (b) - (c) 5,137,035	(e) 100%		-(a)
9,894,646 003,876	7,420,985 4,775,162	2,140,169 4,228,714	5,280,816 9,003,876	271,473 100%		2,7
8,980,726	4,775,162	4,205,564	8,980,726			10
14,784,110 9,980,476	11,088,083 5,775,162	1,893,926 4,205,314	9,194,157 980,476	650,419 100%		3,0
5,098,344	3,858,926	11,239,418	5,032,781 775,162	16,272,200 932	9,976,094	10
6,491,089	3,856,036	12,635,053	5,497,030 775,162	18,132,082 4,200,881	9,976,043	10

3.17. RPS Budget

As described in Section 3.53.5, 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 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

²⁷¹ 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.

²⁷² Total RECs does not include RECs supplied by ARES under the provision of Section 1-75(c)(1)(H)(i) as those were not “procured” through the programs and procurements contained in Section 1-75(c)(1)

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.²⁷³

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).~~²⁷⁴

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

~~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).~~²⁷⁵

²⁷³ 20 ILCS 3855/1-75(c)(1)(E).

²⁷⁴ ~~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.~~

²⁷⁵ ~~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 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.~~

$$(3) \text{ Delivery Year Available Net RPS Budget} = \text{Annual RPS Budget (equation 2)} - \text{Contracted REC Spend} - \text{Scheduled REC Spend} - \text{Set Asides Allocation}$$

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.

3.17.1. 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~~Planned REC Spend associated with the ~~Initial Forward Procurement,~~competitive procurement planned for the ~~Fall of 2020 or Spring of 2021~~ 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~~. Table 3-19 summarizes those tables at a statewide level. 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.

The values contained in these tables reflect RPS funds collections and project completion rates (and thus REC expenditures) based upon load forecasts and assumed energization rates used for the development of this revised Plan from the Fall of 2019. A new section of the final version of this Revised Plan, Section 3.20.1, provides an analysis of slower project energization rates that may result from the disruptions created by the COVID-19 pandemic. RPS funds collection under Section 16-108(k) of the PUA will likely also be impacted by the decreased economic activity created by COVID-19 although the magnitude and longevity of that impact is not yet known.

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 8.40 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 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.²⁷⁶ Table 3-18 shows the annual RPS funds to be allocated to each of these Set Asides.

²⁷⁶ 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.

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~~).²⁷⁷ ~~The Agency will update RPS budgets on an annual basis to reflect these various adjustments-2.6.1 and 8.4.3 for more details~~; however, at this time no allocation is planned or expected.²⁷⁸ ~~The Agency will request updated data from the utilities each spring and fall and will update RPS budgets and goals to reflect 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 utilities²⁷⁹ These ACP funds are potentially available to fill the shortfalls listed for delivery years 2021-2022 through 2023-2024. As of April 10, 2020, Ameren Illinois has \$34,297,300 in uncommitted ACPs, and ComEd has \$65,927,046. Based on present load forecasts and cost assumptions, these amounts would be barely sufficient to cover the total projected shortfalls (\$27,890,552 for Ameren Illinois and \$56,635,045 for ComEd).~~

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

²⁷⁷ See 220 ILCS 5/16-108(k).

²⁷⁸ See 220 ILCS 5/16-108(k) and ICC Docket No. 18-1457.

²⁷⁹ ACPs were collected either from hourly pricing customers prior to June 1, 2017 or from ARES for their RPS obligations after June 1, 2017.

Table 3-15: Ameren Illinois RPS Budget²⁸⁰ (\$)

De li ver er y e a r D Y	Prio r Year Del ivered Elect ricity (MW h)Acc umulat ed RPS Funds at Start of DY	Cost Cap Rate (\$/M Wh)	Annual RPS Budget	Collection	Total Available	Contr acted REC Spend Already Under Contract	Esti mat ed An ticipat ed Appro ved REC Spend Initial For ward Procure ment ²⁸¹	Set Aside ²⁸²	Total Expend itures	Remai ning RPS Funds Balanc e at end of DY	ACP Balanc e at Start of DY	Avai labl e Gro ss AC P Draw down for DG REC Payme nts and Balanc ing the RPS Budget (est.)
20 - 21	93,348,046		63,332,597		156,680,643	65,745,235	30,561,172	3,578,292	99,884,699	56,795,943	37,573,682	933,851
21 - 22	-		62,482,128		62,482,128	65,945,567	6,300,622	3,542,733	75,788,922	(13,306,794)	36,639,831	14,173,518
22 - 23	-		61,980,567		61,980,567	62,505,125	1,807,455	3,517,705	67,830,285	(5,849,718)	22,466,313	6,227,174
23 - 24	-		61,552,950		61,552,950	61,064,125	3,197,108	3,495,651	67,756,884	(6,203,934)	16,239,140	6,556,009
2 0 1 7 - 2 0 1 8 2 4 - 2 5	21,152,970	1.805461155307	\$38,189,571		\$9,412,611,553,307	48,559,799	\$28,777,416,274,244	3,482,920	54,787,963	6,367,344	9,683,131	-
2018-2019			29,995,820		1,8054	\$54,154,453	\$8,000,000			\$46,154,453		
2 0 1 9 - 2 2	37,993,441	1.805461155307	\$68,593,358,115,307	\$7,999,000	\$2,742,210	\$57,218,521,147	1,841,516	3,473,433	27,167,097	33,988,211	9,683,131	-

²⁸⁰ Does not include indirect allocations, administrative set aside, ARES ACP funds collected by the utility, or uncommitted Hourly ACP funds.

²⁸¹ Includes the balance of approved ABP Procurement, and the planned Fall 2020 or Spring 2021 Utility-Scale Wind Procurement.

²⁸² See Table 3-18.

0										
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2020-2021	38,017,110	1.8054	\$68,636,091	\$7,753,000	\$2,742,210	\$58,140,881				

Table 3-16: ComEd RPS Budget²⁸³ (\$)

Deliver Year	Prior Year Delivered Electricity (MWh) ^A 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 ²⁸⁴	Set Asides ²⁸⁵	Total Expenditures	Remaining RPS Funds Balance at end of DY	ACP Balance at Start of DY	Available Gross ^A CP Drawdown for DG REC Payments and Balancing the RPS Budget (est.)
2017-2021	54,420,529	219.051474	1.8917 163,896.888	\$102,947,315 382,948.362	\$23,718,264 169,748.742	65,717.801	\$79,229,051 9,260.174	244,726,724	138,221.638	69,849.386	2,408.621
2018-2019	71,460,380		1.8917 162,481.896	\$135,181,601 162,481.896	\$23,357,415 165,908.335	12,622.973	\$111,824,186 19,168.154	197,699.461	(35,217.565)	67,440.765	37,491.117

²⁸³ Does not include indirect allocations, administrative set aside, ARES ACP funds collected by the utility, or uncommitted Hourly ACP funds.

²⁸⁴ Includes the balance of approved ABP Procurement, and the planned Fall 2020 or Spring 2021 Utility-Scale Wind Procurement.

²⁸⁵ See Table 3-18.

21-22										
2019-2020	87,121,731	1,891,891 161,388,494	\$164,808,179 161,388,494	\$23,484,084 157,004,075	\$6,576,451 2,840,265	\$134,747,644 9,103,384	168,947,724	(7,559,230) 1	29,949,648	7,559,230
2020-2021	-	160,410,485	160,410,485	154,103,738	87,012,643 6,512	1,891,790 9,046,311	\$164,601,426 169,586,562	\$23,095,360 (9,176,077) 1	\$6,576,451 22,390,417	\$134,929,615 9,176,077
24-25	-	159,996,203	159,996,203	123,925,002	5,726,446	9,013,364	138,664,812	21,331,390	13,214,341	-
25-26	-	159,390,852	159,390,852	59,845,351	4,306,314	18,988,813	83,140,478	76,250,380	13,214,341	-

Table 3-17: MidAmerican RPS Budget²⁸⁶ (\$)

Delivery Year	Prior Year Delivered Electricity (MWh) ^A 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 ²⁸⁷	Set Asides ²⁸⁸	Total Expenditures	Remaining RPS Funds Balance at end of DY	ACP Balance at Start of DY	Available Gross ^A CP Drawdown for DG REC Payments and Balancing the RPS Budget (est.)
2017-2018	539,165,871,608		642,599	1,241,514,207	\$669,373,209,070	\$111,829,215,021	36,307	\$557,544,460,398	1,053,809	13,556	-
2018-2019	503,181		1,241,596,640	\$624,699,643,640	\$111,829,266,077	98,361	\$512,870,35,946	400,385	243,255	13,556	-

²⁸⁶ Does not include indirect allocation, administrative set aside, or ARES ACP funds collected by the utility.

²⁸⁷ Includes the balance of approved ABP Procurement, and the planned Fall 2019 or Spring 2021 Utility-Scale Wind Procurement.

²⁸⁸ See Table 3-18.

22-23	-	644,774	644,774	192,976	73,796	35,692	302,464	342,310	13,556	-
2019-2020	704,364	1,241,564,963	645,963	192,976	87,896	\$874,354,68	\$111,829,316,340	\$30,851,329,623	\$731,787,13,556	-
2020-2021	616,844	1,241,564,7,135	\$765,812,647,135	\$111,829,167,836	\$30,851,69,447	\$623,131,35,339	272,622	374,513	13,556	-
25-26	-	648,338	648,338	117,555	32,549	35,243	185,347	462,991	13,556	-

Table 3-18: Statewide RPS Budget²⁸⁹ 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 (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	-\$193,331,580
2020-2021	\$234,003,329 11,393,604	\$30,960,189	-\$9,349,512-1,481,169	-\$193,693,627 12,874,773
2021-2022	11,280,383	10,000,000	1,466,450	22,746,833
2022-2023	11,200,692	-	1,456,090	12,656,782
2023-2024	11,130,470	-	1,446,961	12,577,431
2024-2025	11,089,932	-	1,441,691	12,531,623
2025-2026	11,059,725	10,000,000	1,437,764	22,497,489

²⁸⁹ 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 ²⁹⁰	Set Asides ²⁹¹	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	313,271,128	227,872,083	541,143,212	235,703,054	96,493,994	12,874,773	345,071,821	196,071,391	107,436,624	3,342,472
21-22	-	225,607,664	225,607,664	232,119,979	19,021,956	22,746,833	273,888,768	(48,281,104)	104,094,152	51,664,635
22-23	-	224,013,835	224,013,835	219,702,175	4,721,516	12,656,782	237,080,473	(13,066,639)	52,429,517	13,786,404
23-24	-	222,609,397	222,609,397	215,360,838	9,721,516	12,577,431	237,659,785	(15,050,388)	38,643,113	15,732,086
24-25	-	221,798,645	221,798,645	172,652,636	8,541,137	12,531,623	193,725,397	28,073,248	22,911,027	-
25-26	-	221,194,504	221,194,504	81,815,053	6,180,379	22,497,489	110,492,922	110,701,582	22,911,027	-

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 Revised Plan. The table below presents a snapshot summary of the REC Gap to be procured and the Available Gross Net 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 Budget²⁹²

Delivery Year	Overall REC Procurement Target (REC Gap)	Available-Gross RPS Budget (est.) RPS Funds Balance at end of DY estimated (\$) ²⁹³	Potential Refund to Customers (\$)
2017-2018	7,483,004	\$108,564,011	
2018-2019	12,239,765	\$158,491,509	
2019-2020-2021	16,272,200254.463	\$193,331,580 196,071,391	196,071,391
2020-2021-2022	18,132,08213,989,716	\$193,693,627 (48,281,104)	243,255

²⁹⁰ Includes the balance of approved ABP Procurement, and the planned Fall 2019 or Spring 2021 Utility-Scale Wind Procurement.

²⁹¹ See Table 3-18.

²⁹² Does not include indirect allocation, administrative set asides, ARES ACP funds collected by the utilities, uncommitted Hourly ACP funds.

²⁹³ Does not include ARES ACP funds collected by the utilities, or uncommitted Hourly ACP funds.

<u>2022-2023</u>	<u>15,652,895</u>	<u>(13,066,639)</u>	<u>342,310</u>
<u>2023-2024</u>	<u>16,289,969</u>	<u>(15,050,388)</u>	<u>329,623</u>
<u>2024-2025</u>	<u>17,982,514</u>	<u>28,073,248</u>	<u>28,073,248</u>
<u>2025-2026</u>	<u>19,687,400</u>	<u>110,701,582</u>	<u>110,701,582</u>

3.19. Alternative Compliance Payment Funds Held by the Utilities

As of ~~June 30, 2018~~October 21, 2019, Ameren Illinois ~~had \$15.8 million~~held \$14,876,594 and ComEd ~~\$31.8 million~~held \$29,622,496 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).²⁹⁴ ~~The final distributed generation procurement occurred on October 13, 2017. With the completion~~As of that procurement, and as of June 30, 2018April 10, 2020, the remaining balance of ~~unallocated~~uncommitted hourly alternative compliance payments—~~those not set aside to fund the Distributed Generation procurements~~—is ~~\$11.2 million~~524,170 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, 2017.²⁹⁵ ~~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 April 10, 2020, Ameren Illinois held \$23,519,406, ComEd held \$42,394,083, and MidAmerican held \$13,556 of alternative compliance payment funds collected from ARES since June 1, 2017 (“ARES ACP”)²⁹⁶ as shown in Table 3-22.

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

Table 3-21: Expected Balance of HACP as of May 31, 2020 (\$)

<u>Ameren</u>	<u>ComEd</u>	<u>MidAmerican</u>
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²⁹⁴ 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.

²⁹⁵ 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.

²⁹⁶ 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.

14,054,276	27,455,302	=
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Table 3-22: Available ACPs (\$)

ACP	Ameren	ComEd	MidAmerican	All Utilities
Uncommitted HACP	11,524,170	22,773,129	-	34,297,300
ARES ACP	23,519,406	42,394,083	13,556	65,927,046
Total Available ACPs	35,043,576	65,167,213	13,556	100,224,345

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 million approximately \$100,000,000 as of June 30, 2018²⁹⁷ April, 2020) 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.”²⁹⁸ 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.

3.20. — Impact of RPS Budget on Procurement Volumes

~~As explained in prior sections of this Chapter, the available RPS Budgets may limit 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.~~

~~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~~

²⁹⁷ ~~Additional ARES ACP funds will be collected by the utilities in the late Summer or early Fall of 2018 and 2019.~~

²⁹⁸ Docket No. 17-0838, Final Order dated April 3, 2018 at 8.

~~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.²⁹⁹ Furthermore, the Agency has proposed measures to 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 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, 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 Commission's Order in Docket No. 17-0838, ACP funds are dedicated specifically for the purpose of funding additional forward procurements, as discussed above).³⁰⁰~~

~~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.³⁰¹ 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.³⁰² 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.~~

²⁹⁹ See Sections 6.15.1 and 6.15.2.

³⁰⁰ See Docket No. 17-0838, Final Order dated April 3, 2018 at 8.

³⁰¹ 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.

³⁰² 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.

In this Revised Plan, the Agency proposed to revise how the utility-held ACPs should be utilized. With the end of the rollover period rapidly approaching, the Agency is facing a potentially significant funding bottleneck starting in the 2021-2022 delivery year as unspent funds are returned to customers and RPS budgets begin being calculated only based on annual collections. Despite the Commission's conclusion in Docket No. 17-0838 seeking to utilize ACPs for additional Forward Procurements,³⁰³ 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 Revised Plan, the Agency proposed 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, during which the Available Net RPS Budget is annually projected (as shown in Table 3-20) to be negative, meaning that absent this change to the use of utility-held ACPs, contractual expenditures would need to be pulled back (under curtailment clauses in the REC contracts) from what is now committed in order to bring the Available Net RPS Budget for the delivery year to zero. Having this additional flexibility with the use of utility-held ACPs will help mitigate these challenges.

As this issue was uncontested in Docket No. 19-0995 approving the Plan, the Agency understands the Commission to have adopted the Revised Plan's proposal for how to better utilize utility-held ACPs.

3.20. Budget Uncertainty Due to Unknowns in Project Energization Timelines³⁰⁴

One challenge the Agency has faced in understanding pending budget impacts is that project energization and REC deliveries—and thus resultant budget impacts³⁰⁵—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 distributed generation above 10 kW up to 2,000 kW ("Large DG") and for community solar;

³⁰³ 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.

³⁰⁴ This section is unchanged from the Revised Plan filed for ICC approval on October 21, 2019. See Section 3.20.1 for a discussion on how the assumption contained here could change, and the impact of those changes, due to the COVID-19 pandemic.

³⁰⁵ Under the Renewable Resources Budget reconciliation regime created by Section 16-108(k) of the PUA, the four-year reconciliation following the 2020-2021 delivery year, and the annual reconciliations after that, are based on *cash* accounting, i.e. actual cash inflows and outflows during a given delivery year.

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 Renewable Resources Budget 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.³⁰⁶

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</u>	<u>Fast</u>	<u>Assumed</u>
	<u>Energization</u>	<u>Energization</u>	<u>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>
<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 payment projections make the conservative (for planning purposes) assumption that community solar projects are fully subscribed and have at least 75% small subscribers (by capacity).

³⁰⁶ 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.

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.

3.20.1. Increased Budget Uncertainty Created by COVID-19 Related Delays in Project Completion

The three energization models described above were developed as illustrative examples in the Fall of 2019, and the tables contained in Section 3.17.1 reflect the Agency's best available estimate of energization rates at that time. With the onset of the COVID-19 pandemic, the Agency is reconsidering expected energization rates. As of the publication of the final Revised Plan on April 20, 2020, the length of time for which COVID-19 will disrupt the development and energization of Adjustable Block Program projects is unknown.

Table 3-24 contains illustrative example scenarios of how project energization delays would impact the amount of funds refunded to customers after the end of the four-year rollover period in 2021 (see Section 2.3.4 for further discussion) as well as the impact on the use of utility-held ACPs (see Section 3.19).³⁰⁷ As the extent of delays is better understood, the Agency will provide updated estimates on the Renewable Resources page on the IPA website (www.illinois.gov/ipa). Furthermore, the COVID-19 pandemic is expected to reduce energy consumption; as RPS funds are collected from retail customers on a volumetric basis, this may impact the total amount of RPS funding potentially available to support the programs and procurements discussed in this Plan. As any impacts on collections are unknowable at this early stage, Table 3-24 does not reflect any revisions to expected RPS fund collection compared to the utility load forecasts used to develop the Revised Plan in the fall of 2019.

Scenario One is for reference—a base case, of sorts—as it is the energization rates assumed by the Agency in the fall of 2019.

Scenario Two is the Agency's fall 2019 slow energization rate example from Table 3-23, which pushed 50% of payments for Adjustable Block Program project energizations (either the initial 20% payment for the Large DG and Community Solar categories, or the full payment for the Small DG category) to the delivery year after the rollover ends (the 2021-2022 delivery year). While this scenario was developed prior to the onset of the COVID-19 pandemic, it may be a reasonable model for project development delays. In this scenario, the amount of rollover funds refunded to customers increases significantly, all of the utility-held ACPs are expended in the 2021-2022 delivery year, and there is a significant budget shortfall that could curtail payments.

While Scenario Two assumes all projects will be energized by the end of the 2021-2022 delivery year, Scenario Three illustrates the impact of even further delays with some projects not energized until the 2022-2023 delivery year (and also adjusts from Scenario Two to reflect actual energization rates to date that were not available in fall 2019). This scenario has an even larger amount of funds refunded to customers, but utility-held ACPs are not fully expended until the 2022-2023 delivery year. The subsequent budget shortfall is lower than in Scenario Two.

Scenarios Four and Five illustrate the impact of a legislative change to the rollover provision by extending the time before the rollover ends by two years. This legislative change would allow

³⁰⁷ These examples also assume that no additional blocks of capacity are opened for the Adjustable Block Program other than those identified in this Revised Plan and that the only utility-scale procurement conducted in 2020 or 2021 is the wind procurement described in Section 5.9.2

additional time for accumulated funds to be spent and open the possibility that both those rolled-over funds and the utility-held ACPs could be used to support additional procurements and ABP blocks as described in Section 3.22.

Table 3-24: Potential COVID-19 Impacts on Energization, Rollover Refund and Utility-held ACPs

Scenario 1:			
Adopted Energization (from Table 3-23 and used in Tables 3-15 to 17 and 3-18)			
	Small DG	Large DG	CS
<u>2019-2020</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
<u>2020-2021</u>	<u>65%</u>	<u>50%</u>	<u>50%</u>
<u>2021-2022</u>	<u>10%</u>	<u>25%</u>	<u>25%</u>
Refund after rollover period ends			\$ <u>196,071,391</u>
ACP drawdown			\$ <u>81,183,125</u>
Remaining ACPs			\$ <u>22,911,027</u>
Scenario 2:			
Slow Energization Assumption (from Table 3-23)			
	Small DG	Large DG	CS
<u>2019-2020</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>
<u>2020-2021</u>	<u>40%</u>	<u>40%</u>	<u>40%</u>
<u>2021-2022</u>	<u>50%</u>	<u>50%</u>	<u>50%</u>
Refund after rollover period ends			\$ <u>364,074,899</u>
ACP drawdown (100% of ACPs)			\$ <u>104,094,152</u>
Budget Shortfall			\$ <u>76,572,805</u>
Scenario 3:			
Slow Energization extending to 2022-2023 due to COVID-19			
	Small DG	Large DG	CS
<u>2019-2020</u>	<u>20%</u>	<u>15%</u>	<u>0%</u>
<u>2020-2021</u>	<u>25%</u>	<u>30%</u>	<u>20%</u>
<u>2021-2022</u>	<u>30%</u>	<u>30%</u>	<u>50%</u>
<u>2022-2023</u>	<u>25%</u>	<u>25%</u>	<u>30%</u>
Refund after rollover period ends			\$ <u>419,995,338</u>
ACP drawdown (100% of ACPs)			\$ <u>104,094,152</u>
Budget Shortfall			\$ <u>44,594,464</u>
Scenario 4:			
Slow Energization Assumption (from Table 3-23), 2-year extension of rollover			
	Small DG	Large DG	CS
<u>2019-2020</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>

<u>2020-2021</u>	<u>40%</u>	<u>40%</u>	<u>40%</u>
<u>2021-2022</u>	<u>50%</u>	<u>50%</u>	<u>50%</u>
Refund after rollover period ends			\$ 204,466,233
ACP drawdown			\$ 20,570,987
Remaining ACPs			\$ 83,523,165
Scenario 5:			
Slow Energization extending to 2022-2023 due to COVID-19, 2-year extension of rollover			
	Small DG	Large DG	CS
<u>2019-2020</u>	<u>20%</u>	<u>15%</u>	<u>0%</u>
<u>2020-2021</u>	<u>25%</u>	<u>30%</u>	<u>20%</u>
<u>2021-2022</u>	<u>30%</u>	<u>30%</u>	<u>50%</u>
<u>2022-2023</u>	<u>25%</u>	<u>25%</u>	<u>30%</u>
Refund after rollover period ends			\$ 297,147,900
ACP drawdown			\$ 25,317,113
Remaining ACPs			\$ 78,777,039

3.21. Budget Uncertainty Due to Annual Load Variations

The annual RPS Budget used in this 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 3-4.³⁰⁸ 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 3-25.

Table 3-25: 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>

³⁰⁸ 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.

As shown in Table 3-25 above, the impact of the low load forecast on the RPS Budget ranges from a reduction compared to the base case RPS Budgets of approximately \$7 million in delivery year 2020-2021 to a reduction of approximately \$16 million in delivery year 2024-2025. Alternatively, the impact of the high load forecast on the RPS Budget ranges from an increase compared to the base case RPS Budgets of approximately \$7 million in delivery year 2020-2021 to an increase of approximately \$17 million in delivery year 2024-2025.

As discussed in Sections 3.17.1 and 3.20.1, the forecasts (and thus annual RPS budgets) described in this section were developed prior to the onset of the COVID-19 pandemic. The Agency will receive updated load forecasts from the utilities in July 2020 as part of the Agency's annual electricity procurement planning process and those load forecasts will be used by the Agency to assess the ongoing impact on RPS collections on available budgets and the ability of the Agency to consider additional procurements or opening of Adjustable Block Program Blocks in the future as discussed in Section 3.22 below.

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 forecasts are made, which is logical because factors such as economic indicators and climate/weather 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 sunset 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.³⁰⁹ 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

³⁰⁹ 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.

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.

Should funding become available, for this Revised Plan the Commission has ordered the Agency to utilize the following contingency approach addressing which programs and procurements it will prioritize supporting beyond those authorized by the Initial Plan.³¹⁰ That approach is as follows:

First, the Agency shall conduct a competitive procurement for up to 500,000 RECs delivered annually from utility-scale solar and/or wind projects.³¹¹

Second, should the additional/unexpected funding become available after a utility-scale procurement event noted above, 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. The Commission agreed that this is a prudent manner by which to 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).³¹²

Third, should funding be available after the above-mentioned procurement events, the Agency will open additional blocks of capacity for the Adjustable Block Program to accommodate whatever funds are available, up to the number of RECs needed to reach a total of 1,500,000 annually delivered RECs from the Adjustable Block Program (the 2025 Delivery Year target quantity found in Section 1-75(c)(1)(C) of the Act, as it is 50% of 3,000,000 annual REC deliveries).³¹³ The Commission agreed that smaller block sizes than those specified in Section 6.3.1 may be advisable and deferred to the IPA’s determination at the time the opportunity presents.³¹⁴ Under the Commission’s Order, the Agency shall not procure more than the 2025 Delivery Year Adjustable Block Program statutory target of 1.5 million RECs delivered annually under this contingency plan.³¹⁵

Notwithstanding the revised contingency plan described above, pursuant to the Commission’s Final Order in Docket No. 19-0995 approving this Revised Plan, the Agency must ensure that a minimum of 1,000,000 RECs delivered annually from the Adjustable Block Program be maintained at all times.

³¹⁰ See Docket 19-0995, Final Order dated February 18, 2020 at 19-20.

³¹¹ Id. at 20.

³¹² Id.

³¹³ Id.

³¹⁴ Id.

³¹⁵ Id.

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.~~³¹⁶ 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.³¹⁷ ~~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 adjacent³¹⁸ 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
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

³¹⁶ ~~This leaves the~~That definition as, “[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.

³¹⁷ Former 20 ILCS 3855/1-75(c)(3), repealed June 1, 2017.

³¹⁸ 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.

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.”³¹⁹

To do so, and to “ensure that the public interest criteria are applied to the procurement and given full effect,” 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”³²⁰ 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, 0838, the Commission found the Agency’s methodology and particulate matter emissions that would result 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 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 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 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

³¹⁹ 20 ILCS 3855/1-75(c)(1)(I) (emphasis added).

³²⁰ ~~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).~~

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. 17-0838,³²¹ 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.³²²

~~For this 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. After review and analysis, this scoring threshold and methodology (described further below) remains the same as presented in the Initial Plan. As this scoring threshold and methodology was uncontested in the Commission’s approval of this Plan~~the Plan in Docket No. 19-0995, the IPA understands it to be again adopted.

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.

For the purposes of its Initial Plan (and maintained in this 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

³²¹ 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.

³²² 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.

be located anywhere in PJM or MISO; for the purposes of this 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).³²³ ~~For this Plan,~~³²⁴ 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 solar³²⁵ 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.³²⁶ 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 (SO₂) and nitrogen oxide (NO_x) as proxies for all emissions because higher emissions of SO₂ and NO_x are generally correlated with higher emissions of PM, especially with regard to facilities that involve the combustion of solid fuels. ~~The~~ SO₂ and NO_x are primary emission sources for the formation of PM_{2.5} in ambient air away from the immediate emissions source, ~~as coarse. Larger~~ PM (PM₁₀) is deposited nearer the source, while secondary PM_{2.5} increases based on the formation of sulfates and nitrates from the SO₂ and NO_x in the atmosphere as the pollutants move away from the primary source.³²⁷ The following table shows SO₂, NO_x, and CO₂ emissions rates of new natural gas-fired generation based upon 2016 data from the U.S. Energy Information Agency (“EIA”).³²⁸

³²³ 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/edocket/451223.pdf> at 37.

³²⁴ 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/edocket/451223.pdf> at 37.

³²⁵ 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-notice/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.

³²⁶ 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 2017-2018, <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, “Q2-2017-Q1 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.

³²⁷ U.S. EPA, “Particulate Matter Emissions,” Report on the Environment, <http://www.epa.gov/roe/>; <http://www.epa.gov/roe/>.

³²⁸ 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 CO₂ emissions in pounds per MMBtu are 117 for CO₂, 0.001 for SO₂, and for NO_x 0.0075; which at the heat rate of 6,600 Btu/kWh, are 772 pounds per MWh of CO₂, 0.007 pounds per MWh of SO₂, and 0.05 pounds per MWh of NO_x. See: 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.

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

Pollutant	Pounds/MWh
SO ₂	0.007
NO _x	0.05
CO ₂	772

~~The calculation of~~ The score ~~will multiply~~ is 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 SO₂ and NO_x emissions in pounds/MWh divided by the sum of the SO₂ and NO_x 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 SO₂, NO_x, 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).³²⁹ Renewable generation technologies that involve combustion to generate electricity generate sulfur dioxide, nitrogen ~~oxide~~oxides, particulate matter, and CO₂, 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 SO₂ and NO_x 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 Revised Plan, the Agency ~~simplified~~simplified the wind 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

³²⁹ While landfill gas produced in Illinois is eligible, it is not relevant to this discussion of facilities located in adjacent states.

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 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 ³³⁰
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 $1 \times 0.256 \times 20$ 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):³³¹

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 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.

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

³³⁰ Total factors exceed 1.0 because there may be more than one state represented in a given wind direction sector.

³³¹ See Docket No. 17-0838, Final Order dated April 3, 2018 at 21.

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.”³³² 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,³³³ 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.³³⁴ 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,³³⁵ 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 center point of the City of Morris ~~will be is~~ used for this calculation.³³⁶ That factor ~~will be is~~ 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.

³³² 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>.

³³³ 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.

³³⁴ 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.

³³⁵ Based on the 2010 Census. See: https://www2.census.gov/geo/docs/reference/cenpop2010/CenPop2010_Mean_ST.txt.

³³⁶ See Docket No. 17-0838, Final Order dated April 3, 2018 at 21.

Additionally, consistent with the Commission's Order in Docket No. 17-0838 and the approach taken with respect to the third ~~criteria~~criteria below, a facility "that is not connected to either PJM or MISO" will receive a Fuel and Resource Diversity Score of zero.³³⁷ 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.³³⁸

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 ~~have has~~ 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.

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

³³⁷ 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.

³³⁸ Id.

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 CO₂ emissions from existing power generation facilities.³³⁹ by improving plant operating efficiency. ACE does not contain specific CO₂ emissions limits; instead, ACE provides guidelines for states to follow in limiting CO₂ emissions.³⁴⁰~~

~~At the state level,~~ Illinois does not have ~~anya~~ 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 determinedetermines~~ 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 CO₂ emissions from the renewable resource to the CO₂ emissions from a new natural gas-fired ~~combined cycle~~ generating facility, 772 pounds of CO₂ per MWh, as shown in Table 4-1 above. This ~~will beis~~ done by using the formula applied to the first emissions criterion except that the inputs ~~will beare~~ pounds of CO₂ emitted per MWh. The factor applied to the 20 points available for this public interest criterion ~~will beis~~ calculated as follows:

Figure 4-4: CO₂ Score Calculation

$$Score = \left(1 - \frac{CO_2 \text{ renewable resource} \left(\frac{\text{lbs}}{\text{MWh}} \right)}{CO_2 \text{ gas resource} \left(\frac{\text{lbs}}{\text{MWh}} \right)} \right) \times 20$$

³³⁹ 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).

³⁴⁰ <https://www.epa.gov/stationary-sources-air-pollution/electric-utility-generating-units-repealing-clean-power-plan>.

Renewable generating facilities that do not emit any CO₂ ~~will~~ receive the full 20 points, while renewable generating facilities that emit CO₂ ~~will~~ receive points based on the factor multiplied by the 20 points. ~~Since~~Because CO₂ emissions are generally considered to be a global problem, ~~(in that CO₂ 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.~~³⁴¹therefore are not included in the calculation.³⁴² Comparing the CO₂ 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 Revised Plan, the points awarded for this public interest criterion ~~will bear~~ 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 operation meets the public interest criteria discussed above.³⁴³ 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

³⁴¹ ~~The Agency notes that the Zero Emission Standard Plan contains a different scoring methodology for CO₂ 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.~~

³⁴² ~~The Agency notes that the Zero Emission Standard Plan contains a different scoring methodology for CO₂ 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.~~

³⁴³ 20 ILCS 3855/1-75(c)(1)(I).

generating facilities in adjacent states may apply to the Agency for consideration for eligibility for the Utility RPS.³⁴⁴

~~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.³⁴⁵ 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 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. 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,

³⁴⁴ 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.

³⁴⁵ Available at: <https://www2.illinois.gov/sites/ipa/Documents/2018ProcurementPlan/IL-RPS-Adjacent-State-Facility-Determination-of-Eligibility-20180404.xls>.

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”³⁴⁶). The ICC recently updated rules³⁴⁷ for ARES RPS compliance to comply with this new statutory provision (among others).³⁴⁸ 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 delivery service rates that 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 through state-regulated rates. Consequently, the IPA understands such projects’ RECs as being barred from participation in the Illinois RPS (including in, say, the Adjustable Block Program) 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

³⁴⁶ 220 ILCS 5/16-115D(a)(3.5).

³⁴⁷ 93 Ill. Adm. Code Part 455.

³⁴⁸ 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.

Regulatory Policies Act (“PURPA”)³⁴⁹ (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.

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

³⁴⁹ 16 U.S.C. §§ 796(17), 824a-3, 824i.

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 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, and also procure additional RECs under long-term contracts to prepare for meeting ability to conduct the goals for future delivery years.

competitive procurements outlined in this Chapter discusses depends on available funding—and as also outlined in Chapter 3, the Agency envisions significant funding constraints. As a consequence, this Chapter does not propose to automatically conduct any Competitive Procurements (outside of a utility-scale wind forward procurement intended to replace a prior procurement for which no bids were chosen), but rather to provide a framework for 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 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,³⁵⁰ 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 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

³⁵⁰ See Docket No. 17-0838, Final Order dated April 3, 2018 at 40-44.

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 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 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:³⁵⁴

"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

³⁵⁴The Agency notes that subparagraph 1-75(e)(1)(C) 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 (C)(iii) regarding the "Subsequent Forward Procurements" and other additional forward procurements.

~~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 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 Revised Plan.³⁵²

5.2. Background on past REC Procurements conducted by the IPA

In the years 2009 through 2016, with the exceptions of 2013 and 2014,³⁵³ 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.³⁵⁴ ~~The Agency's past competitive procurements for renewable energy resources resulted in the procurement of the following quantities of RECs:~~³⁵⁵

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):³⁵⁶

- 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)

³⁵² 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.

³⁵³ 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.

³⁵⁴ 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.

~~³⁵⁵ 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).~~

³⁵⁶ 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). Please note that because initial delivery timelines vary, the "per year" numbers may not be 100% accurate for a specific calendar period.

- 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
- 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 for new utility-scale wind and new utility-scale solar, 965,000 Wind RECs and 1,000,000 Solar RECs per year procured)
- October 2018 First Subsequent Forward Procurement (15 year contracts for new utility-scale wind, 1,979,753 RECs procured)
- November 2018 Photovoltaic Forward Procurement (15 year contracts for new utility-scale solar, 2,000,000 RECs)
- July 2019 Brownfield Site Forward Procurement (15 year contracts, quantity not released due to only two projects selected)
- Second Subsequent Forward Procurement (15-year contracts for new utility scale wind). No bids were accepted;

- Community Renewable Generation Procurement (15-year contracts for non-PV renewable technologies). No bids were accepted:
- Low-income Community Solar Pilot Project Procurement (15-year contracts; conducted pursuant to Section 1-56(b)(2)(D) of the Act)

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 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,³⁵⁷ and ICC Staff.³⁵⁸
- 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.³⁵⁹

³⁵⁷ 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).

³⁵⁸ 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).

³⁵⁹ 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)).

- 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.
- 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.³⁶⁰
- 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.³⁶¹
- Release of procurement results – The Procurement Administrator releases the results of the procurement event; confidential information is protected.³⁶²
- 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.³⁶³

Unless specifically noted in the following sections, the IPA proposes that the competitive procurements for RECs ~~proposed described~~ in this Revised Plan follow these past practices that have been refined over the past ~~eight~~ten years.

5.3.1. Contracts Revised

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.

³⁶⁰ See 220 ILCS 5/16-111.5(f).

³⁶¹ See id.

³⁶² See 220 ILCS 5/16-111.5(h).

³⁶³ See 220 ILCS 5/16-111.5(g).

5.4.5.1. 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. 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."³⁶⁴

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,³⁶⁵ RECs were procured in the categories "Illinois and adjoining states" and "other states."

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 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.

Additionally, this Revised Plan received authority from Commission, similar to the discussion in Section 6.15.1, to allow the Seller to provide notification to the Buyer, the Agency, and the Commission that it is exercising its option to allow for a system's removal from the contract, with forfeiture of associated Performance Assurance, because the Approved Vendor no longer wishes to

³⁶⁴Both 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.

³⁶⁵See: <https://www.illinois.gov/sites/ipa/Pages/Prior-Approved-Plans.aspx> for past IPA procurement results.

~~develop that system.³⁶⁶ This approach would allow both parties to step away from unwanted contractual obligations and ease the Agency's RPS planning process.~~

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.³⁶⁷~~

~~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 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 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

³⁶⁶ See Docket No. 19-0995, Final Order dated February 18, 2020 at 80.

³⁶⁷ 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.

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.

Similar to the discussion in Sections 6.15.1 and 8.12.1, any forfeiture of collateral by a project under a competitively procured REC contract with a utility will be considered to be returned to the Renewable Resources Budget, and any forfeiture of collateral by a project under a competitively procured REC contract with the Agency (namely, the Low-Income Community Solar Pilot Projects) will be deposited into the RERF.

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.”³⁶⁸

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 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.*³⁶⁹

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 ~~or~~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, 2017.³⁷⁰

³⁶⁸ 20 ILCS 3855/1-75(c)(1) repealed effective June 1, 2017.

³⁶⁹ 20 ILCS 3855/1-75(c)(1)(D).

³⁷⁰ Id.

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];³⁷¹
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 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. 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.”³⁷² Thus, under this Plan, there will be no Spot Procurements in the 2017-2018 through 2019-2020 delivery years. to the extent budgets allow.³⁷³~~

~~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~~

³⁷¹ 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.

³⁷² ~~Docket No. 17-0838, Final Order dated April 3, 2018 at 42.~~

³⁷³ ~~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 Revised Plan.~~

~~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.³⁷⁴~~

³⁷⁴~~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.~~

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 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 February of 2019, the Agency sought feedback³⁷⁵ 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. Following the Commission's approval of that request, the second Brownfield Site Forward 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,³⁷⁶ the procurement did exceed the statutory target of 40,000 RECs annually by the 2020-2021 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) were all conducted in the Fall of 2019. Both the Second Subsequent Forward Procurement and the Community Renewable Generation Forward Procurement did not produce any winning projects. Following stakeholders' comments on the potential barriers to participation in utility-scale procurements, and consistent with the Commission's Order in Docket No. 19-0995,³⁷⁷ the Agency is planning to conduct a procurement of RECs from new utility-scale wind projects in the Fall of 2020 or the Spring of 2021.³⁷⁸

With the completion of these and other prior procurements, the quantitative new wind and new utility-scale photovoltaic REC targets³⁷⁹ for the 2020-2021 delivery year and the 2025-2026 delivery year will have been met.

Table 5-1: 2018 and 2019 Forward Procurements Summary³⁸⁰

Section #	Procurement	Technology	Type³⁸¹	Procurement Date	Term	Delivery Start	Annual REC Target³⁸²	Annual RECs Procured	Annual Spend \$
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³⁷⁵ See <https://www2.illinois.gov/sites/ipa/Documents/2019ProcurementPlan/Brownfield-Site-Procurement-Questions-5-Feb-2019-1.pdf>.

³⁷⁶ By releasing quantity information in a procurement with two winning bidders, each bidder would be able to determine the quantity of the other's selected bid, and thus determine that other bidder's bid price.

³⁷⁷ See Docket No. 19-0995, Final Order dated February 18, 2020 at 17-18.

³⁷⁸ See Section 5.9.2 for additional information.

³⁷⁹ See 20 ILCS 3855/1-75(c)(1)(C)(i) and (ii).

³⁸⁰ 15-year REC delivery term from new generating facilities.

³⁸¹ Type refers to whether the generating facility that produces the RECs is new or existing. "Any" means that either type is acceptable.

³⁸² All REC Targets are subject to available RPS budget limitations.

<u>First Subsequent Forward</u>	<u>Wind (utility-scale)</u>	<u>Fall 2018</u>	<u>2021-2022</u>	<u>2 million</u>	<u>1.98 million</u> ³⁸³	<u>6.41 million</u>
<u>Brownfield Site Forward</u> ³⁸⁴	<u>Photovoltaic (brownfield site)</u>	<u>Fall 2018 /Summer 2019</u> ³⁸⁵	<u>2021-2022</u>	<u>0.08 million</u>	<u>Quantity not disclosed</u>	<u>Not disclosed</u>
<u>Photovoltaic Forward</u>	<u>Photovoltaic (utility-scale)</u>	<u>Fall 2018</u>	<u>2021-2022</u>	<u>2 million</u>	<u>2 million</u>	<u>9.28 million</u>
<u>Second Subsequent Forward</u>	<u>Wind (utility-scale)</u>	<u>Fall 2019</u>	<u>2021-2022</u>	<u>1 million</u>	<u>0</u>	<u>0</u>
<u>Community Renewable Generation Program Forward</u>	<u>Any non-photovoltaic (with subscribers)</u>	<u>Fall 2019</u>	<u>2021-2022</u>	<u>0.05 million</u>	<u>0</u>	<u>0</u>
<u>Low-Income Community Solar Pilot Project</u> ³⁸⁶	<u>Photovoltaic (with community participation / subscribers)</u>	<u>Fall 2019</u>	<u>2021-2022</u>	<u>Set on a \$20 million budget</u>	<u>Quantity not disclosed</u>	<u>Not disclosed</u>
<u>Utility-scale Wind Forward Procurement</u>	<u>Wind (utility-scale)</u>	<u>Fall 2020 or Spring 2021</u>	<u>2023-2024</u>	<u>1 million</u>	<u>TBD</u>	<u>TBD</u>

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 (or, in the case of wind, are targeted to soon be met and exceeded through a scheduled procurement), 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 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 Procurements³⁸⁷ 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., assuming such future new law still maintains the authority of this Revised Plan) suggest that there are sufficient funds that become available in future years to conduct those procurements. However, as discussed in Section 3.22, the

³⁸³ 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.

³⁸⁴ The procurement had only two winning bidders therefore certain information is not disclosed per previous Commission Orders in order to maintain bidder confidentiality. By releasing quantity information in a procurement with two winning bidders, each bidder would be able to determine the quantity of the other's selected bid, and thus determine that other bidder's bid price

³⁸⁵ When 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.

³⁸⁶ The procurement had only two winning bidders therefore certain information is not disclosed per previous Commission Orders in order to maintain bidder confidentiality. By releasing quantity information in a procurement with two winning bidders, each bidder would be able to determine the quantity of the other's selected bid, and thus determine that other bidder's bid price

³⁸⁷ The Agency is definitively planning to hold a second Low-Income Community Solar Pilot Projects competitive procurement (which is funded solely from the RERF) in the 2020-2021 or 2021-2022 program years of ILSFA, as discussed further in Section 8.6.4.

Agency proposes in this 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.³⁸⁸ 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

	<u>New Wind</u>							<u>New Utility-Scale Solar</u> ³⁸⁹
	<u>First Subsequent Forward</u>	<u>Wind (utility-scale)</u>	<u>New</u>	<u>Summer 2018</u>	<u>15 Years</u>	<u>2020</u>	<u>2021</u>	<u>23 million</u>
<u>5.7.1 Cumulative Annual RECs Procured</u> ³⁹⁰	<u>3.945 million</u>							

³⁸⁸ 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.

³⁸⁹ 40% of overall new solar target.

³⁹⁰ 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.

5.7.2	Brownfield Site Forward	Photovoltaic (brownfield site)	New	Fall 2018	15 Years	2020-2021 Target	2 million			0.088 million
5.8.1 2025-2026 Target				Photovoltaic Forward ³	Photovoltaic (utility-scale)	New	Fall 2018 ³⁹¹	15 Years	2020-2021	1.2 million minimum
5.8.2 2030-2031 Target				Second Subsequent Forward ^{392,4}	Wind (utility-scale)	New	Fall 2019	15 Years	2021-2022	1.6 million minimum ³⁹³
5.8.3	Other Renewables Forward ³⁹⁴	Any other than wind/photovoltaic	New	To be determined	15 Years	To be determined	To be determined	To be determined	To be determined	
5.8.4	Community Renewable Generation Program Forward	Any non-photovoltaic (with subscribers)	New	Fall 2019	15 Years	2020-2021 or later	To be determined ³⁹⁵	To be determined	To be determined	
8.6.4	Low-Income Community Solar Pilot Project	Photovoltaic (with community participation/subscribers)	New	To be determined (tentatively late 2018 or early 2019)	15 Years	To be determined	Based on available budget	To be determined	Based on available budget	

The 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 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 will

³⁹¹ 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 award 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.

³⁹² Contingent upon whether sufficient photovoltaics are projected to be procured.

³⁹³ The final target REC volume for this procurement will be set in early 2019.

³⁹⁴ To be held based on Request for Information responses.

³⁹⁵ 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.

assess why the targets were not met and 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 will 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, the Agency will consult with ICC Staff. The Agency will not seek formal Commission approval for conducting a Contingency Procurement, and will conduct such procurements based on the factors outlined above through the Commission's approval of this Revised Plan.

5.9.2. Forward Procurements

At the time this Revised Plan was filed, the Agency noted that one of the remaining activities approved in the Initial Plan included the Second Subsequent Forward Procurement of 1,000,000 RECs annually from new utility-scale wind projects. The results of that procurement were rejected by the Commission on October 30, 2019, and no projects were selected. Accordingly, during the process for Commission approval of this Plan, the Agency proposed that it conduct a utility-scale wind procurement in 2020 or 2021 to complete procurement of the 1,000,000 RECs that had been expected from the Fall 2019 utility-scale wind procurement. The Agency noted that the procurement is not depended upon the identification of additional funds, as the IPA previously factored into its Plan that 1,000,000 RECs annually would have been procured.³⁹⁶ The Commission approved the Agency's proposal to allocate funds previously budgeted for the rejected Fall 2019 procurement towards a future utility-scale wind REC procurement.³⁹⁷ Pursuant to the Commission's direction, the next utility-scale wind REC procurement will occur no later than May 31, 2021.³⁹⁸ In March 2020, the Agency began planning this procurement through the solicitation of stakeholder feedback.³⁹⁹

Given the funding limitations described in Chapter 3, with the exception of the procurement of 1,000,000 utility-scale wind RECs discussed above, Forward Procurements for RECs from new utility-scale wind⁴⁰⁰ 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.

³⁹⁶ See Docket No. 19-0995, Final Order dated February 18, 2020 at 15.

³⁹⁷ Id. at 17.

³⁹⁸ Id. at 18. Additionally, if a new REC Contract is not in place as discussed in Section 5.3.1 of this Plan by May 31, 2021, the latest version of the utility-scale REC contract will form the basis for the 2021 contract, subject to minor modification where warranted.

³⁹⁹ See: <https://www2.illinois.gov/sites/ipa/Pages/wind-comments-2020.aspx> for the Agency's request for feedback and responses received.

⁴⁰⁰ 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.

However, the Agency does recognize that there are a variety of factors that can lead to project delays, including the RTO interconnection process, so the Agency will continue to include extension provisions in contracts.

Brownfield Site Photovoltaic

5.7.1. First Subsequent Forward Procurement

5.9.3.

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. 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 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 by 2020-2021.

As discussed in Section 3.22, if funds are available and additional 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).⁴⁰¹ Those comments only provided limited information on a few potential projects under development in Iowa (but did not address if they have their costs recovered in rates regulated by a state, which would make them ineligible⁴⁰²), 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. In Docket No. 19-0995 approving this Revised Plan, no party sought for such a procurement to be conducted.

⁴⁰¹ See: <https://www2.illinois.gov/sites/ipa/Pages/Draft-Long-Term-Renewable-Resources-Procurement-Plan-Comments-2019.aspx>.

⁴⁰² See 20 ILCS 3855/1-75(c)(1)(I).

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 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 was conducted in December 2019 and did not yield any selected bids.

While the Agency appreciates the potential opportunities for additional community renewable generation 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 Revised Plan. In Docket No. 19-0995 approving this Revised Plan, no party sought for an additional community renewable generation procurement to be conducted.

5.10. Wind/Solar Matching Requirement

As discussed in Section 2.4.5, Section 1-75(c)(1)(G)(iv) 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.

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 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 Procured⁴⁰³

<u>Procurement</u>	<u>Technology</u>	<u>Type</u> ⁴⁰⁴	<u>Procurement Date</u>	<u>Term</u>	<u>Delivery Start Year</u>	<u>Annual REC Target</u> ⁴⁰⁵ <u>All Solar RECs</u>	<u>All Wind RECs</u>	<u>Solar In Excess of Wind</u>
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⁴⁰³ This table assumes that the 1,000,000 REC target from the Second Subsequent Procurement for Wind RECs is fully met.

⁴⁰⁴ Type refers to whether the generating facility is new or existing.

⁴⁰⁵ REC Target is subject to available RPS budget limitations.

First Subsequent Forward }	Win (utility- scale)	New 2018	Summer 2018	15 Years	2020 - 2021	2 million 1,851,074	1,395,000	456,074
						4,169,771	2,944,753	1,225,018
						4,169,719	2,944,753	1,224,966
						4,169,668	3,944,753	224,915
						4,169,616	3,944,753	224,863
						4,169,565	3,944,753	224,812
						4,169,514	3,944,753	224,761
						4,169,463	3,944,753	224,710
						4,169,413	3,944,753	224,660
						4,169,363	3,944,753	224,610
						4,169,313	3,944,753	224,560
						4,169,263	3,944,753	224,510

The first round of the Initial Forward Procurement, conducted by the Agency in August 2017, selected (but did not precisely procure) 1,000,000 annual RECs from new utility-scale wind projects (“annual RECs” meaning the quantity of RECs to be delivered annually under the resulting REC delivery contracts).⁴⁰⁶ It also procured 200,000 annual RECs from new utility-scale photovoltaic projects. The Agency subsequently conducted two additional rounds of Initial Forward Procurement for RECs from new photovoltaic projects in March and April 2018. These procured an additional 800,000 of annual RECs. As required by Section 1-75(c)(1)(G)(ii) of the Act, these projects must start the delivery of RECs by June 1, 2021.

Section 1-75(c)(1)(G)(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.⁴⁰⁷ 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

⁴⁰⁶ 965,000 RECs were ultimately procured due to one bidder’s rejection of a partial award after approval by the Commission.

⁴⁰⁷ 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.

~~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)(G)(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.~~

~~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~~

~~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 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.

2 million RECs per year.”⁴⁰⁸ Therefore, the target annual volume for the First Subsequent Forward Procurement will be 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.⁴⁰⁹

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~~

Procurement	Technology	Type ⁴¹⁰	Procurement Date	Term	Delivery Start	Annual REC Target ⁴¹¹
Brownfield Site Forward	Photovoltaic (brownfield site)	New	Fall 2018	15 Years	2020-2021	0.08 million

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”⁴¹²), 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.

⁴⁰⁸ Docket No. 17-0838, Final Order dated April 3, 2018 at 43.

⁴⁰⁹ 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.

⁴¹⁰ Type refers to whether the generating facility is new or existing.

⁴¹¹ REC Target is subject to available RPS budget limitations.

⁴¹² 20 ILCS 3855/1-5(8).

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”:

~~“Brownfield Site Photovoltaic project” means photovoltaics 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.⁴¹³~~

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,”⁴¹⁴ 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.⁴¹⁵ 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

⁴¹³ 20 ILCS 3855/1-10.

⁴¹⁴ 20 ILCS 3855/1-5(9).

⁴¹⁵ Docket No. 17-0838, Final Order dated April 3, 2018 at 49-50.

~~through contracts with multi-year delivery obligations.⁴¹⁶ In addition, about 1.9 million RECs per year are already scheduled to be delivered under existing contracts⁴¹⁷ for the 2019-2020 delivery year. This 6.9 million RECs per year from procurements and programs specifically mandated in the IPA Act 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.~~

~~⁴¹⁶ 965,000 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.~~

~~⁴¹⁷ The Long-Term Power Purchase Agreements dating from 2010.~~

5.8.1. Photovoltaic Forward Procurement

Procurement	Technology	Type ⁴¹⁸	Procurement Date	Term	Delivery Start	Annual REC Target
Photovoltaic Forward	Photovoltaic (utility-scale)	New	Fall 2018	15 Years	2020-2021	2 million minimum

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

⁴¹⁸Type 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.”⁴¹⁹ Accordingly, the Agency will endeavor to conduct this procurement in the fall of 2018.⁴²⁰~~

5.8.2. Second Subsequent Forward Procurement

Procurement	Technology	Type ⁴²¹	Procurement Date	Term	Delivery Start	Annual REC Target ⁴²²
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~~

⁴¹⁹ Docket No. 17-0838, Final Order dated April 3, 2018, at 43.

⁴²⁰ See id.

⁴²¹ Type refers to whether the generating facility is new or existing.

⁴²² 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 RECs⁴²³ 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

Procurement	Technology	Type ⁴²⁴	Procurement Date	Term	Delivery Start	Annual REC Target
Other Renewables Forward	Any other than wind/photovoltaic	New	To be determined	15 Years	To be determined	To be determined

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,”⁴²⁵ 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

⁴²³ 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.

⁴²⁴ 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,⁴²⁶ 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.”⁴²⁷

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

Procurement	Technology	Type ⁴²⁸	Procurement Date	Term	Delivery Start	Annual REC Target
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

⁴²⁶ 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.”

⁴²⁷ Docket No. 17-0838, Final Order dated April 3, 2018 at 52.

⁴²⁸ 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.⁴²⁹ 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~~

⁴²⁹ 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.~~⁴³⁰

~~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).~~

⁴³⁰ 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).⁴³¹

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.⁴³² 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 vintage⁴³³ of the RECs would be required to match the delivery year for which the Spot Procurement is meant to meet the RPS goals).⁴³⁴ 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

⁴³¹ These new restrictions are discussed in Chapter 4 of this Plan.

⁴³² 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.

⁴³³ Vintage refers to the month and year of the generation used to create a REC.

⁴³⁴ 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.⁴³⁵~~

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.~~

⁴³⁵ 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.⁴³⁶ 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”~~

⁴³⁶ 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.~~⁴³⁷

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.~~

⁴³⁷ 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.⁴³⁸ 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.⁴³⁹ 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.⁴⁴⁰

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.⁴⁴¹ 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:⁴⁴²

- 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

⁴³⁸ See: <http://masmartsolar.com/>.

⁴³⁹ 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.](#)

⁴⁴⁰ See: <https://masmartsolareversource.powerclerk.com/MvcAccount/Login>.

⁴⁴¹ 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>.

⁴⁴² 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.~~⁴⁴³ Using a capacity factor of 17% ~~(see Section 6.14.5),~~⁴⁴⁴ 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 statutory 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 may have the opportunity to open 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

⁴⁴³ See Chapter 3 for more discussion of this requirement.

⁴⁴⁴ 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 3.⁴⁴⁵

- **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;
- 25% for systems greater than 10 kW and up to 2,000 kW;
- 25% for photovoltaic community renewable generation; 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.⁴⁴⁶ The Agency subsequently allocated that 25% of capacity to create new Block 4s for certain categories on April 3, 2019.⁴⁴⁷

~~The allocations will be:~~

- ~~25% for DG PV systems up to 10 kW (Small systems)~~

⁴⁴⁵ 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.

⁴⁴⁶ 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."

⁴⁴⁷ 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.~~⁴⁴⁸

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. As shown in Table 6-1, 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).~~

Table 6-1: Initial Plan Block Volumes (MW)

<u>Block Group</u>	<u>Block Category</u>	<u>Block 1</u>	<u>Block 2</u>	<u>Block 3</u>	<u>Block 4</u>
<u>Group A</u> Ameren Illinois, MidAmerican, Mt. Carmel, Rural Electric Cooperatives and Municipal Utilities located in MISO)	Small	22	22	5.5	0
	Large	22	22	5.5	91.5
	Community Solar	22	22	5.5	12
<u>Group B</u> (ComEd, and Rural Electric Cooperatives and	Small	52	52	13	0
	Large	52	52	13	33
	Community Solar	52	52	13	30

⁴⁴⁸ ~~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).~~

<u>Municipal Utilities located in PJM)</u>					
Total		222	222	55.5	166.5

As of April 20, 2020, Block 2 remains open for both Small DG categories. The Community Solar and Large DG blocks are filled and subject to a waitlist as discussed in Section 6.3.3 below. Under this Revised Plan, those blocks will continue to stay open (or become open) until filled at the size and structure outlined above.

Prior to opening any new blocks beyond those outlined above (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. The 25% discretionary capacity allocation among project types contemplated by Section 1-75(c)(1)(K)(iv) of the IPA Act will be determined by the Agency shortly prior to opening a new block, based on program performance, market developments, and stakeholder feedback.

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 Revised Plan, the Agency proposes that Small DG Blocks 1 and to avoid unnecessary rushes~~ 2 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 measurement of a project being submitted to the program through the payment of the 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 budgets⁴⁴⁹ of the applicable utility.⁴⁵⁰ The Agency would then select, through a lottery, projects that would be included in the approval of initial batches for inclusion in Block 1.~~

⁴⁴⁹ 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.

⁴⁵⁰ 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).

- ~~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.⁴⁵¹ 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.⁴⁵² The Agency will announce when a block has 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.⁴⁵³ 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.~~

⁴⁵¹ ~~The order of release of projects for approval will be determined in the initial lottery.~~

⁴⁵² ~~Group B Small DG Block 1 reached its capacity on February 7, 2020 (prior to the approval of the Revised Plan) and closed on February 21, 2020 per the Initial Plan's 14-day soft close provision. Group A Small DG Block 1 reach its capacity on March 24, 2020 and closed on March 31, 2020 per the Revised Plan's 7-day soft close provision.~~

⁴⁵³ ~~Each MW of nameplate capacity represents approximately 1,490 RECs for the first year of production.~~

Table 6-1: Illustrative Block Opening Volumes (MW)

Block Group	Block Category	Block 1	Block 2	Block 3 ⁴⁵⁴
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
Total		222	222	55.5

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.⁴⁵⁵

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 (or, if no block is currently open, the most recently closed block) 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.

6.3.3. Managing Waitlists

6.3.3.1. Community Solar

6.3.6.1. When REC Pricing Model

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, 34 projects in Group A and 78 projects in 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 Revised Plan, projects will be accepted off the waitlist at Block 4 pricing when previously selected projects withdraw from the program (for example, due to high interconnection costs) based on the ordinal numbers allocated to each project

⁴⁵⁴ 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.

⁴⁵⁵ Group B Large DG Block 4 closed on March 4, 2020 and Group A Large DG Block 4 closed on March 5, 2020.

in that lottery, and subject to available program capacity created by the withdrawn projects. As of the release of this Revised Plan, one project in Group A and three 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 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;⁴⁵⁶ 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.

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

⁴⁵⁶ 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.

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.⁴⁵⁷ While these entities recommended maintaining the existing waitlist for selected projects that drop out (i.e., backfilling already-allocated capacity), they raised 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.⁴⁵⁸ 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.

Comments received on the draft Revised Plan⁴⁵⁹ largely mirrored (with refinements) the post-workshop comments described above. Some parties suggested options to increase diversity/variety of projects (Ameresco, EDF, ELPLC/Vote Solar, NRDC). Other parties proposed various approaches to resort or eliminate the waitlist, typically emphasizing project maturity milestones (Joint Solar Parties, Summit Ridge, Cypress Creek, Sunrise Energy Ventures). Some parties specifically emphasized that waitlisted projects should be selected before new projects (Summit Ridge, Joint Solar Parties, Borrego, AES DE), and several urged substantial upfront deposits (Borrego, Cypress Creek, Joint Solar Parties). Other approaches included requiring maintaining developmental milestones (Community Energy Solar, Trajectory Energy), or allowing developers to reorder their waitlisted projects (ICC Staff). The Agency appreciates the additional consideration that parties put into further fleshing out their thoughts on the waitlist and the approach described below reflects the Agency's consideration of those comments.

While the Agency believes that the community solar projects selected to date do feature, in some ways, strong geographic diversity (in that at a state-wide level, the projects are well distributed), the vast majority of both applicant and selected projects are located in rural areas. While this phenomenon is largely the result of developers seeking project locations with low costs of site acquisition (which could translate into better subscription offers for customers), the unintended consequences of this approach are that a) projects are less likely to be located near subscribers living in urban or suburban areas, and b) geographic diversity among community solar projects has not

⁴⁵⁷ See https://www2.illinois.gov/sites/ipa/Documents/Plan%20Comments%202019/ELPC_VS%20-%20IPA%20Comment%20Response%20July%202019.pdf.

⁴⁵⁸ 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.

⁴⁵⁹ Comments are available at: <https://www2.illinois.gov/sites/ipa/Pages/2020-Draft-LTRRPP-Comments.aspx>.

been achieved across various community types. As community solar remains a fairly new concept in the landscape of renewable energy options for consumers, the Agency is interested in encouraging additional projects located closer to potential subscribers on the hope that some selected projects will offer additional intangible benefits associated with being located in closer proximity to many of the state's "communities."

To that end, as described below, if new blocks of capacity for community solar are opened (starting with Block 5), project selection for new blocks will combine opportunities for a) selecting currently waitlisted projects and b) selecting from new project applications intended to increase the diversity of areas hosting community solar projects, the business models of projects, and the size of projects. This approach was approved by the Commission through its approval of this Revised Plan in Docket No. 19-0995.⁴⁶⁰

6.3.3.1.1. Waitlist for Replacing Lottery-Selected Projects

In this Revised Plan, to replace projects originally selected in the lottery should they withdraw from the program, or fail to become energized in a timely manner, the Agency will maintain the existing waitlist and continue to select projects in that ordinal ranking for replacing those original projects. Until the opening of a new Block 5, projects will be selected at Block 4 pricing, but with any small subscriber adder updated through this Plan applied to their pricing while still maintaining the small subscriber commitment made for the lottery.

In order for a project to remain on that waitlist, Approved Vendors will have to verify with the Program Administrator within 90 days of the approval of this Revised Plan that the project has maintained any applicable land use permits and site control (e.g., leases or lease options).

6.3.3.1.2. Approach to Opening New Community Solar Blocks

The remaining 50% of new block community solar capacity will be reserved for projects whose selection would be in part intended to increase the variety of community solar locations, models, and options in Illinois.

To implement this new approach, the Agency proposed the following:

- When funding becomes available to open Block 5 (or any subsequent block) for each Group, the Agency will announce the specific block opening date with at least 60 days' notice prior to that opening date.⁴⁶¹
- The Agency will then accept new community solar project applications for 60 days after the opening date.⁴⁶²
- If verified new project applications received during the 60-day application window are less than the available capacity (i.e., 50% of the Block capacity), then the remaining capacity would be released for selecting additional projects off of the existing ordinal waitlist.

⁴⁶⁰ Docket No. 19-0995, Final Order dated February 18, 2020 at 44-46.

⁴⁶¹ Community solar project applications will continue to be accepted after the approval of this Revised Plan and prior to the opening of Block 5; they will be placed at the end of the current waitlist. Once the new block has opened, those projects may withdraw from the waitlist and reapply to be considered under the new project application criteria.

⁴⁶² A project currently on the existing ordinal waitlist may be withdrawn from that waitlist and resubmitted as a new project application (subject to payment of the application fee) to be considered for these new project selection criteria.

- If new project applications received during the 60-day application window exceed the available capacity, then project selection will be conducted by scoring projects in the following manner and accepting projects based on the highest scores:
 - Projects will first be sorted into four categories based on the development density of the townships in which they are located.⁴⁶³ The highest density class would get 3 points, the next class 2 points, the third class 1 point, and the lowest density class 0 points.
 - Projects developed in response to a site-specific RFP issued by a municipality or community group (issued prior to the announcement of the opening of the block) would be awarded 1 point.
 - Projects that commit to only serve subscribers in the same township as the project would be awarded 1 point. If the township population is below 50,000, then subscribers could also be in adjacent townships to meet this commitment and receive this point. (REC payments will be adjusted to only account for subscriber meeting this commitment.)
 - Projects under 100 kW (AC) in size would be awarded 2 points. Projects between 100 and 500 kW (AC) in size would be awarded 1 point. A project's size will be determined through including any actual or proposed co-located community solar projects in that size determination.
 - Random selection will only be utilized as a tie-breaker for equally scored projects to fill available capacity, if any; however, should the capacity available be so small so as to only accommodate one or more projects below a certain size, then the Agency may only consider those projects small enough to not exceed that remaining capacity.

Projects not selected for an open block will be given the option to be considered for the next block that opens, but will not be given prioritization over new applications. Project scores and new waitlists specific to this scoring-based application pathway will be maintained to replace any capacity (at the applicable block REC price) that becomes available if selected projects withdraw or are not completed. This new waitlist would be treated separately from the original April 10, 2019 lottery waitlist. New project applications or replacement projects taken from this second, new waitlist must be equal in size to or smaller than the project being replaced.

In approving this proposal, the Commission determined that stakeholder feedback is a valuable tool to refine the scoring approach and best achieve the goals of increasing the variety of community solar locations, models and options in Illinois.⁴⁶⁴ In accordance with the Commission's directive, the IPA will issue a request for written comments on: (1) the timeline for project application to, and any potential reallocation of refunds from, community solar projects selected through scoring; (2) whether minimum scores should be required for any individual or subset of attribute(s) for all scoring pathway applicants; (3) automatic triggers to lower attribute scores; (4) qualification requirements for individual attributes (e.g., should site-specific RFPs be required to have been issued

⁴⁶³ For determining the development density category, the Agency proposes to adopt the methodology proposed by ELPC/Vote Solar in their comments on the draft Revised Plan, which sorts all the townships of Illinois into four classes. See: https://www2.illinois.gov/sites/ipa/Documents/Draft%20Revised%20Plan%20-%20Summer%202019/Comments%20to%20Draft%20Revised%20Plan/ELPC_Vote%20Solar%20Plan%20Comments.pdf

⁴⁶⁴ Docket No. 19-0995, Final Order dated February 18, 2020, at 46.

prior to the announcement of the opening of the block); (5) number of points awarded; and (6) other attributes that should be considered in order to increase the variety of community solar locations, models, and options in Illinois, such as proposals to award points to non-greenfield projects.⁴⁶⁵

Distributed Generation 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."⁴⁶⁶ 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").⁴⁶⁷ 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,⁴⁶⁸ 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-5.⁴⁶⁹

6.3.3.2. The IPA adapted

For the Small Distributed Generation categories, unlike with community solar and Large DG categories, as of April 20, 2020, Block 2 remains open and Block 3 is yet to open.

⁴⁶⁵ Id.

⁴⁶⁶ 20 ILCS 3855/1-75(c)(1)(K).

⁴⁶⁷ See: <https://financere.nrel.gov/finance/content/crest-cost-energy-models>.

⁴⁶⁸ 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>

⁴⁶⁹ Excel versions of Appendix E are available on the Agency's website, www.illinois.gov/sites/ipa/Pages/Renewable_Resources.aspx.

When available capacity in a Distributed Generation block is filled (and assuming new blocks are not opened), the Agency proposes to continue accepting project applications and place those projects on a waitlist for each Group/Category on a first come/first served basis, with newly opened space created by earlier projects not being approved or withdrawing being filled from the top of the waitlist at Block 4 pricing. A project will be considered submitted when the application fee for the project is paid.⁴⁷⁰ When new blocks of capacity are opened, projects on the waitlist at that time would then be placed into the next block or blocks of capacity in the waitlist order at the REC price applicable to that next block.

6.3.3.3. Assignment of Waitlist Projects

Projects may 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,⁴⁷¹ an Approved Vendor may assign that project to another Approved Vendor, or the project itself may be sold, without penalty or impacting the project's position on the waitlist but must promptly notify the Program Administrator⁴⁷² of that transfer and provide appropriate documentation.

6.4. REC Pricing Model

For the Initial Plan, the IPA adopted and modified the CREST model for the purposes of National Renewable Energy Laboratory's Cost of Renewable Energy Spreadsheet Tool ("CREST") to develop a model for calculating REC prices for this Plan. 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 4, 2018 in Docket No. 17-0838 as a compliance filing, consistent with the Commission's Order in

⁴⁷⁰ This approach is intended to be consistent with the approach contained in the ABP Guidebook as of October 2019. See pages 15-16 of the latest version (5/31/19) at: http://illinoisabp.com/wp-content/uploads/2019/05/Program-Guidebook-2019_05_31.pdf.

⁴⁷¹ The allowances in this sentence also apply to a non-waitlisted Part I applicant project that has not yet been selected by the Program Administrator for a REC contract.

⁴⁷² 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.

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.”⁴⁷³

Table 6-2 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.⁴⁷⁴ The Agency believes that keeping a clear set of prices for Distributed Generation provides an appropriate market signal. Thus, in this Revised Plan, for Distributed Generation, the IPA proposed 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 comments⁴⁷⁵ 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 the draft Revised Plan, the Agency solicited comments on whether community solar REC prices should be decreased to help further ensure that any selected projects are the most efficient projects and offer the lowest possible budget impact. Based on the limited comments received, the Agency proposed that for any project selected off the waitlist to replace an already-selected projects, those

⁴⁷³ 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.

⁴⁷⁴ See: <https://www2.illinois.gov/sites/ipa/Pages/Draft-Long-Term-Renewable-Resources-Procurement-Plan-Comments-2019.aspx>.

⁴⁷⁵ See <https://www2.illinois.gov/sites/ipa/Documents/Plan%20Comments%202019/ISP%20Draft%20Post-Workshop%20Comments.pdf> at 6-8.

newly-selected projects will receive Block 4 REC pricing. Should funding become available to open new blocks, Block 5 will open at 4% below Block 4 prices.⁴⁷⁶ However, as discussed below in Section 6.5.3, the Agency is proposed a change to the small subscriber adder to eliminate the over 75% small subscriber REC Price Adjustment that will apply to any projects accepted into Block 5 and beyond, or any projects from the waitlist selected to replace an initial project selected in the lottery after the Commission approval of this Revised Plan.

In its Order approving the Revised Plan, the Commission also stated that “REC prices must be lower,” although it neglected to adopt any specific proposal for how to lower such prices (and no methodology for lowering prices was introduced into the record). Instead, the Commission required that “workshops should be held and stakeholder input considered” regarding how REC prices could be lowered, with a need to be mindful that, going forward, “the IPA must recognize market signals rather than solely relying on its cost modeling approach” in determining REC prices. Any changes to REC prices resulting from that process preceding the next Plan update would be authorized under the IPA’s Section 1-75(c)(1)(M) authority to make price modifications “that do not deviate from the Commission’s approved value by more than 25%” without Commission review and approval.⁴⁷⁷

Table 6-2 contains the ~~calculation of~~ 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.

⁴⁷⁶ In approving the Final Revised Plan, the Commission directed the Agency to consider utilizing its discretionary power to reduce prices up to 25% without Commission approval for Block 5, should funding become available for additional blocks.

⁴⁷⁷ Docket No. 19-0995, Final Order dated February 18, 2020 at 46-47.

Table 6-2: Block Group REC Prices (\$/REC)⁴⁷⁸

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>
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.

⁴⁷⁸ 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

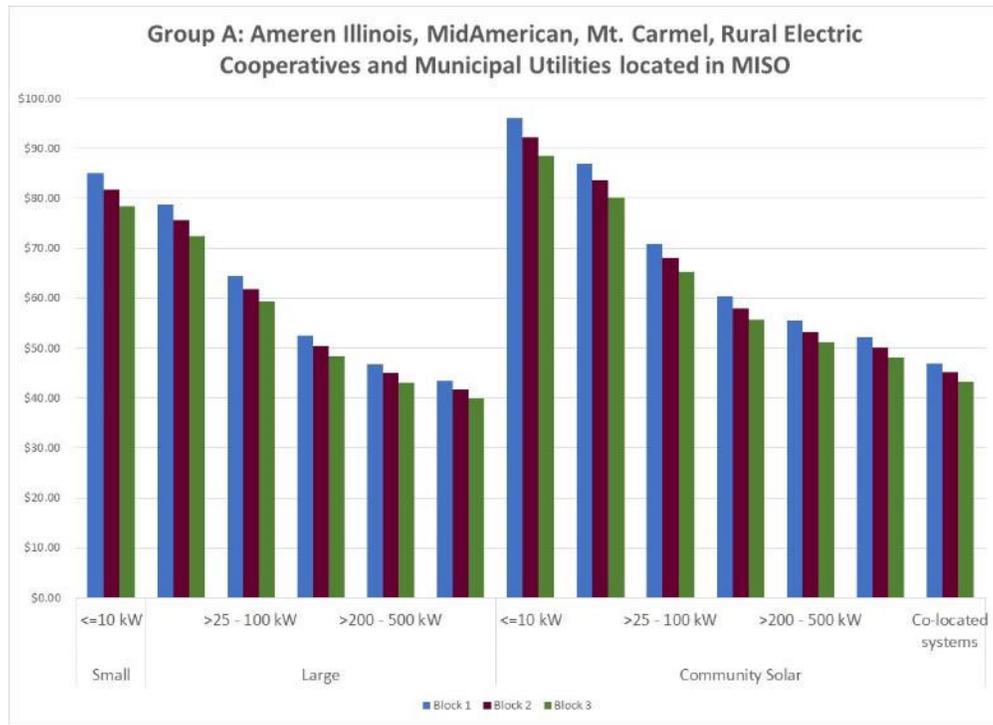
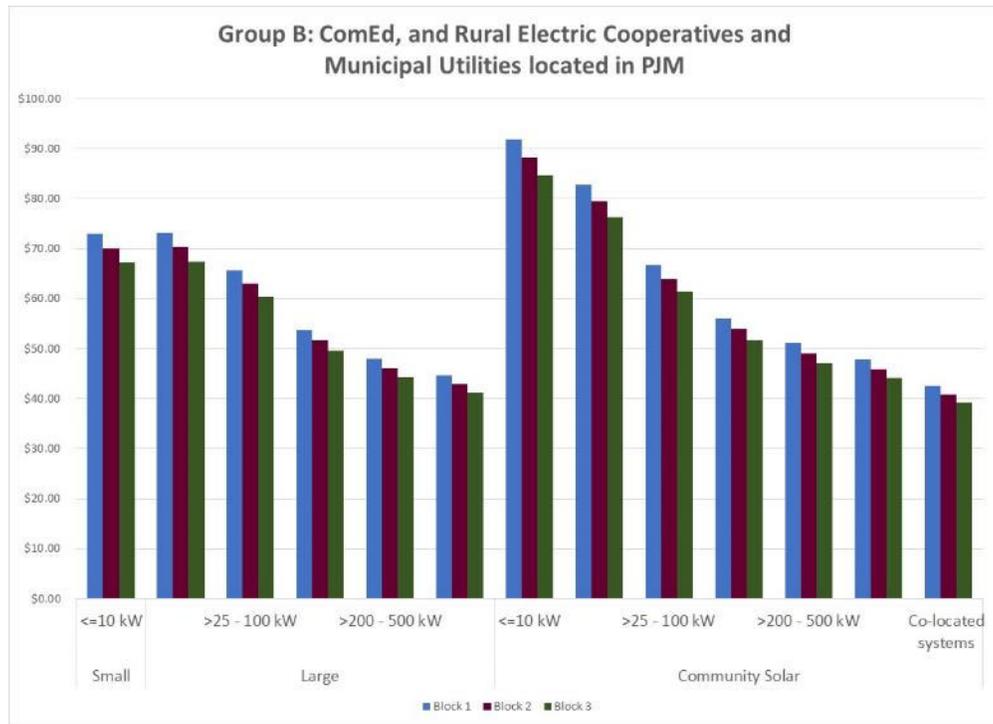


Figure 6-2: Group B Blocks



6.4.6.5. 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,”⁴⁷⁹ 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 addressadequately addresses geographic diversity, and the Agency notes that for the Supplemental Photovoltaic Procurements (which featured no geographic preferences), resulting new photovoltaic systems have beeninitial 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 0, the Agency sought stakeholder feedback on the draft Revised Plan on how to manage the community solar waitlists, and this Revised Plan filed for Commission approval presents a proposal for reserving a portion of new blocks of community solar capacity for projects intended to increase geographic diversity (and, specifically, address the imbalance between rural projects and urban/suburban projects).

6.4.1-6.5.1. Size Category Adjustments

The Agency ~~proposes~~proposed 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 6-2.~~Table 6-2. They do not constitute an additional adjustment to the prices listed in that Table. The Agency does not ~~believe there will be~~anticipate significant cost differences for systems within the “no more than 10 kW” category requiring similar price adjustments.

⁴⁷⁹ 20 ILCS 3855/1-75(c)(1)(K).

Table 6-3: 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 2000 2,000 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.

6.4.2.6.5.2. 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.⁴⁸⁰ (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).⁴⁸¹ level. Exceptions will be made if it can be demonstrated that two projects on one roof

⁴⁸⁰ 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.

⁴⁸¹ 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).~~

6.4.3-6.5.3. 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,⁴⁸² while on the cost side, there is the cost of acquiring, maintaining, and managing subscribers. The prices for community solar RECs shown in Table 6-2 reflect those differences. The REC prices for these projects also ~~includes~~include the Size Category Adjustments discussed above ~~in~~ Table 6-3.

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 6-2. For more discussion of issues related to small subscribers, see Section 7.6.2. For this Revised Plan, the Agency proposes to consolidate the categories of adders to eliminate the higher adder for over 75% small subscribers.⁴⁸³ 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. This change would apply to any new projects selected after the approval of this Revised Plan including both waitlist projects selected to replace projects initially selected in the lottery that withdraw or are not completed, or projects selected in new blocks of capacity. The elimination of the 75% of greater small subscriber adder will not retroactively apply to any projects approved by the Commission prior to the approval of this Revised Plan.⁴⁸⁴

⁴⁸² 220 ILCS 5/16-107.5(l)(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(l-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.

⁴⁸³ The Initial Plan included a "Greater than 75% small subscriber" adder of \$33.51 for Group A and \$32.65 for Group B.

⁴⁸⁴ This proposal was uncontested in Docket No. 19-0995, and thus adopted through approval of this Plan.

Table 6-4: Community Solar Adders

Adder	\$/REC	
	Group A	Group B
Less than 25% small subscriber	No adder	No adder
25% to <u>or greater small subscriber and less than</u> 50% small subscriber	\$11.17	\$10.88
Over 50% to 75% <u>or greater</u> 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 report⁴⁸⁵ 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.

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.

6.4.4.6.5.4. 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 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.

⁴⁸⁵ The Vision for U.S. Community Solar: A Roadmap to 2030. GTM Research, July 2018.

~~At this time,~~ The Agency ~~is did~~ not ~~proposing~~~~propose~~ specific adders to address these challenges ~~in this Revised Plan~~, 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.⁴⁸⁶ 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.

6.5.6.6. Payment Terms

The Act ~~sets up~~~~provides~~ 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.⁴⁸⁷ 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, the next payments would occur approximately on December ~~1, 2018, March 131, 2019, March 31,~~

⁴⁸⁶ 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.

⁴⁸⁷ 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.

~~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 the basic quarterly payment schedule is warranted. However, the Agency recommends that as part of the contract update process, new contracts allow for three separate quarterly delivery schedules to reduce the lag time between a project being approved for payment and the first (or only) payment being received.⁴⁸⁸

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.

6.6.6.7. 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

⁴⁸⁸ For example, a project approved for payment in January would be on a quarterly schedule of payments occurring in February, May, August, and November; a project approved for payment in February would be on a quarterly schedule of payments occurring in March, June, September, and December; and a project approved for payment in March would be on a quarterly schedule of payments occurring in April, July, October, and January.

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.”⁴⁸⁹ Given that each contract will be for a batch of projects that, to be approved, must be for at least 75 kW,⁴⁹⁰ this minimum requirement will be easily met. (See Section 6.14 for more information on batches.)~~

~~For this 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 plans 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 5.3.1).⁴⁹¹ 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 holdbacks⁴⁹²~~
- ~~• Incorporation of Acknowledgement of Assignment forms~~

⁴⁸⁹ 20 ILCS 3855/1-75(c)(1)(l)(v).

⁴⁹⁰ 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.

⁴⁹¹ This process began on April 9, 2020 with the release of a request for stakeholder feedback. See: <https://www2.illinois.gov/sites/ipa/Documents/ABP%20REC%20Contract%20Update%202020/IL%20ABP%20REC%20Contract%20Request%20for%20Comments%209%20APR%202020.pdf>.

⁴⁹² This topic is discussed further in Section 6.14.6.

- Removal of a project from the contract⁴⁹³
- Adoption of a measure providing for mediation by the IPA between utilities and Approved Vendors in certain REC Contract disputes⁴⁹⁴

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.

Assuming that the contract structure will be altered as a result of the above-mentioned stakeholder workshops and subsequent feedback process, the Agency recommends that projects approved by the Commission after the contract finalization date would use the new contract, regardless of application date. The Adjustable Block Program will also provide an “off-ramp” option offered for any already applied projects that were expecting to be subject to the original contract and could now be non-financeable (or otherwise unable to be developed) under the updated contract.

Contracts or individual batches (but not individual projects that form a subset of a batch) Contracts 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.⁴⁹⁵ 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.

6-7.6.8. 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

⁴⁹³ 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.

⁴⁹⁴ See Docket No. 19-0995, Final Order dated February 18, 2020 at 49.

⁴⁹⁵ See Docket No. 17-0838, Final Order dated April 3, 2018 at 74.

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 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~~ 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 DC (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 ~~willis presently scheduled to~~ willis scheduled to step down from 30% to 26% for projects that start construction in 2020, and then to 22% in 2021; it ~~willis~~ willis 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").⁴⁹⁶; ~~these import tariffs are scheduled to step down in February 2020 and again in February 2021 before ending in February 2022.~~⁴⁹⁷ While the IPA's REC Pricing Model has incorporated the projected market effect of those import restrictions,⁴⁹⁸ 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

⁴⁹⁶ ~~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.~~

⁴⁹⁷ ~~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.~~

⁴⁹⁸ See Docket No. 17-0838, IPA REC Pricing Model Update of February 27, 2018, at 1-2.

adjust REC and adder prices, block sizes, and other variables as needed to maintain a vigorous and 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.⁴⁹⁹

~~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.~~

In this Revised Plan, the Agency did not propose any REC price adjustments to the REC prices shown in Table 6-2, 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 evidence⁵⁰⁰ 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, and will proceed mindful of the need for incorporating market feedback into REC prices as outlined by the Commission in its Final Order in Docket No. 19-0995.⁵⁰¹ 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.

6.7.1.6.8.1. 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.⁵⁰²

~~The Agency will work with the utilities to keep informed on~~ When the net metering caps ~~may be~~ 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~~ 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).~~

⁴⁹⁹ The Agency is surveying project developers at the Part II application stage for the actual cost of various system development and installation components.

⁵⁰⁰ 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.

⁵⁰¹ See Docket No. 19-0995, Final Order dated February 18, 2020 at 46-47.

⁵⁰² 220 ILCS 5/16-107.5(j), (n).

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 for reaching the 5% level referenced in Section 16-107.5(j).⁵⁰³ Ameren Illinois declined to estimate the timeline for either the 3% or 5% thresholds, citing a lack of data; however, on April 2, 2020, as this Final Revised Plan was being prepared for filing with the Commission, Ameren Illinois informed the Commission that its total generating capacity for net metering customers has reached 3%, and it anticipates the total will likely exceed 5% by the end of 2020. MidAmerican estimated that the 5% level would be met in 2027.

6.7.2.6.8.2. Smart Inverter Rebate

Under Section 16-107.6(e) of the PUA, when a ~~utility reaches utility's~~ net metering ~~load~~customers ~~reach total generating capacity~~ equaling 3% of ~~the utility's~~ total peak demand ~~supplied during the previous year~~, the Commission will initiate an investigation to adjust the smart inverter rebate from \$250/kW DC (for non-residential customers and community renewable participants) to a new value, ~~or values (potentially varying based on location)~~, and to establish ~~an initial~~a 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~~customers for that utility reaches 5% of the ~~utility's~~ total peak demand ~~supplied by the utility during the previous year~~.

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 Plan update.

6.7.3.6.8.3. 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.⁵⁰⁴ 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.⁵⁰⁵ 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.

⁵⁰³ 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.

⁵⁰⁴ 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>.

⁵⁰⁵ 26 U.S.C. §§ 48(a)(2)(A), (a)(3)(A)(i), (a)(6)(A).

Additionally, federal tax legislation⁵⁰⁶ ~~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.⁵⁰⁷ ~~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:~~

~~(A) 10 percent (5% in 2018 only, and later increasing to 12.5% after 2025) of a company’s modified taxable income,⁵⁰⁸ 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)).⁵⁰⁹~~

~~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.⁵¹⁰ 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.⁵¹¹ 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.⁵¹²~~

⁵⁰⁶ See Pub. Law 115-97 (Dec. 22, 2017), <https://www.congress.gov/115/bills/hr1/BILLS-115hr1enr.pdf>.

⁵⁰⁷ Id. at § 14401 (adding new 26 U.S.C. § 59A).

⁵⁰⁸ “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)).

⁵⁰⁹ Id. (new 26 U.S.C. §§ 59A(a), (b)(1), (b)(2)(B)).

⁵¹⁰ Id. (new 26 U.S.C. § 59A(c)(1)).

⁵¹¹ <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-anwr/>.

⁵¹² 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).

6.7.4-6.8.4. 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 threat thereof, to the domestic industry.⁵¹³ 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.⁵¹⁴~~

~~A hearing regarding remedies was held at the ITC on October 3, 2017.⁵¹⁵ The ITC Commissioners announced their remedy recommendations on October 31, 2017.⁵¹⁶ The ITC issued a lengthier written report containing its injury findings and remedy recommendations due to the U.S. President on November 17, 2017,⁵¹⁷ satisfying its obligation under Sections 202(c) 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.⁵¹⁸ For CSPV modules, the Chairman recommended a 35% tariff rate.⁵¹⁹ 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.”⁵²⁰ Two other Commissioners issued a joint remedy proposal similar in structure to the Chairman’s.⁵²¹ 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~~

⁵¹³ 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>).

⁵¹⁴ 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>.

⁵¹⁵ <https://www.usitc.gov/calendarpad/events/usite-hearing-crystalline-silicon-photovoltaic-htm-0>.

⁵¹⁶ <https://www.usitc.gov/press-room/news-release/2017/er103111957.htm>; <https://www.usitc.gov/sites/default/files/press-room/documents/solar201-remedy-commissionerstatements.pdf>.

⁵¹⁷ 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>.

⁵¹⁸ *Id.* at 2.

⁵¹⁹ *Id.*

⁵²⁰ *Id.*

⁵²¹ *Id.*

~~import license auctions at a minimum price of \$0.01/watt, with auction revenue used to assist domestic CSPV manufacturers.⁵²²~~

~~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 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."⁵²³ 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.⁵²⁴~~

~~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.⁵²⁵ 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.⁵²⁶ The Commission approved that aspect, *inter alia*, of the February 27, 2018 REC Pricing Model Update.⁵²⁷ 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;⁵²⁸ one result of that

⁵²² Id. at 3.

⁵²³ 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://d12v9rtnomnebu.cloudfront.net/paychek/1243576-629905.pdf> (letter from United States Trade Representative).

⁵²⁴ The ITC report of December 28, 2017 may be found at <https://solarbuildermag.com/wp-content/uploads/2018/01/ITC-Report-Suniva.pdf> (accessed May 20, 2018).

⁵²⁵ 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).

⁵²⁶ Docket No. 17-0838, IPA REC Pricing Model Update, February 27, 2018, at 2.

⁵²⁷ Order, Docket No. 17-0838, April 3, 2018, at 74.

⁵²⁸ <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>.

~~process was an exclusion for bifacial solar panels, announced by the Office of the U.S. Trade Representative has not yet rendered in June 2019.⁵²⁹ The bifacial panel exclusion was then reversed in a decision on those requests.⁵³⁰ Certain Canadian solar component manufacturers filed a complaint at the US by the Office of the U.S. Trade Representative in October 2019,⁵³¹ with that decision then blocked by the U.S. 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 December 2019,⁵³² and has been appealed in part to the United States Court of Appeals for the Federal Circuit.⁵³³ Legislation has also been introduced in the United States House of Representatives to repeal President Trump's import restriction withdrawn by the U.S. Trade Representative in April 2020.⁵³⁴ The Agency will continue to 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.~~

6-8.6.9. 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. ~~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

⁵²⁹ 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>.

⁵³⁰ <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>.

⁵³¹ See [https://ustr.gov/sites/default/files/enforcement/201Investigations/Withdrawal of Bifacial Solar Panels Exclusion to the Solar Products Safeguard Measure.pdf](https://ustr.gov/sites/default/files/enforcement/201Investigations/Withdrawal%20of%20Bifacial%20Solar%20Panels%20Exclusion%20to%20the%20Solar%20Products%20Safeguard%20Measure.pdf).

⁵³² See <https://www.cit.uscourts.gov/sites/cit/files/19-153.pdf>

⁵³³ See, e.g., 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 (order denying plaintiffs' motion for an injunction pending appeal or, in the alternative, a stay of proceedings pending appeal).

⁵³⁴ H.R. 5571 (115th Congress), <https://www.congress.gov/115/bills/hr5571/BILLS-115hr5571ih.pdf>. See <https://www.federalregister.gov/documents/2020/04/17/2020-08189/determination-on-the-exclusion-of-bifacial-solar-panels-from-the-safeguard-measure-on-solar-products>.

high quality performance by the Approved Vendors; an Approved Vendor that fails to live up to the requirements of the Adjustable Block Program could have a significant negative impact on the entire renewable energy market in Illinois that would extend beyond just its own actions. 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 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~~ iserve 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.⁵³⁵ 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 ~~Plan and of the Approved Vendor's contract with the counterparty utility. Revised Plan and of the Approved Vendor's contract with the counterparty utility. As discussed in Section 6.9.1, the Agency proposes now requiring that designees be registered with the program. While this does not change the responsibilities of the Approved Vendor, or the potential for an Approved Vendor to be held accountable for the conduct of its designee, the Agency believes that this step will provide additional information and transparency to consumers and to the marketplace generally.~~

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.)~~

⁵³⁵ The Agency imposes no requirement as to how the Approved Vendor shall share the REC payments with the installer, host, and other project parties.

- 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, designees, agents, and affiliates, to the Agency for review, as requested.⁵³⁶
- Agree to make changes to marketing materials as instructed by the Agency.⁵³⁷
- 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, as determined by the Agency and/or its Program Administrator, 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~~ do 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

⁵³⁶ 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.

⁵³⁷ 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.

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~~is 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. ~~The Program Administrator will provide 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, and will also include reporting on hiring as part of the annual reports submitted by each Approved Vendor. As more trainees become available, the Program Administrator will provide additional~~ information to Approved Vendors to support this goal.

6.3. Program Administrator

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 Revised Plan, the Agency proposes to create a new requirement for Approved Vendor designees. This requirement is that designees must register with the program and be listed on the program websites (both www.illinoisabp.com and www.illinoisshines.com) along with the Approved Vendor(s) with whom they are working. Registration will also require the assent of the Approved Vendor(s), and can be withdrawn by an Approved Vendor working with the designee at its discretion, or by the IPA or Program Administrator if the designee is found to have violated program guidelines and is suspended or has its registration terminated.

As used herein, by "designee," the Agency is referring to third-party (i.e., non-Approved Vendor) entities that have direct interaction with end-use customers. This includes installers, marketing firms, lead generators, and sales organizations. The Agency reserves the right to add additional categories as needed.

Registration shall encompass the designee's provision of contact information, acknowledgment of the business relationship with the Approved Vendor, and identification of the categories of the consumer-facing services provided. Additionally, a designee is responsible for acknowledging that they will comply with all Program requirements applicable to installers or marketing agents, as applicable. Failure by a designee to comply with applicable requirements could subject the designee to suspension or termination from registration. If the designee ignores a suspension (or termination) decision made by the Program Administrator and continues its market activity nonetheless, any Approved Vendor that works with the designee during that period will be subject to discipline. Likewise, Approved Vendors found to be working with entities engaged in the proscribed activities that fail to register will be subject to discipline. Pursuant to the Commission's Order in 19-0995,

Approved Vendors and their designees shall have 45 days of lead time for compliance once these requirements are implemented.⁵³⁸

The purpose of this new requirement is to increase transparency for the program. Potential customers will be able to verify that a company that reaches out to them is actually a program participant registered with the Program (and likewise be able to review if they are listed on the complaint or disciplinary databases). While the Agency had anticipated that smaller installers would work with Approved Vendors that are aggregators, over the first nine months of the program it has become clear that sales and marketing of solar includes a variety of different types of organizations and that this variance can create market confusion.

Approved Vendors will be responsible for ensuring that their designees register with the program, and Approved Vendors who fail to do so may be subject to disciplinary actions. This includes designees of designees. For example, for an Approved Vendor who has an installer as a designee, and that installer hires a lead generation firm to assist in marketing, the Approved Vendor will be responsible for ensuring that the lead generation firm (in addition to the installer) registers with the program. One possible benefit to Approved Vendors through this system will be that they will know what downstream firms are working with their direct designees, and they may be able to better monitor those firms' behavior (as the Approved Vendor will ultimately be responsible with conformance with program guidelines).

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 Administrator⁵³⁹ for the Adjustable Block Program on January 18, 2018.⁵⁴⁰ The Request for Qualifications was a means to select qualified bidders who were then invited to respond to a Request for Proposals.⁵⁴¹ Responses to the Request for Proposals were received on April 13, 2018.⁵⁴² The Program Administrator selection process is expressly exempted from the Illinois Procurement Code.⁵⁴³

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:

⁵³⁸ See Docket No. 19-0995, Final Order dated February 18, 2020 at 56.

⁵³⁹ 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.”

⁵⁴⁰ The Request for Qualifications was posted to the Agency’s website, www.illinois.gov/IPA.

⁵⁴¹ 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.

⁵⁴² 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.

⁵⁴³ 20 ILCS 3855/1-75(C)(1)(M).

- Assisting the Agency with Approved Vendor registration and training
- Developing a Program Manual
- 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~~ 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~~ considered part of the administrative costs discussed in Section 3.17. The Program Administrator may not ~~also~~ be an Approved Vendor.

6-9.6.11. 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 \(released October 30, 2018\)](#)⁵⁴⁴
- [Lottery Procedures \(released November 28, 2018\)](#)⁵⁴⁵
- [Distributed Generation Brochure and Disclosure Forms \(released December 27, 2018\)](#)⁵⁴⁶
- [Program Guidebook \(released December 31, 2018, with subsequent revisions released\)](#)⁵⁴⁷
- [Standard REC Contract \(released January 28, 2019\)](#)⁵⁴⁸
- [Community Solar Disclosure Forms \(released January 31, 2019\)](#)⁵⁴⁹
- [Distributed Generation and Community Solar Marketing Guidelines \(released January, 31, 2019\)](#)⁵⁵⁰
- [Community Solar Brochure \(released February 20, 2019\)](#)⁵⁵¹

[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 April 10, 2020, Approved Vendors \(the direct participants serving as counterparties to Illinois utilities under REC contracts, as discussed in Section 6.9\) have submitted applications for 16,487 projects. Those applications have resulted in 602.3 MW of capacity allocated with 75.3 MW of project capacity still available in the Small DG category \(blocks 2 and 3\). The Community Solar and Large DG categories have waitlists.](#)

[Table 6-5 presents a snap-shot of select program statistics as of April 10, 2020.](#)⁵⁵²

[Table 6-5: Adjustable Block Projects as of April 10, 2020](#)

Project Type	Project Applications	MW
ICC Approved ⁵⁵³		
Small DG	9,548	69.9
Large DG	2,065	274.3
Community Solar	110	212.3
Total	11,723	556.4

⁵⁴⁴ See: <http://illinoisabp.com/wp-content/uploads/2018/10/Final-Approved-Vendor-Requirements-10.30.18.pdf>.

⁵⁴⁵ See: <http://illinoisabp.com/block-1-lottery>.

⁵⁴⁶ See: <http://illinoisabp.com/marketing-guidelines-marketing-materials-stakeholder-process>.

⁵⁴⁷ See: <http://illinoisabp.com/program-guidebook>.

⁵⁴⁸ See: <http://illinoisabp.com/rec-contract>.

⁵⁴⁹ See: <http://illinoisabp.com/marketing-guidelines-marketing-materials-stakeholder-process>.

⁵⁵⁰ Id.

⁵⁵¹ Id.

⁵⁵² For additional information on REC quantities procured and budgetary commitments, see Chapter 3.

⁵⁵³ 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.

<u>Applications Currently Being Reviewed/Processed</u>⁵⁵⁴		
<u>Small DG</u>	<u>2,919</u>	<u>21.3</u>
<u>Large DG</u>		
<u>Community Solar</u>	-	-
<u>Waitlists</u>⁵⁵⁵		
<u>Large DG</u>	<u>132</u>	<u>7.0</u>
<u>Community Solar</u>	<u>798</u>	<u>1,561.7</u>
<u>Remaining Available Capacity</u>⁵⁵⁶		
<u>Small DG</u>		<u>75.3</u>
<u>Large DG</u>		<u>None</u>
<u>Community Solar</u>	-	<u>None</u>
<u>Overall Program Capacity</u>⁵⁵⁷		
<u>Small DG</u>		<u>166.5</u>
<u>Large DG</u>		<u>296.9</u>
<u>Community Solar</u>		<u>214.3</u>
<u>Total</u>		<u>677.6</u>

6.10.6.12. 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.

6.10.1.6.12.1. 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

⁵⁵⁴ 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.

⁵⁵⁵ See Section 6.3.3.1 for a discussion of the community solar waitlists.

⁵⁵⁶ 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.

⁵⁵⁷ 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.~~⁵⁵⁸

- 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 tool⁵⁵⁹
- For systems over 25 kW, ~~a signed~~ an Interconnection Agreement⁵⁶⁰ signed by both the interconnecting utility and the interconnecting customer⁵⁶¹
- ~~For~~For ground mounted systems over 250 kW a land use permit, when applicable from the Authority Having Jurisdiction (“AHJ”) over the project. In the event a land use permit is not applicable, written confirmation from the AHJ that no permit is required must be provided.
- 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.

In the Initial Plan the Agency required that, “[f]or systems over 25 kW, evidence of having obtained all non-ministerial permits that, according to the commercially reasonable investigation of the Approved Vendor, are necessary to the project at the time of application to the Adjustable Block program⁵⁶².” While the Agency is no longer requiring this provision in the Revised Plan (other than as specified above for land use permits), failure to obtain permits is a developer risk and one which the Agency believes likely would not allow for the invoking of force majeure provisions applicable to failing to meet contractual obligations.

● ~~Shading study~~

⁵⁵⁸ 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.

⁵⁵⁹ Actual REC volumes for a system will be based off a standard capacity factor as described in Section 6.14.5.

⁵⁶⁰ 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.

⁵⁶¹ 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.

⁵⁶² See Docket No. 17-0839, 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 ID⁵⁶³
- 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.

6.10.2.6.12.2. Metering Requirements

In developing metering standards for the Supplemental Photovoltaic Procurements that took place in 2015 and 2016, the Agency developed a metering standard⁵⁶⁴ 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 ~~gettingreceiving~~ 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

⁵⁶³ GATS or M-RETS registration must be complete and unit ID verifiable through GATS or M-RETS public reports.

⁵⁶⁴ 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.⁵⁶⁵ 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.⁵⁶⁶ 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. The Agency understands that as of January 1, 2020, M-RETS will no longer require an ANSI C.12 certified revenue quality meter, so the standards previously applicable for projects registered in GATS will now also be applicable to projects registered in M-RETS.

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.⁵⁶⁷

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 October 2019.⁵⁶⁸ 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.

6.11.6.13. 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 that successfully applies to this program stands to receive a financial benefit from the program in the

⁵⁶⁵ ~~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.~~

⁵⁶⁶ 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.

⁵⁶⁷ Order, Docket No. 17-0838, April 3, 2018, at 78-79.

⁵⁶⁸ The Agency understands from industry representatives that a draft standard has been developed for consideration by the relevant ANSI committee.

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 this state-administered incentive 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.⁵⁶⁹ At a minimum, Approved Vendors may also use model leases and model financing instruments provided by the Solar Energy Industries Association ("SEIA"),⁵⁷⁰ 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.⁵⁷¹ 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

⁵⁶⁹ See http://illinoisabp.com/wp-content/uploads/2019/01/dg-contract-requirements-2019_01_23.pdf.

⁵⁷⁰ Solar Energy Industries Association, "Model Leases and PPAs," <https://www.seia.org/research-resources/model-leases-and-ppas>.

⁵⁷¹ 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 7.6.2.⁵⁷² In its Order approving this Revised Plan, the Commission provided analysis reinforcing the requirement that every individual subscriber to a community solar project participating in the Adjustable Block Program or ILSFA must receive and execute an individualized standard disclosure form.⁵⁷³

- **Brochure:** The Agency ~~will require~~requires Approved Vendors to distribute a brochure to program participants prior to the execution of the contract with the program participant, ~~a~~. This consumer protection brochure is available in both~~either~~ print ~~and~~or electronic form, and has been prepared by the Program Administrator and approved by the Agency. ~~That~~⁵⁷⁴ The 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.~~

~~Rather than including these materials with this draft Revised Plan for filing with the Commission (and thus seeking Commission approval of the specific forms), the Agency sought 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.~~

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.

Additionally, the IPA has developed ~~its~~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

⁵⁷² 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 Janee 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.

⁵⁷³ See Docket No. 19-0995, Final Order dated February 18, 2020 at 7. In the event that the Commission or another authoritative adjudicatory body determines that an opt-out municipal aggregation may legally include community solar subscription aggregation for a project participating in the Adjustable Block Program or ILSFA, individually executed standard disclosure forms are still required for each individual subscriber.

⁵⁷⁴ See <http://illinoisabp.com/marketing-guidelines-marketing-materials-stakeholder-process>.

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,⁵⁷⁵ Approved Vendors ~~will be~~ will be and have 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 requirements applicable to ARES have been made through Public Act 101-0590. The IPA will endeavor to update its marketing guidelines⁵⁷⁶ and certain other program requirements in line with the new requirements applicable to alternative retail electric suppliers where applicable. As just one example, the revised marketing guidelines should likely require community solar subscription agreements to clearly disclose any terms of automatic contract renewal.⁵⁷⁷ 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.⁵⁷⁸

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 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 Approved Vendor conduct. Thus, consistent with~~ Consistent with the Commission's Order in Docket

⁵⁷⁵ 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.

⁵⁷⁶ See <http://illinoisabp.com/marketing-guidelines-marketing-materials-stakeholder-process>.

⁵⁷⁷ For the analogue in Public Act 101-0590 (<http://www.ilga.gov/legislation/publicacts/101/PDF/101-0590.pdf>), see Section 10 of the Act at pages 86-89 (creating new Section 2EE(c)(7) of the Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505).

⁵⁷⁸ This process of seeking stakeholder feedback has been initiated as of the publishing of this Final Revised Plan; see: <http://illinoisabp.com/2020/04/03/request-for-comments-draft-marketing-guidelines-and-community-solar-disclosure-form/>.

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 applications specific contents contained therein. Instead, the Agency seeks that the Commission, through its Order approving the Revised Plan, instead affirm the following:

- The Agency maintains flexibility to adjust its program 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 process⁵⁷⁹ 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.

6.11.1.6.13.1. 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 full compliance with the minimum contract requirements from the Plan;

⁵⁷⁹ ~~Docket No. 17-0838, Final Order dated April 3, 2018 at 107-108.~~

2. The disclosure form, signed by the customer post-contract execution; and
3. Proof that the brochure was provided to the customer.⁵⁸⁰

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.”⁵⁸¹~~

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, 2019.⁵⁸²

6.11.2.6.13.2. 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).⁵⁸³ 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.

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

⁵⁸⁰ 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.”).

⁵⁸¹ See Docket No. 17-0838, AG Reply at 2-3; Docket No. 17-0838, Final Order dated April 3, 2018 at 107.

⁵⁸² Docket No. 17-0838, Final Order dated April 3, 2018 at 107.

⁵⁸³ See id at 107-108.

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.

~~6.113-6.13.3.~~ **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 (including the written notices and explanations of discipline) due to a violation of Program requirements. The Agency has already begun a stakeholder comment process in September 2019 to refine what information on complaints should be published.~~⁵⁸⁴ 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 first such report, covering calendar year 2019, was provided to the Commission through a filing in Docket No. 17-0838 on March 2, 2020.~~

6.13.4 Disciplinary Determinations

~~The Adjustable Block Program (and the Illinois Solar for All Program, for which the revised Plan's Consumer Protection requirements also apply) are ultimately state-administered incentive programs leveraging state- or utility-collected funds to provide additional incentives for photovoltaic project development. These programs do not constitute the solar project development market~~

⁵⁸⁴ See <http://illinoisabp.com/consumer-complaints>.

generally; an Approved Vendor, agent, or designee could simply choose to operate outside of the Agency's published marketing guidelines and consumer protection requirements should it choose not to avail itself of these additional incentive funding opportunities.

Consequently, the Agency views its disciplinary determinations as simply determining eligibility for state-administered incentives. No conduct is being restricted through the suspension or revocation of Approved Vendor status generally; all that is being restricted is the ability for an Approved Vendor to avail itself of additional incentive funding.

Nevertheless, the Agency appreciates that certain procedural safeguards should accompany its disciplinary determinations. Thus, through this revised Plan, the Agency proposes minimum procedural requirements applicable to such determinations. Specifically, mirroring and expanding on the process found in the Agency's Guidebook, the Agency proposes that Approved Vendors, designees, agents, or other third parties potentially subject to Program discipline for a violation of the Agency's Marketing Guidelines or Consumer Protection requirements generally be afforded the following:

- A 45-day lead time will be provided to Approved Vendors and designees in order to prepare for and implement general changes to consumer protection requirements. Unless otherwise specified, the lead time granted will not prohibit Approved Vendors and designees from taking earlier steps towards compliance. In situations where the IPA determines that emergency adoption of a new or modified consumer protection is necessary, no lead time will apply; however, the Agency commits to enforce any such requirements with an eye toward the practical challenges inherent in immediate implementation.⁵⁸⁵
- In the event that the Program Administrator identifies that it believes an Approved Vendor, designee, or other party is not acting, or has not acted, in compliance with Program requirements in connection with the Program, the Program Administrator will notify the Approved Vendor through an e-mail that:
 - Outlines the problematic behavior;
 - Explains how the behavior is non-compliant with program requirements; and
 - Requests more information about the issue.
- No disciplinary determination (such as the suspension or revocation of the ability to participate as or on behalf of an Approved Vendor) will be made by the Agency's Program Administrator without the allegedly offending party having the opportunity to offer a written or oral explanation of the problematic behavior for review and analysis by the Program Administrator;
- All disciplinary determinations made by the Program Administrator will be communicated through a written explanation of the determination featuring at least the following:
 - A brief explanation of the infractions for which the Approved Vendor and/or Designee is being suspended;
 - A timeline of communications between the offending entity and the Program Administrator;
 - Specific reference to which specific Program requirement(s)/guideline(s) the offending entity violated;

⁵⁸⁵ See Docket No. 19-0995, Final Order dated February 18, 2020 at 56, 62. For an example of emergency adoption of a consumer protection, see: <http://illinoisabp.com/2020/03/20/ipa-covid-19-announcement/>.

- An explanation of any suspension, including what specific conduct is no longer permitted in connection with the Program through the length of the suspension;
- An explanation for how to appeal that disciplinary determination to the Agency and the deadline for submission applicable to any appeal.
- The IPA will endeavor to address any appeals of disciplinary determinations within two weeks of receiving an appeal (although the need to receive additional documents or information may lengthen that timeline).
- Any appeal determination made by the IPA will include, at minimum, a clear statement of the Agency's decision, the consequences of that decision, and a supporting explanation as to why that decision was made.

While the Agency understands that certain parties have offered comments seeking additional process and even more formalized requirements, the Agency believes additional process beyond the steps set forth above may not be warranted (and, if warranted, is best introduced through a broader update to the Agency's marketing guidelines).⁵⁸⁶ Again, any party found in violation of the Program requirements is not barred from operating in the solar market in Illinois generally; it just may not participate in transactions benefitting from additional incentive payments provided through or by the Agency.

6.12.6.14. 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.

6.12.1.6.14.1. Batches

Under the Initial Plan Approved Vendors ~~will were required to~~ submit projects ~~that are~~ bundled into batches. For this Revised Plan, the Agency proposes a simplification of the batch process. For a new Approved Vendor, there will still be the requirement for a submittal of a first batch of at least 100 kW of projects, and that 75% of the capacity of that batch must be verified to be approved. Approved Vendors will be allowed to select which batches approved systems are placed into, so that they can better manage their financing portfolios.⁵⁸⁷ Once approved, or modified, each batch systems' Part I applications are verified, and before they are sent to the Commission for approval, an Approved Vendor will be consulted and given the opportunity to specify how its verified systems are batched, so long as those batches of verified systems are at least 100 kW in size.

For established Approved Vendors that have had a contract approved by the Commission and do not desire to assemble batches into portfolios in this way, projects may be submitted on a rolling basis, and as projects are verified, the Program Administrator will place them into new batches that will result in a contract and/or new confirmations 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

⁵⁸⁶ The Commission affirmed the adequacy of this process in approving the Plan. See Docket No. 19-0995, Final Order dated February 18, 2020 at 57, 62.

⁵⁸⁷ See Docket No. 19-0995, Final Order dated February 18, 2020 at 75.

same vendor.⁵⁸⁸ The systems within the batch/confirmation will be listed on a schedule (or product order) 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~~determined by the Procurement Administrator, the ~~annual~~ number of RECs to be delivered annually 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.⁵⁸⁹

6.12.2.6.14.2. 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, there could be a lag between when a system is completed and when the Approved Vendor has enough systems to submit the batch, which could lead to a delay in payment for the RECs. The system requirements described in Section 6.11 adequately recognize the differences in the project development cycle between smaller and larger systems.~~

⁵⁸⁸ See Docket No. 17-0838, Final Order dated April 3, 2018 at 109.

⁵⁸⁹ See id.

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).⁵⁹⁰

~~6.3.1. 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 business⁵⁹¹ may also request approval to submit an initial batch of only 50 kW, then future batches of 100 kW.~~

~~6.14.3. Application Fee~~

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.

~~6.12.3.6.14.4. Batch Project 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 deficiencies cannot be cured, the project application will be withdrawn. If the Approved Vendor can subsequently address the deficiencies, the Approved Vendor can resubmit the project (with a new application fee).~~

~~For an initial 100 kW batch, if, after any attempts to cure deficiencies ~~has~~ have been made, projects representing at least 75% ~~or more~~ of the kW volume in a capacity of the batch ~~is~~ are reviewed and approved by the Program Administrator, that batch will be included in a contract presented to the Commission for approval. For established Approved Vendors, on a rolling basis in anticipation of the next scheduled Commission meeting, the Program Administrator will ~~assign the batch (less any place verified projects not approved)~~ for each Approved Vendor into batches for assignment to a counterparty utility,⁵⁹² and prepare the confirmation information (and, in that case, master~~

⁵⁹⁰ 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.

⁵⁹¹ 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."

⁵⁹² 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.

agreement information, if it is the Approved Vendor's first batch) or the contract information related to that batch.⁵⁹³

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.⁵⁹⁴

~~If less than 75% of the kW volume of a batch is approved, 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~~deficient or noncompliant project applications may be subject to having its Approved Vendor status reviewed, and possibly suspended or terminated.

~~6.12.4.6.14.5.~~ 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~~PV Watts calculated capacity factor ~~(stated relative to a system's nameplate capacity in 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.⁵⁹⁵~~

- ~~• Fixed mount system 16.42%~~
- ~~• Tracking system 19.32%~~

⁵⁹³ See Docket No. 17-0838, Final Order dated April 3, 2018 at 115-116.

⁵⁹⁴ See id.

⁵⁹⁵ ~~In Docket No. 17-0838, informed by analysis of select Illinois locations using the PV Watts 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.”⁵⁹⁶ 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.⁵⁹⁷

6.12.5.6.14.6. Batch Contract Approval

The Commission meets approximately every two weeks. The Program Administrator will strive to efficiently process approved projects and assign them to 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 week8 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.⁵⁹⁸

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.⁵⁹⁹ The Commission approved the recommendations contained in the Staff Report will be submitted to the Commission at least 30 days before the opening

⁵⁹⁶ 20 ILCS 3855/1-10.

⁵⁹⁷ kW size is translated to RECs by the following formula: 1 kW * capacity factor /1000 [kW/MW] * 8760 [hours/year] * 15 [years].

⁵⁹⁸ See Docket No. 17-0838, Final Order dated April 3, 2018 at 115-116.

⁵⁹⁹ See: <https://www.icc.illinois.gov/downloads/public/edocket/490368.pdf>.

of the Adjustable Block Program.⁶⁰⁰ 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 and/or product order, as applicable. The Approved Vendor will then be required to sign the contract / product order within seven business days of receiving it.⁶⁰¹ from the utility.⁶⁰² Failure to sign the contract / product order may subject the Approved Vendor to discipline under the Program. Additionally, when a product order is not executed by the Approved Vendor within the seven business days after receipt, the constituent projects will be considered removed from the Program, with the option to re-apply later, subject to payment of a new application fee and available open block capacity (and subject to the applicant's Approved Vendor status not having been revoked due to the product order's non-execution). 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 Revised Plan, the Agency recommended and the Commission approved a clarification to the collateral withholding process to be reflected in the updated REC contract (as discussed in Section 6.7). In cases where collateral was posted through a letter of credit, the Approved Vendor may 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 in exchange for a release/reduction of the letter of credit.⁶⁰³

In the Initial Plan, the Agency provided an option to allow an Approved Vendor to be able to forgo posting collateral for a system that was already energized and instead have that collateral withheld from the REC payment. The intent of that provision was to allow systems that had been developed prior to the program launch to have a simplified process, recognizing of those systems' absence of development risk. However, the Agency has observed that this process has had an unintended consequence of encouraging some Approved Vendors to submit projects only after their energization as a way of avoiding any collateral obligation. If the project does not apply until after it is built, enforcing and ensuring consumer protections (and other program requirements) becomes more challenging. Ultimately, consumers are better served if their project can be reviewed and approved by the program (and then submitted to the ICC for approval) prior to being built. For this reason, the Agency will require upfront collateral in all cases, including for energized 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 violate the REC contract and may result in an Approved Vendor being suspended from further participation in the Program.

⁶⁰⁰ See id.

⁶⁰¹ See id.

⁶⁰² See id.

⁶⁰³ This provision would not apply to cash collateral for the following reason. If a project had a total REC value of \$100, \$5 of collateral would be due. To swap the 5% collateral for a withheld payment, \$100 in total payments (\$95 of REC payments plus a return of \$5 collateral) would need to be made, leaving a balance held by the utility of \$5, the same as before. On the other hand, if the collateral were a letter of credit, then a payment of \$95 would eliminate the need for the Approved Vendor to maintain the letter of credit (or portion thereof) for the remaining life of the contract.

6.13-6.15. Project Development Timeline and Extensions

6.13.1-6.15.1. 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 timestimelines are based upon 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. Any forfeiture of collateral by the Approved Vendor under the REC contract will be considered to be returned to the utility's available Renewable Resources Budget. As described in Section 6.3.3, that newly open REC volume will become available to other projects, subject to budget availability.

A project that is not completed in time and is canceled removed from the contract may be subsequently included in a future batch re-submitted by an Approved Vendor, but will be treated like any other new system being submitted.

Since the development of the January 2019 REC delivery contract and the subsequent execution of that contract in that new batch connection with projects, one circumstance not adequately addressed through that contract may deserve Commission attention. In some instances, the developer of an Adjustable Block Program project may learn that development of the project is no longer feasible—whether due to financing falling through, the system host no longer wanting to move forward with the project, or myriad other circumstances. Presently, such a system could not be removed from the contract until contract requirements related to a Seller meeting the system's energization deadline were not timely met, a contract violation which may not occur until over one year from the point at time in which the Seller learns that development is no longer feasible. Thus, through this revised Plan, the Agency sought Commission permission to allow the Seller to provide notification to the Buyer, the Agency, and the Commission that it is exercising its option allowing for a system's removal from the contract because the Approved Vendor no longer wish to develop that system. Under these circumstances, the Seller would forfeit the posted Performance Assurance applicable to the system. Doing so would allow the contract parties (the utility Buyer and Approved Vendor Seller) to no longer maintain a contractual obligation when performance is no longer intended, while also providing clarity to the Agency and its Program Administrator about the availability of new Program capacity through removal of a project from a REC contract. This proposal was approved by the Commission; under the Commission's Order, the Agency will have responsibility for developing the specific forms and procedures to effectuate this option for Sellers.⁶⁰⁴

⁶⁰⁴ See Docket No. 19-0995, Final Order dated February 18, 2020 at 80.

6.13.2.6.15.2. 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.

6.13.3.6.15.3. 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.⁶⁰⁵ 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.

Once a project is energized, the following information will be required from the Approved Vendor in order for the Program Administrator 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 ID⁶⁰⁶
- Certificate of Completion of Interconnection or comparable documentation^{607, 608}
- ~~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
- Identity of the installer (must be a Qualified Person under Part 468 of the ICC's Rules)

⁶⁰⁵ For systems under 25 kW ~~the, that~~ status update ~~would~~ only be required for a system where there is a change in status (e.g., a project being completed, or canceled).

⁶⁰⁶ GATS or M-RETS registration must be complete and unit ID verifiable through GATS or M-RETS public reports.

⁶⁰⁷ Comparable documentation would only apply for a rural electric cooperative or municipal utility that does not provide a Certificate of Completion of Interconnection.

⁶⁰⁸ Per Section 1-75(c)(1)(K) of the IPA Act, the date of final interconnection approval must be no earlier than June 1, 2017.

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 (Part I) system size and capacity factor, and the RECs calculated based on the final (Part II) system size and capacity factor. The final 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 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~~ The Agency emphasizes that, while the Approved Vendor is the entity that receives REC payments, the terms of sharing that REC payment value with customers (completely, partially, or not at all; immediately or over time; directly or indirectly) or obligations associated with a system's performance assurance payment are left to a customer and Approved Vendor (or customer and designee) to work out between themselves prior to executing an agreement.

The Agency 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.

6.13.4.6.15.4. 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.⁶⁰⁹

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 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,~~

⁶⁰⁹ See Docket No. 17-0838, Final Order dated April 3, 2018 at 118.

~~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.

~~6.13.5-6.15.5.~~ 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.⁶¹⁰ 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.~~

~~6.14-6.16.~~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 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.”⁶¹¹

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

⁶¹⁰ See Section 10.2 of the GATS Operating Rules available at <https://www.pjm-eis.com/~media/pjm-eis/documents/gats-operating-rules.ashx>.

⁶¹¹ 20 ILCS 3855/1-75(c)(1)(L)(iv).

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.

6.14.1.6.16.1. 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 ~~is approved (or product order) is approved. As described in Section 6.14.6, if the collateral was provided in the form of a Letter of Credit, then~~ 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 in the form of the Letter of Credit.~~ 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). 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.

The Agency wishes to emphasize that this Plan does not prescribe the source of funds for collateral, whether it be an Approved Vendor's cash on hand, bank borrowings, the project owner's funds, customer-provided funds, a letter of credit, or some other source.

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 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.⁶¹²

⁶¹² See Docket No. 17-0838, Final Order dated April 3, 2018 at 129.

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.

6.14.2.6.16.2. 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.”⁶¹³ 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.⁶¹⁴ However, a project or portfolio is not entitled to additional compensation if a carryforward remains as project-specific contracts expire.⁶¹⁵

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, reduced, or eliminated without penalty.⁶¹⁶ 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

⁶¹³ 20 ILCS 3855/1-75(c)(1)(L)(ii).

⁶¹⁴ 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.

⁶¹⁵ See Docket No. 17-0838, Final Order dated April 3, 2018 at 129.

⁶¹⁶ Specific circumstances that constitute force majeure ~~will be~~ have been outlined ~~and memorialized through~~ the contract development process.

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.

6.15.6.17. Annual Report

On an annual basis, each Approved Vendor will be required submit an Annual Report of the contracts and systems in its portfolio.⁶¹⁷ The Annual Report will serve 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, including use of graduates of job training programs and other information related to increasing the diversity of the solar workforce⁶¹⁸

For community solar projects, the report will also include:

- 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

⁶¹⁷ 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.

⁶¹⁸ As discussed in the Commission's Order approving the Revised Plan, this requirement was added in order to learn from and celebrate how the increase in solar development in Illinois is improving diversity in the state's renewable energy workforce. The IPA commits to seeking stakeholder feedback on how this information should be reported and commits to gathering this information for informational purposes only. See Docket No. 19-0995, Final Order dated February 18, 2020 at 87.

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.⁶¹⁹ 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.

⁶¹⁹ 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.⁶²⁰ 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 2018.⁶²¹~~

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.

[...]

⁶²⁰ Community Solar Hub, <https://www.communitysolarhub.com>. Accessed September 1, 2017.

⁶²¹ <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 1997.⁶²²

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

⁶²² 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.

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 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.⁶²³ 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*⁶²⁴ net metering for subscribers to "community renewable generation projects," as well as the other two types of community renewable projects.

⁶²³ 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.

⁶²⁴ 220 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.⁶²⁵

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, 2017.⁶²⁶ 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.

⁶²⁵ 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.

⁶²⁶ 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.⁶²⁷

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.⁶²⁸

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,⁶²⁹ 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,⁶³⁰ and generally consistent with the Commission’s Order in Docket No. 17-

⁶²⁷ 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>.

⁶²⁸ 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>.

⁶²⁹ 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.”).

⁶³⁰ 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>.

0838,⁶³¹ 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).⁶³²
- 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.⁶³³
- 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.⁶³⁴
 - “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.

⁶³¹ 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.

⁶³² See id.

⁶³³ See id.

⁶³⁴ See id.

- Projects must have separate interconnection points.

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.”⁶³⁵ 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. This co-located pricing provision will only be applicable if the Commission’s approval of the second project is within one year or less of the Commission approval date of the first project. If the first project has not yet commenced construction at the time of the second project’s approval, then the co-located pricing provision will apply.

In the case that there are two co-located projects on a single parcel (or two contiguous parcels) owned by a single entity or represented by a single Approved Vendor, any sale of one project to a different owner or transfer of one project to a different Approved Vendor would not 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.⁶³⁶

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,⁶³⁷ 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

⁶³⁵ Docket No. 17-0838, Amendatory Order dated May 2, 2018 at 1-2.

⁶³⁶ The Commission affirmed the propriety of this approach through approving the Plan. See Docket No. 19-0995, Final Order dated February 18, 2020 at 95.

⁶³⁷ 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”).

cooperative and municipal utilities.⁶³⁸ This results in ambiguity around whether a community 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.⁶³⁹ ~~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 the permission for such projects in this regard. On July 11, 2019, ComEd filed a Petition for Leave to participate governs the Agency's implementation of these programs Appeal, no. 124898, with the Supreme Court of Illinois. It was denied on September 25, 2019, resolving this issue and thus clarifying that projects in the service territories of rural electric cooperatives, municipal electric utilities, and Mt. Carmel Public Utility Company may, are indeed eligible 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 2014.⁶⁴⁰ 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 2015.⁶⁴¹ 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

⁶³⁸ 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.

⁶³⁹ See Docket No. 17-0838, Final Order dated April 3, 2018 at 177-179.

⁶⁴⁰ Jo Carroll Energy, <https://jocarroll.com/content/south-view-solar-farm>.

⁶⁴¹ Prairie Power, <https://www.ppi.coop/brightoptions>.

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 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.”⁶⁴² 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.⁶⁴³ The value of electricity credited must be at no lower than the subscriber’s supply rate.⁶⁴⁴
- 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.⁶⁴⁵
- 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 1978.⁶⁴⁶

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).

⁶⁴² See definition of “Community Renewable Generation Facility” in 20 ILCS 3855/1-10.

⁶⁴³ See 220 ILCS 5/16-107.5(l).

⁶⁴⁴ 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.

⁶⁴⁵ See 20 ILCS 3855/1-75(c)(1)(N).

⁶⁴⁶ See id.

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 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 6.3.3.1, the Agency sought feedback on how to manage that waitlist of community solar projects, and has proposed an approach for new blocks of community solar capacity that may encourage applications from more community-driven 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.”⁶⁴⁷ ~~Because a project does not have to rely exclusively on low-income subscribers (although~~

⁶⁴⁷ 20 ILCS 3855/1-56(b)(2)(B).

~~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 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.”⁶⁴⁸ 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.” to be “small subscribers” so long as their subscription size is below 25 kW. Perhaps notably, the above-quoted language of the Act refers to “robust participation **opportunities**”⁶⁴⁹ 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 recognize 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),⁶⁵⁰ 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~~

⁶⁴⁸ 20 ILCS 3855/1-75(c)(1)(N).

⁶⁴⁹ Emphasis added.

⁶⁵⁰ See also Docket No. 17-0838, Final Order dated April 3, 2018 at 144.

~~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.⁶⁵¹ 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.~~

~~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 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.⁶⁵²

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

⁶⁵¹ See *id.*

⁶⁵² 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).

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 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 saidAs discussed in Section 6.9.1, the Agency proposes to now require all in-person, phone, and online marketing / lead generation firms to register with the Adjustable Block Program, including disclosure by Approved Vendors of 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.⁶⁵³

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
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.

⁶⁵³ 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 7-2: 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, including any automatic renewal provisions;
- (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 and the Illinois Governor then signed the bill into law on August 27, 2019.⁶⁵⁴ The new act 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. The Agency intends to update its Marketing Guidelines (and, potentially, other program documents and requirements) in light of Public Act 101-0590 and the specific issues which that legislation seeks to address. As described further in Section 6.13 above, 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.⁶⁵⁵

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 relative to the subscriber's new load) 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 including matching the subscription size to the new subscriber's load. The Agency understands 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. This is also consistent with guidance on this topic already published by the Program Administrator on the Program's consumer-facing website on October 3, 2019.⁶⁵⁶

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.

⁶⁵⁴ See 101st Illinois General Assembly, Public Act 101-0590, <http://www.ilga.gov/legislation/publicacts/101/PDF/101-0590.pdf>

⁶⁵⁵ The draft guidelines were released for stakeholder feedback on April 9, 2020. See: <http://illinoisabp.com/2020/04/09/rec-contract-request-for-stakeholder-comments/>.

⁶⁵⁶ See <http://illinoisshines.com/faq> ("If I subscribe to a community solar project participating in the Adjustable Block Program, can I keep my subscription when I move? Can I transfer my subscription to someone else?").

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.⁶⁵⁷ ~~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~~ 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

⁶⁵⁷ 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/624571/150205gmplletter.pdf.

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.⁶⁵⁸ ~~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 ~~amongbetween~~ 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.”⁶⁵⁹ 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 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.

⁶⁵⁸ 220 ILCS 5/16-107.5(f), (l-5).

⁶⁵⁹ Docket No. 17-0350, Final Order dated September 27, 2017 at 18.

~~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.”⁶⁶⁰

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 ~~separates~~separately 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

⁶⁶⁰ 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 forexecuted 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 which Initial 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.”⁶⁶¹ 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.”⁶⁶²

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.⁶⁶³ 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.⁶⁶⁴

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.

⁶⁶¹ 20 ILCS 3855/1-56(b)(2).

⁶⁶² Id.

⁶⁶³ As a clarification from the Initial Plan, in this Revised Plan the Agency does not propose that this requirement apply to multifamily buildings with more than five units, or to non-profit or public facilities.

⁶⁶⁴ 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 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.~~⁶⁶⁵ 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. 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.

In light of this, for the Revised Plan, the Agency proposes, as discussed further in Section 8.6.3 below, that Approved Vendors submitting projects for non-profit or public facilities that can utilize the federal Investment Tax Credit under 26 U.S.C. § 48 will be required to demonstrate additional value to the project host.

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 beare 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 residential 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 beare 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)

⁶⁶⁵ See Appendix E-5 to Initial Plan, available at <https://www2.illinois.gov/sites/ipa/Documents/2018ProcurementPlan/AppendixE-5ILSolarAllNon-ProfitPublicFacilitiesPricingModel.xls>, at “CREST Inputs” tab, cell G73.

that these incentives may not be able to address. Additional incentives to pay for those types of separate costs ~~will~~ are 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.⁶⁶⁶

Additionally, in order to facilitate the direct flow of tangible economic benefits to low-income residential participants, the Agency and its Illinois Solar for All Program Administrator will explore, and if deemed feasible and prudent, pursue the possibility of receiving guidance from the United States Department of Housing and Urban Development that would clarify the treatment of Illinois Solar for All benefits with regard to cost allowance-based low-income housing programs.

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~~ was 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 Low-Income Distributed Generation and

⁶⁶⁶ See: <https://www.illinoisfsfa.com/app/uploads/2019/03/ILSFA-Program-Resources-Guide-v1-20190318.pdf>.

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 the Low-Income Distributed Generation sub-program featured application levels below the allocated sub-program budget. Five Low-Income Community Solar projects (totaling 4 MW of capacity), and 7 Non-Profit/Public Facility projects (1.3 MW of capacity) were selected. The community solar projects were selected using the project selection protocol (as discussed further in Section 8.12.2) while all the eligible Non-Profit/Public Facility projects were selected (the volume of project applications in that sub-program dropped below the annual sub-program budget after some were deemed ineligible during review). The one distributed generation applicant project withdrew. In the latter two sub-programs, unused 2018-2019 sub-program budget was rolled over to the respective 2019-2020 sub-program budget.

For the 2019-2020 Program Year, 30 Low-Income Community Solar projects (54.5 MW), 20 Non-Profit/Public Facilities projects (2.7 MW), and 11 Low-Income Distributed Generation projects (2 MW) applied during the initial project application window. The eligible applications for Low-Income Community Solar projects exceeded the allocated sub-program budget for that program year, so the project selection protocol was executed for the Low-Income Community Solar sub-program. Four community solar projects were selected (totaling 4 MW of capacity). The applications for the Low-Income Distributed Generation and Non-Profit/Public Facilities sub-programs did not fill available sub-program budgets. The Non-Profit/Public Facilities sub-program reopened on October 25, 2019 for rolling project applications and closed on February 26, 2020 after 24 projects (totaling 2.8 MW of capacity) were approved for the program year. The Low-Income Distributed Generation sub-program reopened for rolling project applications on October 1, 2019, to continue until the sub-program budget is filled or until May 31, 2020. As of the filing of the Final Revised Plan for Commission approval, 10 low-income residential projects (totaling over 2 MW of capacity) have been selected for the Low-Income Distributed Generation sub-program.

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,~~was \$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

~~\$20,679,126.74.⁶⁶⁷13.9 million.⁶⁶⁸ 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.~~

~~Since the filing of this Revised Plan, two transfers of \$10 million each were made to the General Revenue Fund. As with the prior-transferred amount, these transfers are still required to be repaid back into the RERF, and that funding remains available for supporting expenditures from the RERF. As of April 19, 2020, given the prior transfers, these two new transfers, and continued payments for RECs from the RERF, the balance of the Renewable Energy Resources Fund is now \$27,509,942.62.~~

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 2019.⁶⁶⁹ 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.⁶⁷⁰ ~~Those \$37.5 million was paid back into the RERF in April of 2019,⁶⁷¹ and the remainder of borrowed 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).⁶⁷² As described above, two additional transfers of \$10 million were also made over the past months under this same authority.~~

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,

~~⁶⁶⁷ 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.~~

~~⁶⁶⁸ 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.~~

⁶⁶⁹ 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.

⁶⁷⁰ 30 ILCS 105/5h.5(b); ~~see Public Act 100-0023.~~

⁶⁷¹ ~~<https://illinoiscomptroller.gov/financial-data/state-revenues/by-fund/?FundSel=0836&FundGrpSel=&FundCatSel=&FundTypeSel=&GroupBy=Agcy&FY=18&ShowMo=Yes&submitted>.~~

⁶⁷² 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.

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.~~⁶⁷³

~~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).~~⁶⁷⁴ ~~In this 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 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.~~ ~~Low-Income Distributed Generation Incentive, the Low-Income Community Solar Project Initiative, and the Incentives for non-profits and public facilities is available for the subsequent program year for that sub-program.~~

Table 8-1: RERF Funding for Solar for All⁶⁷⁵

Funding Source	<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>
seven to eight years				
RERF Allocation Percent	22.5%	37.5%	15%	25%
Total RERF Allocation (\$)	\$33,750,000	\$56,250,000	\$22,500,000	\$37,500,000

⁶⁷³ <https://illinoiscomptroller.gov/financial-data/state-revenues/by-fund/?FundSel=0836&FundGrpSel=&FundCatSel=&FundTypeSel=&GroupBy=Agcy&FY=18&ShowMo=Yes&submitted>

⁶⁷⁴ 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.

⁶⁷⁵ 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.

<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).⁶⁷⁶ 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 set a budget of \$20 million for the first Low-Income Community Solar Pilot Project procurement held in December 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.⁶⁷⁷

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

⁶⁷⁶ 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.

⁶⁷⁷ 20 ILCS 3855/1-56(b-10).

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 2.2.5.32.2.5.3, 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
2018-2019	\$189,960,757	\$9,498,038	\$10,000,000
2019-2020-2021	\$234,276,011/227,872,083	\$11,713,801/393,283	\$11,713,801/393,283
2020-2021-2022	\$234,003,334/225,607,664	\$11,700,167/280,062	\$11,700,167/280,062

~~These funds will be/are 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/for the Low-Income Community Solar Pilot Projects)/sub-program.~~

~~In this 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, with the exception that funds for the Distributed Generation sub-program will not be reallocated.⁶⁷⁸~~

⁶⁷⁸ See Section 8.6.1.1.

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 2020-2021,⁶⁷⁹ 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 from⁶⁸⁰ 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 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.⁶⁸¹

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.⁶⁸²

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~~

⁶⁷⁹ See 220 ILCS 5/16-108(k).

⁶⁸⁰ 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.”

⁶⁸¹ 220 ILCS 5/16-108(k).

⁶⁸² See id.

~~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 \$102,229,434.⁶⁸³ 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.

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.~~⁶⁸⁴ 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.⁶⁸⁵~~

~~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~~

⁶⁸³ See Docket No. 18-1457, Final Illinois Solar for all Supplemental Funding Plan, November 26, 2018, at 16.

⁶⁸⁴ See <https://www.icc.illinois.gov/docket/files.aspx?no=18-1457&docId=276329>.

⁶⁸⁵ Final Illinois Solar for All Funding Shortfall Plan, dated November 26, 2018, at 30.

depletion of the RERF's balance) necessitate funding the Illinois Solar for All Program using the 16-108(k) funding shortfall mechanism.⁶⁸⁶

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 Budgets⁶⁸⁷

<u>Program Year</u> <u>Funding Source</u>	<u>Low-Income Distributed Generation Incentive</u> <u>Renewable Energy Resources Fund</u>	<u>Utility—Funding</u> <u>Income Community Solar Project Initiative</u>	<u>Funding Shortfall</u> <u>Incentives for Non-Profits and Public Facilities</u>	<u>Total Funding</u> <u>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, balance for a 2020 or 2021 procurement)</u>
<u>2018-2019 RERF</u>	<u>\$20,000,495,000</u>	<u>\$10,000,825,000</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 (\$27,893,284⁶⁸⁸)</u>	<u>\$20,000,000,836,7985</u>	<u>\$11,708,36713,946,642</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>\$20,000,495,000</u>	<u>\$11,694,6378,250,000</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.”⁶⁸⁹ Section 6.14.5 describes the options for the capacity factor used in the Adjustable Block Program to convert

⁶⁸⁶ See id. at 31.

⁶⁸⁷ 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 Revised Plan.

⁶⁸⁸ This annual total budget figure, and the one below for 2021-2022, are for the three non-competitive sub-programs.

⁶⁸⁹ 20 ILCS 3855/1-56(b)(3).

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.

~~Contracts will be~~ REC delivery contracts are either with the Agency or ~~an electric~~ utility, depending on the funding source,⁶⁹⁰ 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.⁶⁹¹ Projects that receive a contract through Illinois Solar for All will not be eligible also to receive a contract through the Adjustable Block Program.⁶⁹²

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~~.⁶⁹³ Similar to what was discussed in Section 6.7 regarding contracts for the Adjustable Block Program, the Agency and utilities must abide.⁶⁹⁴ 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.

⁶⁹⁰ 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.”)

⁶⁹¹ See id.

⁶⁹² Section 1-56(b)(3) of the IPA Act 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.

⁶⁹³ See Docket No. 17-0838, Final Order dated April 3, 2018 at 151-152.

⁶⁹⁴ See Docket No. 17-0838, Final Order dated April 3, 2018 at 151-152.

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 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."⁶⁹⁵

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.~~⁶⁹⁶

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 0 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 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~~

⁶⁹⁵ 20 ILCS 3855/1-56(b)(4).

⁶⁹⁶ See Docket No. 17-0838, Final Order dated April 3, 2018 at 153.

be available for the Low-Income Community Solar Pilot Projects⁶⁹⁷; 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

Funding Source	Low-Income Distributed Generation Incentive	Low-Income Community Solar Project Initiative	Incentives for Non-Profits and Public Facilities	Low-Income Community Solar Pilot Projects
	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	
Total	\$7,500,000	\$12,500,000	\$5,000,000	\$5,000,000

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 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.

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

⁶⁹⁷ See Section 8.6.4 for a discussion of funding sources for the Low-Income Community Solar Pilot Projects.

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.⁶⁹⁸ 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 from the ABP DG pricing model by considering the project as a non-taxable entity; the up-to-10 kW size segment was assumed to be non-residential instead of residential; and the net metering benefit to be shared with participants was increased from 20% to 50%. 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 in this sub-program will be targeted to environmental justice communities.~~ In approving and modifying this Revised Plan, the Commission noted that multi-faceted challenges to participation in this sub-program must be addressed; the Agency will continue to work with the Environmental Law and Policy Center, the Natural Resources Defense Council, Vote Solar, and other interested parties to develop improvements to the sub-program.⁶⁹⁹

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.~~⁷⁰⁰ 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.

⁶⁹⁸ See Docket No. 17-0838, Final Order dated April 3, 2018 at 155; see also Appendices E-3-a and E-3-b.

⁶⁹⁹ See Docket No. 19-0995, Final Order dated February 18, 2020 at 101.

⁷⁰⁰ 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).

The project selection protocol⁷⁰¹ 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. To further ensure that diversity of projects, 25% of the program year budget will be reserved for 1-4 unit building projects. At the end of each program year, unused funds in this reserved sub-category will rollover to unreserved funds for the following program year of Distributed Generation sub-program, in accordance with the Commission's order in approving and modifying this Revised Plan.⁷⁰²

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~~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 all the tenants, regardless of income level, 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-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 all tenants as for master-metered buildings, or in the alternative, must commit to offering all 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(I)(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."

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

⁷⁰¹ See: <https://www.illinoisfa.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.

⁷⁰² See Docket No. 19-0995, Final Order dated February 18, 2020 at 100-101.

>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 2000 <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 2000 <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.”*⁷⁰³

For the first provision, ~~Illinois Solar for AHILSFA 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
- Program design, implementation, and evaluation components have residents intimately involved, in leadership positions.⁷⁰⁴

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.

The Agency proposes that a public entity may qualify as a community-based organization for this purpose, but only if the public entity meets the following requirements:

- The public entity must represent a municipality or county (or school district, park district, etc.) in a municipality or county in the bottom 25% of the state by population.
- The public entity must certify that no local community-based organizations exist that are capable of filling this role.
- The public entity must provide the same showing of robust community engagement as a non-public entity would be required to show.
- Public entities that have failed to act as community-based partners in a past project certification would be ineligible.

The public entity would be qualified as a “community-based organization” only in the context of one project application; the qualification would not be retained for a future project application (the public entity would need to demonstrate the same factors again). Finally, the public entity must provide ongoing reporting of its engagement approach, including public participation opportunities and disclosure of its approach to the project location selection (if applicable).

⁷⁰³ 20 ILCS 3855/1-56(b)(2)(B).

⁷⁰⁴ National Community-Based Organization Network (NCBON), “What is a Community-Based Organization (CBO)?” <https://sph.umich.edu/ncbon/whatis.html>. Accessed September 2017.

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 Revised Plan the Agency proposes that for any anchor tenant is a not for~~, 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:

- o Projects for which the anchor tenant is a non-profit or public facility critical service provider and also the project host;
- o 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;
- o Projects for which the anchor tenant is a non-profit or public facility critical service provider but not the project host;
- o 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;
- o 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 10% of the project size (and, by law, may not be more than 40%).

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 in this sub-program 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 -2000 <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~~ small subscriber adders are granted only if the project meets the ~~residential~~ small 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.⁷⁰⁵ sub-program.⁷⁰⁶ Only residential low-income subscribers with subscription sizes below 25 kW will count as “small subscribers” for this purpose.

⁷⁰⁵ See Docket No. 17-0838, Final Order dated April 3, 2018 at 155.

⁷⁰⁶ See Docket No. 17-0838, Final Order dated April 3, 2018 at 155.

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.”⁷⁰⁷ 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,”⁷⁰⁸ it ~~could be~~ 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.”⁷⁰⁹ —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.

~~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~~ Documents that ~~the project~~ it meets the standards described in Section 8.11 related to projects having sufficient connection to, and input from, low-income community members; ~~or~~
2. ~~Demonstrate~~ Is sited within an environmental justice community⁷¹⁰ or low-income community;⁷¹¹ and
- 2.3. Serves the electricity load of a building that the project is located at a facility owned 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).⁷¹² For a public facility, the building must host a department/agency that is a critical service provider meeting this standard.

⁷⁰⁷ 20 ILCS 3855/1-56(b)(2)(C).

⁷⁰⁸ 20 ILCS 3855/1-56(b)(2).

⁷⁰⁹ Public Act 99-0906, Section 1(a)(1) (“Findings”).

⁷¹⁰ As defined by the methodology outlined in Section 8.15.2 of this Revised Plan.

⁷¹¹ 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.

⁷¹² If the building is not owned by the organization or public agency, then either a lease with at least five years remaining on it, or a commitment by the building owner to lease the facility to a critical service provider for at least five years must be provided.

~~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.~~

4. ~~The Approved Vendor must either certify that the project's owner will not apply for the federal Investment Tax Credit in relation to the project installation, or if it will apply for the Investment Tax Credit, then the savings level for the participating host of the project must be 65% of energy value rather than 50%.~~

As described in Section 8.15.4, 25% of available funding in this sub-program 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 2,000 kW	\$91.31	\$92.04

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.”⁷¹³ 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.

⁷¹³ 20 ILCS 3855/1-56(b)(2)(D).

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). ~~Payments For this Revised Plan, the Agency proposes that payments for projects contracted through this sub-program via the second Pilot Projects procurement, to be held in 2020-2021 or 2021-2022, will be made over the 15 years of REC deliveries (rather than the first 10 years of the contract as provided in the Initial Plan for the first Pilot Projects procurement).~~ 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 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~~ commitments to local hiring and use of M/WBE contractors, describing impact on payments to community residents or community-based organizations as part of the project development process, and offering of subscriptions to community residents and ~~organizations.~~ community-based organizations (which will have to meet the same 50% savings requirement as the other Low-Income Community Solar sub-program). 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 (or in limited circumstances a government agency) organization that provides programs and services within the same defined community as 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~~ conducted 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.⁷¹⁴ 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 (the total value across both procurements being approximately \$37.5 million, as discussed in Section 8.4.1) 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 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

⁷¹⁴ See Docket No. 17-0838, Final Order dated April 3, 2018 at 161.

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~~that 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."⁷¹⁵ 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.⁷¹⁶~~

~~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.⁷¹⁷~~

~~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:

- ~~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.

⁷¹⁵ ~~20 ILCS 3855/1-56(b)(5).~~

⁷¹⁶ ~~See Docket No. 17-0838, Final Order dated April 3, 2018 at 163-164.~~

⁷¹⁷ ~~20 ILCS 3855/1-56(f).~~

- 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).⁷¹⁸ 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

⁷¹⁸ ~~<https://www2.illinois.gov/sites/ipa/Documents/IPA%20-%20ILSfA%20-%20Program-Administrator%20-%2018-RFP-02%20-%28Released%2001182018%29.pdf>; <https://www2.illinois.gov/sites/ipa/Documents/2018ProcurementPlan/IPA-ILSfA-Program-Administrator-18-RFP-02-20180330.pdf>.~~

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 or nonconformance with specifications from the application, the Illinois Solar for All Approved Vendor, at its own expense, will be responsible for any repairs, alterations, or additions to remedy the deficiencies. A deficient project may be removed from the Program if already contracted. 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 programs⁷¹⁹ 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.”⁷²⁰ 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.”⁷²¹

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, 2017.⁷²² The RFP emphasizes the need for training providers to include trainee recruitment, substantive solar industry training, and post-training opportunities.⁷²³ Moreover, ComEd has

⁷¹⁹ ComEd’s job training implementation plan was approved by the Commission on September 27, 2017 in Docket No. 17-0332.

⁷²⁰ 20 ILCS 3855/1-56(b)(2).

⁷²¹ 220 ILCS 5/16-108.12(a)(1).

⁷²² See <https://www.cct.org/what-we-offer/request-for-proposals-solar-job-training>.

⁷²³ 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 and recipients of Solar Training Pipeline Program grants were announced in December 2017: https://www.comed.com/News/Pages/NewsReleases/2017_12_07.aspx.

committed “to coordinate with the Illinois Power Agency or its administrator of Illinois Solar for All.”⁷²⁴

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.”⁷²⁵

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.⁷²⁶ 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.⁷²⁷ 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 16-108.12.⁷²⁸

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 Low-Income Distributed Generation 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~~ its first year of participation, 10% of the hours worked on all 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. This timeline for these increasing annual percentage requirements will start with the beginning of construction of the Approved Vendor’s first project contracted under the Program.

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

⁷²⁴ Docket No. 17-0332, ComEd/EDF/ELPC/LVEJO Joint Initial Comments at 5.

⁷²⁵ 20 ILCS 3855/1-56(b)(2)(A).

⁷²⁶ ICC Docket No. 17-0332, ComEd Ex. 1.0 at 12.

⁷²⁷ Id. at 13.

⁷²⁸ <https://www.icc.illinois.gov/docket/files.aspx?no=17-0332&docId=288221>.

demonstrate that completion of the job training program would lead to the trainee becoming a “Qualified Person” under the Part ~~461468~~ 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~~ is coordinating 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.

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.⁷²⁹ 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)
- 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

⁷²⁹ 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.

- 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.”⁷³⁰

~~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 through ~~the same batch~~a similar process as the Adjustable Block Program but the initial minimum batch size ~~will be~~is 50 kW. There ~~will not be an~~is 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

⁷³⁰ 20 ILCS 3855/1-56(b)(2).

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 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 to 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.

Like the Adjustable Block Program contract process described in 6.14.6, an Approved Vendor's failure to timely execute a product order will potentially subject that Approved Vendor to discipline, and the constituent projects will be considered removed from the Illinois Solar for All Program. Additionally, as discussed in Section 6.15.1 for the ABP, when an Approved Vendor's collateral is forfeited under its ILSFA REC contract (if the contract is with a utility), that collateral amount will be restored to the utility's Renewable Resources Budget, and if the contract is with the Agency, that collateral amount would be deposited into the Renewable Energy Resources Fund.

The process for posting collateral will mirror that for the Adjustable Block Program described in Sections 6.14.6 and 6.16.1. For a Low-Income Community Solar project that is not yet energized at the time of Commission approval, the contract value (for purposes of calculating the required collateral posting) will be based on an assumption that 100% of the project is subscribed by low-income residential households qualifying as "small subscribers."

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.⁷³¹ The approval of contracts by the Commission will take the form of the Commission approving the results of the competitive procurement.

⁷³¹ See Docket No. 17-0838, Final Order dated April 3, 2018 at 161.

8.12.2. Project Selection for Sub-programs with High Demand

Projects 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 budget (including RERF funds and utility funds)⁷³² 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.⁷³³ 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,⁷³⁴
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

⁷³² 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.

⁷³³ This approach has been utilized for the 2018-2019 and 2019-2020 program years. See: <https://www.illinoisfsfa.com/app/uploads/2019/05/ILSFA-Project-Selection-Protocol.pdf>. The Agency expects that an update to the protocol will include additional granularity in scoring to minimize the likelihood of tied scores that would require random selection of projects.

⁷³⁴ During the proceeding to approve this Revised Plan, the Agency recommended a workshop or public comment process to explore expanding this criterion beyond Approved Vendors to include contractors and subcontractors. The Commission agreed that such a process is appropriate. See Docket No. 19-0995, Final Order dated February 18, 2020 at 105.

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 and that the project selection protocol for the 2020-2021 and 2021-2022 program years will not give preference to projects that were on previous years' waiting lists.

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.

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.”⁷³⁵

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.⁷³⁶

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.⁷³⁷

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

⁷³⁵ 20 ILCS 3855/1-56(b).

⁷³⁶ HUD, FY 2017 Income Limits Documentation System at <https://www.huduser.gov/portal/datasets/il.html>.

⁷³⁷ <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.

50% of median ("very low income")	\$25,950	\$29,650	\$33,350	\$37,050	\$40,000	\$43,000	\$45,950	\$48,900
80% of median ("low income")	\$41,500	\$47,400	\$53,350	\$59,300	\$64,000	\$68,750	\$73,500	\$78,250

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-widestatewide values. EligibleEligibility 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 8-9.⁷³⁸

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 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"⁷³⁹ which are used to define eligibility for the Low-Income Housing Tax Credit (LIHTC).⁷³⁹ 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.

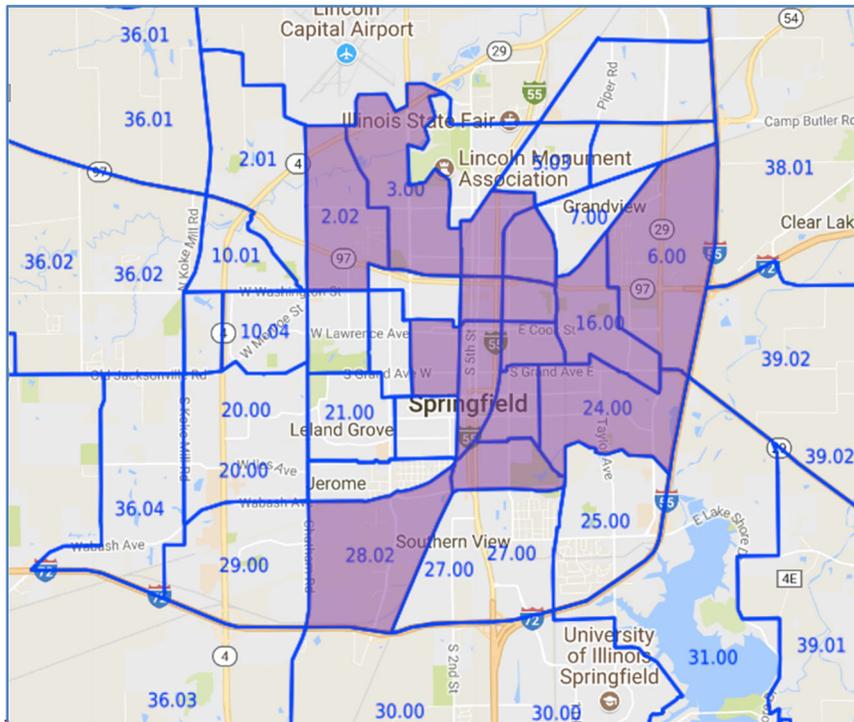
⁷³⁸ Illinois Department of Commerce and Economic Opportunity, "Community Assistance, Energy Efficiency and Infrastructure," <https://www.illinois.gov/dceo/CommunityServices/Pages/default.aspx>. Accessed September 2017.

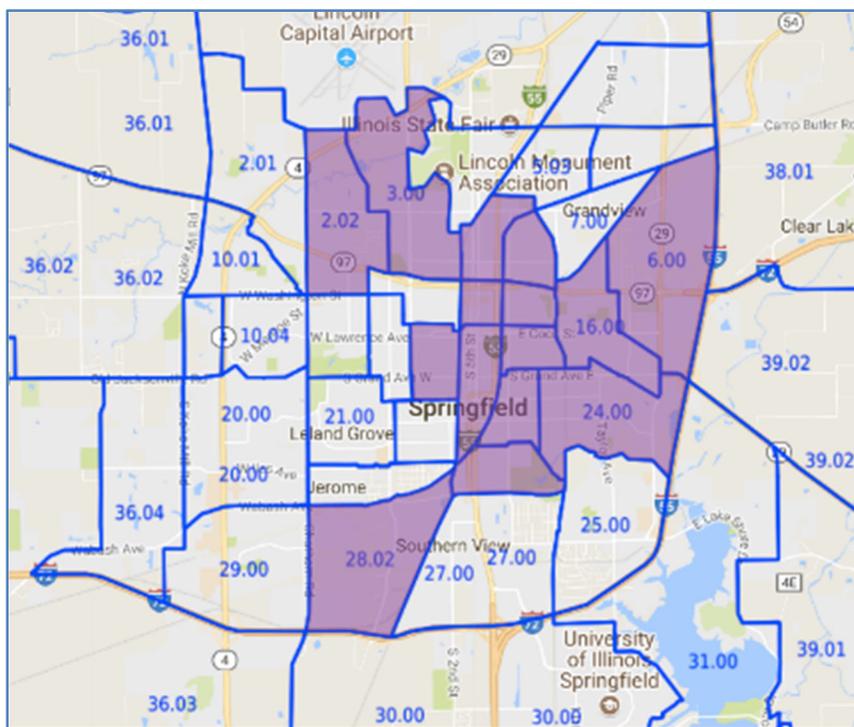
⁷³⁹ HUD, "Qualified Census Tracts and Difficult Development Areas," web site accessed July 19, 2017. <https://www.huduser.gov/portal/datasets/qct.html>.

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

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.⁷⁴⁰

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.

⁷⁴⁰ In response to concerns raised by various stakeholders in the process of approving this Revised Plan, the Commission determined that the Agency and the Program Administrator shall explore implementing a process to connect interested income-qualified customers with ILSFA Approved Vendors. The Agency will implement any such process in a competitively neutral fashion and strive to provide equal information and opportunities to all applicable ILSFA Approved Vendors. Additionally, the Agency will conduct a stakeholder feedback process to work through key implementation details prior to implementation of such a process. See Docket No. 19-0995, Final Order dated February 18, 2020 at 108.

Additionally, while the Agency generally expects the Approved Vendor to verify a potential low-income community subscriber's income through one of the methods described above, the Agency recognizes that some potential subscribers would prefer to have their income verified independently of their community solar subscription. In such cases, the 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.⁷⁴¹

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.*⁷⁴²

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 ten 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.
- 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.⁷⁴³

It ~~will be~~ the responsibility of the Illinois Solar for All Approved Vendor to track subscribers and document income eligibility for community solar projects⁷⁴⁴. Approved Vendors will be required to report to the Agency on subscription rates once a year. Illinois Solar for All Approved Vendors will

⁷⁴¹ See Docket No. 19-0995, Final Order dated February 18, 2020 at 108.

⁷⁴² 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.

⁷⁴³ 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.

⁷⁴⁴ 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.

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.⁷⁴⁵
- 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.
- Contracts between Illinois Solar for All Approved Vendors (or their sub-contracted installers) and program participants for Low-Income Distributed Generation projects ~~will be~~ are 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 business calendar days after consummation. For contracts related to subscriptions to projects participating in the Low-Income Community Solar Project Initiative or the Low-Income Community Solar Pilot Procurement, that right to cancel the transaction would be within three calendar days after consummation.

⁷⁴⁵ See Docket No. 17-0838, Final Order dated April 3, 2018 at 151.

- 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.⁷⁴⁶
- 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.⁷⁴⁷
- 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 located in environmental justice communities."⁷⁴⁸ (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 determined 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

⁷⁴⁶ 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. 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.

⁷⁴⁷ 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>.

⁷⁴⁸ 20 ILCS 3855/1-56(b)(2)(A), (B), (C).

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.⁷⁴⁹*

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.⁷⁵⁰

The Illinois EPA has also defined a “potential environmental justice community” based on demographic factors, but not environmental factors:

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.⁷⁵¹

⁷⁴⁹ 415 ILCS 155/5.

⁷⁵⁰ Illinois EPA web site, “Environmental Justice Policy,” <http://www.epa.illinois.gov/topics/environmental-justice/ej-policy/index>. Accessed July 19, 2017.

⁷⁵¹ Id.

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.⁷⁵²

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.⁷⁵³ 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).⁷⁵⁴ CalEnviroScreen compiles data on 12 indicators of pollution burden and 8 population characteristics collected at the Census tract level. It then weights certain 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.

⁷⁵² US EPA, “EJ 2020 Glossary,” <https://www.epa.gov/environmentaljustice/ej-2020-glossary>. Accessed July 19, 2017.

⁷⁵³ See: <https://ejscreen.epa.gov/>.

⁷⁵⁴ California Office of Environmental Health Hazard Assessment (“OEHHA”), *California Communities Environmental Health Screening Tool (CalEnviroScreen)*, <https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-version-20>.

Table 8-10: Summary of CalEnviroScreen 3.0 Identification Methodology

Pollution Burden	Population Characteristics
<i>Exposures</i>	<i>Sensitive populations</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>Environmental effects</i>	<i>Socio-economic indicators*</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 determined~~ ~~determined which areas qualify as~~ Environmental Justice Communities by analyzing data from Illinois census block groups⁷⁵⁵ for the following environmental ~~and demographic~~ indicators, as described by the EJ SCREEN Tool:⁷⁵⁶

- National-Scale Air Toxics Assessment (NATA) air toxics cancer risk
- NATA respiratory hazard index
- NATA diesel PM
- Particulate matter
- Ozone
- Traffic proximity and volume

⁷⁵⁵ There are approximately 10,000 census block groups in the state of Illinois.

⁷⁵⁶ See <https://www.epa.gov/ejscreen/overview-environmental-indicators-ejscreen>.

- Lead paint indicator
- 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:⁷⁵⁷

- 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

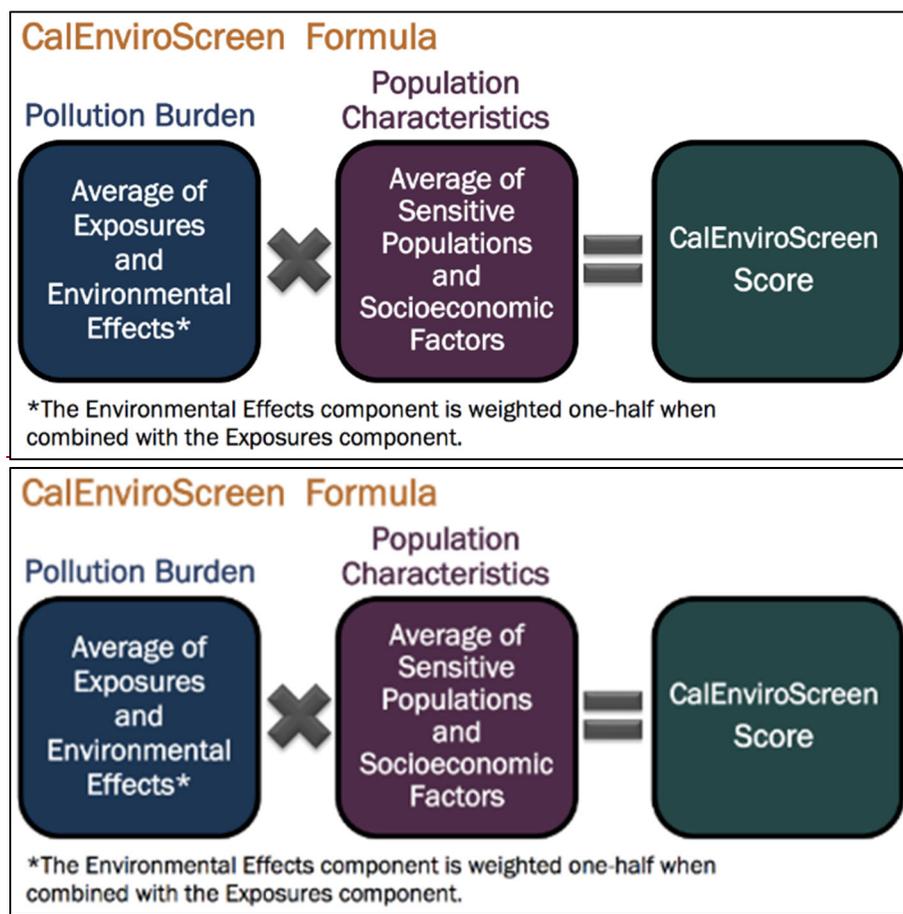
and the following environmental indicators from the Illinois Environmental Protection Agency:

- 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 weight ~~weighted~~ each factor using an approach adapted from CalEnviroScreen: census block groups ~~will be~~ were 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 single Environmental Justice score for each census block group.

⁷⁵⁷ 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~~grassroots 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 ~~from community-based organizations, local units of government, or community residents~~ 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~~⁷⁵⁸ prior to any project application being submitted that seeks

⁷⁵⁸ The initial Self-Designation Process developed by the Agency and Program Administrator can be found at <https://www.illinoisfa.com/app/uploads/2019/05/042219EJ-Self-Designation-Process-Final.pdf>. The Agency reserves the right to modify this process in the future based on program experience.

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 EJSCREEN 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.”⁷⁵⁹

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.

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.illinoissfa.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.”⁷⁶⁰

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.”~~⁷⁶¹ As noted in Section

⁷⁵⁹ EJSCREEN Technical Documentation, at ~~https://www.epa.gov/ejscreen/technical-documentation-ejscreen.~~https://www.epa.gov/ejscreen/technical-documentation-ejscreen.

⁷⁶⁰ 20 ILCS 3855/1-56(b)(2).

~~⁷⁶¹ 20 ILCS 3855/1-56(b)(3).~~

~~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 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."*⁷⁶²

~~As part of the With this 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."*⁷⁶³

~~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

⁷⁶² 20 ILCS 3855/1-56(b)(2).

⁷⁶³ 20 ILCS 3855/1-56(b)(4).

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 develop assist in the development of the scope and process for the evaluation.⁷⁶⁴ The Agency will then issue issued a Request for Qualifications/Request for Proposals to select an independent evaluator to conduct the evaluation.⁷⁶⁵ This selection process is expressly exempted from the Illinois Procurement Code.⁷⁶⁶ The Agency expects to select 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 On August 7, 2019, the 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 the Agency is planning to develop the. Therefore, during its first update to the Plan in 2019, with implementation thereof starting in 2020. Due to this timing, the first evaluation will be done on an accelerated schedule, in 2019, to inform the update months of work, the Evaluator conducted research and prepared a Phase I Evaluation Report that focused on the stakeholder outreach process. The Agency cautions that due to potential start up complications, early results may not be indicative, development of program materials and guidelines, initial Approved Vendor registration, initial project applications, and the development of Grassroots Education efforts. It is attached as Appendix G to this Revised Plan.~~

~~Recommendations from the Phase I Evaluation Report are summarized below. Generally, these recommendations do not require specific changes to this Revised Plan but rather can be considered and potentially implemented through the ongoing impacts of program administration.~~

Recommendations

- ~~• Illinois Solar For All Program Design: Consider the Illinois Solar For All Program design a work in progress. Develop a comprehensive understanding of what is permitted to be changed without modifications to FEJA or the programs, and Long-Term Plan, and what changes require legislative or Long-Term Plan modifications. Be open to changes that are~~

⁷⁶⁴ 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-comments-on-illinois-solar-for-all-third-party-program-evaluation/> and <https://www.illinoisfa.com/announcements/2019/02/public-comments-on-third-party-evaluation/>.

⁷⁶⁵ See: <https://www2.illinois.gov/sites/ipa/Documents/IPA%20-%20IllSfA%20-%20Program-Administrator%20-%2018-RFQ-02%20%28Released%2001182018%29.pdf> and <https://www2.illinois.gov/sites/ipa/Documents/2018ProcurementPlan/IPA-ABP-Program-Administrator-18-RFP-01-20180312.pdf>.

⁷⁶⁶ 20 ILCS 3855/1-56(f).

seen to be needed as the first evaluation may have a stronger emphasis on program evolves and additional data and information become available.

- Illinois Solar For All Program Materials and Website: Many stakeholders and Grassroots Educators commented that the Illinois Solar For All materials are too complex and the website needs to be streamlined and organized.
- Stakeholder Outreach: Several recommendations are made to increase the amount and diversity of participation in the stakeholder outreach process based on feedback from stakeholders and Grassroots Educators.
- Approved Vendors: Consider additional outreach and/or support to encourage Approved Vendor participation in all areas of the state, by MWBE, and by new and smaller businesses.
- Grassroots Education: In general, the Grassroots Educators have found a low level of awareness, a high level of interest, and skepticism about the Illinois Solar For All Program. They stated that customers have a low level of understanding of energy and solar energy. Potential participants do not believe that the program has no upfront costs, or that they will actually benefit from participation. Additionally, the organizations found confusion between the Illinois Solar For All Program and other solar programs. This indicates the importance of the Grassroots Education initiative, which should be continued and expanded.
- Participant Screening: Many low-income customers who are interested in participating in the Illinois Solar For All Program may have a roof that is not in the required condition for rooftop solar to be installed or other home issues that prevent participation. Grassroots Educators noted deferred maintenance issues and lack of solar readiness as a barrier.
- Energy Efficiency and Home Repairs: The Illinois Solar For All Program should aim to provide additional resources and information for Approved Vendors to work with potential low-income participants on energy efficiency and remediating homes so that they are solar-ready.
- Job Training: Consider whether support is needed for potential job trainees to help them overcome barriers to participation in the job training programs.
- Data Collection: The Program Administrator should provide specific information about its current plans for databasing household-level data for DG and community solar. There should then be an assessment of whether such data will be sufficient to meet FEJA mandates and IPA reporting goals, or whether additional data may need to be databased. While there is a critical need to protect participant privacy, many programs collect these data, and it is important to have the ability to document program participation characteristics and impacts. One stakeholder suggested that it may be preferable to have the Program Administrator collect and process confidential household qualification data rather than on outcomes.—the Approved Vendors.

The Evaluator will be embarking on the more detailed Phase II evaluation process starting in early 2020, which will include opportunities for additional stakeholder engagement and input on the full evaluation design.

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.”⁷⁶⁷ For 2020-2021 and 2021-2022, the Agency interprets the “funds available under the [Program]” to be the annual contribution of approximately \$11.7 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.⁷⁶⁸ 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 registered 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 that very small, hyper-local organizations can participate. 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 2019.⁷⁶⁹

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.

⁷⁶⁷ 20 ILCS 3855/1-56(b)(3).

⁷⁶⁸ 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 (\$37.5 million) 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.

⁷⁶⁹ See: <https://www.illinoisfa.com/announcements/2019/06/announcing-grassroots-organizations>.