



Proposed REC Prices for Large DG Category Non-waitlisted Projects Request for Stakeholder Feedback

October 14, 2021

Background

On September 15, 2021, Governor Pritzker signed the Climate and Equitable Jobs Act ([Public Act 102-0662](#)) into law. This Act includes significant changes to the Illinois Power Agency Act (20 ILCS 3855, the “IPA Act”), including an overhaul of certain elements related to the Adjustable Block Program. As this Act also frees up additional funding for supporting new renewable energy project applications, those changes include requirements that certain Adjustable Block Program categories reopen (or open for the first time, in the case of new categories) within 90 days after the effective date.

The Illinois Power Agency (“IPA” or “Agency”) is seeking feedback on certain provisions of the law in order to prepare for opening of additional blocks on December 14, 2021 in compliance with P.A. 102-0662. This feedback will be utilized by the Agency to develop interim requirements for the opening of blocks in December; such requirements may ultimately be revised and/or modified in accordance with the approval of the Agency’s next Long-Term Renewable Resources Procurement Plan by the Illinois Commerce Commission, which is expected to occur in the summer of 2022.

Under Section 1-75(c)(1)(G)(iv) of the IPA Act, waitlisted Large DG projects (not subject to prevailing wage requirements) will receive REC prices that are set at 4% below the last open block (Block 4). However, new project applications in the Large DG category (i.e., those applied after November 1, 2021) will be subject to prevailing wage requirements of Section 1-75(c)(1)(Q) and the REC prices for such projects are to be determined by the IPA. The Agency plans to conduct a full refresh of REC prices for the next Long-Term Plan, which is expected to build upon the REC pricing update that was included in the now-withdrawn [Draft Second Revised Long-Term Plan](#) and include additional adjustments to reflect changes pursuant to the Climate and Equitable Jobs Act and any other relevant updates (e.g., if there is a change to the federal Investment Tax Credit).

Responses to this Request for Stakeholder Feedback should be submitted to the IPA by November 4, 2021. Written responses should be emailed to IPA.Solar@illinois.gov with the subject “Responder’s Name - Response to Proposed REC Prices for Large DG Non-waitlisted Projects Feedback Request.”

Illinois Adjustable Block Program

(877) 783-1820 | admin@illinoisabp.com
www.illinoisabp.com | www.illinoisshines.com

The Adjustable Block Program is a state-administered solar incentive program developed and managed by the Illinois Power Agency and administered through its third-party Program Administrator, InClime Solutions.



In general, responses will be made public and published on the websites of both the [Adjustable Block Program](#) and the [Illinois Power Agency](#). Should a commenter seek to designate any portion of its response as confidential and proprietary, that commenter should provide both public and redacted versions of its comments. Independent of that designation, if the Agency or the Program Administrator determines that a response contains confidential information that should not be disclosed, the IPA reserves the right to provide its own redactions.

Proposed Approach

The Agency proposes the following approach to setting REC prices for new Large DG project applications, until such time as new REC prices are set through the next Long-Term Plan. To maintain REC pricing stability, REC prices applicable to non-waitlisted projects will be updated to reflect the incremental cost of complying with prevailing wage requirements relative to the REC price used to waitlisted projects (i.e., Block 5 prices).

In considering this approach, the Agency reviewed a November 2020 study from Inclusive Economics, *Potential Impacts of Prevailing Wage on Solar Costs in Illinois*,¹ and noted that study estimated the impact of prevailing wage requirements on total compensation in the range of 23-41%. Taking the midpoint of that range (32%) and applying it to the labor and installation costs line item of the 2017 Q1 NREL Solar Benchmarking Study included in the [original REC pricing model](#), and then rolling forward REC prices by 4% declines between blocks to Block 5 (the next block to open), would result in the following prices:

Size ²	Group A, Block 5 (waitlisted projects)	Group B, Block 5 (waitlisted projects)	Group A, Block 5 (non-waitlisted projects)	Group B, Block 5 (non-waitlisted projects)
< 25 - 100 kW	\$54.71	\$55.73	\$57.82	\$58.84
100 - 200 kW	\$44.62	\$45.66	\$47.03	\$48.06
200 - 500 kW	\$39.79	\$40.83	\$41.48	\$42.51
500 - 5000 kW	\$36.88	\$37.91	\$38.33	\$39.37

¹ See: https://drive.google.com/file/d/13ZWw7rOiIomG_mURNcmD0cw1p934FBSX/view.

² Note that under P.A. 102-0662, the Large DG category now encompasses projects between 25 kW range and 5,000 kW.

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The proposed REC prices for non-waitlisted projects to account for the costs of prevailing wage range from 4% to 6% higher than the prices for waitlisted projects (which are not subject to the prevailing wage requirements of Section 1-75(c)(1)(Q)(1)).

The original REC pricing model included cost data for a variety of system sizes, and specifically the installation labor costs listed in the following table. Included in this table is an estimate of how those costs would change by applying a 32% upward adjustment to account for prevailing wage costs.

System size	Original REC Pricing Model		Adjusted for Prevailing Wage	
	\$W/DC	Installation Labor	\$W/DC	Installation Labor
10 kW AC/13 kWDC	\$ 0.40	\$ 5,349	\$ 0.53	\$ 7,060.70
100 kW AC/133 kWDC	\$ 0.31	\$ 40,723	\$ 0.40	\$ 53,754.08
200 kW AC/267 kWDC	\$ 0.22	\$ 59,341	\$ 0.29	\$ 78,330.18
500 kW AC/667 kWDC	\$ 0.18	\$ 120,669	\$ 0.24	\$ 159,282.77
2,000 kW AC/2,667 kWDC	\$ 0.17	\$ 442,110	\$ 0.22	\$ 583,586

Stakeholder Feedback Requested

The Agency is interested in feedback on these installation cost estimates and any specific proposed adjustments. In particular, should the adjustment vary by system size, and should different adjustments be considered for Group A and Group B rather than a single statewide adjustment? If stakeholders have alternative proposals for how REC prices could be adjusted to account for prevailing wage costs, those proposals should be supported by data and include specific adjustments.

Next Steps

Stakeholder feedback received on the proposals discussed herein will be considered for use in the opening of new blocks of Program capacity, and possible inclusion in the development of the new draft Long-Term Renewable Resources Procurement Plan.

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