



SIERRA CLUB

-ILLINOIS CHAPTER-

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Re: Illinois Chapter of Sierra Club's Comments to Illinois Power Agency's Draft Long-Term Renewable Resources Procurement Plan

Dear Mr. Bohorquez:

On behalf of the Illinois Chapter of the Sierra Club and our over 30,000 members in Illinois, thank you for your consideration of the following comments in response to the Illinois Power Agency's Draft Long-Term Renewable Resources Procurement Plan ("Draft Plan"). The Sierra Club is the largest and oldest grassroots environmental organization in the United States, and our Illinois chapter and membership has a vital stake in the success of clean energy deployment in the State pursuant to the Future Energy Jobs Act, Public Act 99-0906. The Sierra Club is also a member of the Illinois Clean Jobs Coalition, which is made up of a diverse group of environmental, business, and faith communities who are advocating for the successful implementation of FEJA and who are working to improve public health, save consumers money, improve the environment, and create tens of thousands of new clean jobs across the State.

The Sierra Club strongly encourages the Illinois Power Agency to ensure that the programs and procurements offered in the Draft Plan meet the following goals:

- Maximize the adoption and deployment of new renewable and distributed energy resources, such as wind and photovoltaics, in order to diversify energy resources, protect public health and Illinois' environment, as well as deliver economic benefits to Illinois' residents.
- Ensure that photovoltaic distributed generation benefits all residents across the State, expanding solar access to low-income individuals and communities, and delivers robust participation opportunities for residential and small commercial customers in the community solar program.
- Ensure that job trainees that come out of the solar pipeline training program and other programs that may exist or are developed have a pathway to professional certification and employment in projects that are served by the Illinois Solar for All program and other general market programs.
- Protect all Illinois consumers and, particularly, low-income participants in the Illinois Solar for All program.
- Diversify generation sources in communities with aging power plants, especially in MISO Zone 4 where distributed generation is recognized as a capacity resource, and proactively boost local transmission.

We address how well the Draft Plan meets these goals and offer recommendations for areas of improvement in the specific comments below.

I. Competitive Procurements for Utility-Scale and Other Renewable Generation Projects

Section 16-111.5(b)(5)(ii)(B)(bb) of the Illinois Public Utilities Act requires that the Draft Plan “[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 . . . Section 1-75 of the Illinois Power Agency Act.” Although it is unclear whether these procurements are required to be conducted as a competitive-bid process, the IPA has proposed a competitive procurement schedule for these projects in the Draft Plan. However, the Draft Plan proposes the use of both Forward Procurements and Spot Procurements to achieve the annual Renewable Portfolio Standard (“RPS”) goals set forth under the Future Energy Jobs Act.

Forward Procurements will involve multi-year contracts where Renewable Energy Credits (“RECs”) are procured from new utility-scale wind projects, new utility-scale solar projects, and brownfield site solar projects that are energized after June 1, 2017, along from new utility-scale renewable generation projects other than wind or solar, new community renewable generation projects other than solar, and new low-income community solar pilot projects. In contrast, Spot Procurements will involve one-year contracts where Renewable Energy Credits can be procured from existing facilities, if the revised RPS eligibility requirements are met.¹

The Sierra Club urges the IPA to prioritize Forward Procurements for RECs from new projects over Spot Procurements. The Sierra Club strongly supports the prioritization of multi-year contracts for long-term RECs from new projects to meet long-term RPS targets over short-term REC procurements from existing facilities to meet short-term RPS targets. Wherever possible, percentage-based RPS targets should be met via multi-year REC procurements from *new*, additional renewable generation projects that will ultimately provide more long-term certainty over the planning horizon and more long-term investment in the clean energy economy of Illinois.

The legislative intent of the Future Energy Jobs Act clearly prioritizes the development of new renewable generation, so the use of Spot Procurements should be limited. Pursuant to Section 1-75(c)(1)(F) of the Illinois Power Agency Act, the IPA has a clear directive about which REC procurements to prioritize, and the procurement of RECs to meet the annual RPS percentage targets are at the end of the list, *after* the Illinois Solar for All and new build programs. The IPA should focus on fully funding these programs and getting them correctly and effectively up and running before turning to spot procurements to meet potential gaps in meeting the percentage-based RPS targets.

II. Adjustable Block Program for General Market Distributed Generation and Community Solar Projects

Sections 1-75(c)(1)(K) and (L) of the Illinois Power Agency Act, as amended by the Future Energy Jobs Act, require IPA to establish an Adjustable Block Program for the procurement of RECs from new distributed generation solar systems and from new community solar projects that have been energized after June 1, 2017. In contrast to the discrete competitive procurement events described above, the Adjustable Block Program features administratively determined prices for RECs and will be open on an ongoing basis. The Draft Plan gives preliminary examples of REC prices based on size of solar system,

¹ Under the revised RPS enacted in the Future Energy Jobs Act, Public Act 99-0906, two new conditions have been placed on RECs that are eligible to be used for RPS compliance. First is a locational standard that allows RECs from facilities located in Illinois and from facilities located in adjacent states only if they meet the public interest criteria set out in section 1-75 of the Illinois Power Agency Act. Second is the standard that limits RECs to only those generating units that do not recover their costs through regulated rates.

type of system (on-site generation or community solar), level of residential subscribers for community solar, coverage under the low-income Illinois Solar for All program, and which utility district the system is located in.

The Sierra Club supports the use of an Adjustable Block Program with varying prices and adders to incentivize the development of new on-site and community solar projects, along with low-income distributive generation and community solar projects, that are 2 MW or below. We reiterate that this Program should ensure that the benefits of such projects are equitably distributed across the State, allowing for robust participation opportunities from residential, low-income individuals and communities, and small commercial customers across diverse geographic areas.

A. Program Management and Eligibility Requirements

The Adjustable Block Program will be overseen by a dedicated Program Administrator, and the Draft Plan proposes that participation in the Adjustable Block Program will take place through, and conditional upon, an Approved Vendor process. The Approved Vendors are the entities that would be authorized to receive a contract to generate RECs, and the Draft Plan does not restrict the entity type. Accordingly, Approved Vendors could be a for-profit solar developer or installer, a company that specializes in the aggregation and management of RECs, or a municipality or nonprofit organization serving a specific sector of the community. When submitting an application for a project to the Adjustable Block Program, the Draft Plan proposes that the Approved Vendor must submit technical system information, along with customer and consumer protection information.

The Draft Plan proposes a variety of technical system information that must be submitted at time of application, including information about the system location and size, proof of site control and/or host acknowledgement, estimate of annual production, and a signed Interconnection Agreement and evidence having obtained all non-ministerial permits for systems over 25 kW. The Sierra Club supports the Draft Plan's requirements for a variety of information to be included at the time of project application under the Adjustable Block Program in order to prevent a rush of speculative projects that could fill each block's capacity within the first few days of each block's opening. In addition, the IPA notes in the Draft Plan that there may be special situations where some portion of these documents may not be available, and as a result, the agency will have to consider alternative documentation. The Sierra Club urges that the IPA or Program Administrator provide more examples on the types of special situations where documentation may not be available or possible and what types of alternative documentation would be acceptable. For example, if a rural area is in a county that does not require zoning approval or land-use permits for larger distributed generation and/or community solar projects, then Approved Vendors should have a clear understanding for how to comply with the requirement for obtaining all non-ministerial permits when such permits may not be in existence.

The Draft Plan also requires that Approved Vendors must include information on the customer hosting the system, or the host of the community solar project, and the information that was provided to that customer – including the contract, disclosure form, and consumer protection brochure – when submitting an application for a project under the Adjustable Block Program. Approved Vendors must also comply with certain marketing standards.² The Sierra Club strongly urges the IPA to maintain strong consumer protection requirements for all projects under the Adjustable Block Program, regardless of system size or customer segment. Although some commenters have previously advocated that

² The Sierra Club recommends that the IPA add a requirement urging Approved Vendors in the Adjustable Block Program to strive to hire job trainees from the three job training programs developed under ComEd's workforce development plan or, at a minimum, advertise job openings with the various training programs that are developed.

requiring such information for systems under 25 kW may be too burdensome, the Sierra Club believes that clear information about system costs and payback times being communicated to a homeowner, resident, or small business before paying for the system is critical to protecting consumers. Moreover, given that community solar project subscribers do not have to be identified at time of project application, the Draft Plan should also require that Approved Vendors provide the above information to project subscribers as they are being enrolled, and such documentation of compliance must be provided at the time of the system's interconnection and energization and before the REC payments are made. It is critical that all subscribers of community solar projects fully understand their costs and potential system benefits, rather than just the host of the community solar project.

The Draft Plan also proposes that Approved Vendors must submit proposed projects to the Adjustable Block Program in "batches" of at least 100 kW in size. In addition, Approved Vendors must post a collateral amount equivalent to 10 percent of the total contract value when each Batch's contract is approved. The Sierra Club is concerned that the requirement for submitting projects in batches may disincentivize the development of small systems under 10 kW, as it would then require at least ten projects of this size to be bundled. In addition, the 10 percent collateral value requirement may be too high for consumer systems under 10 kW and may further discourage the development of small projects, undermining the primary goal of FEJA to ensure robust access to distributed generation benefits by residential and small business customers.³

In addition, the Draft Plan proposes how community renewable generation projects in rural electric cooperatives and municipal utilities can be eligible to participate in the Adjustable Block Program (for a community solar project) or a competitive procurement (for a non-solar community project.) The Draft Plan provides that these facilities must follow the same requirements for electric utilities as provided in the Illinois Power Agency Act, such as being capable of crediting the value of electricity generated by the community solar facility to the subscribers of the facility and providing a monetary bill credit to the subscribers' subsequent bills for the electricity output attributable each subscriber. Prior to participating in the procurement programs, the Approved Vendor will have to obtain from the cooperative or municipal utility a certification to the IPA that they have met these conditions, otherwise a project in these service territories will not be eligible. The Sierra Club strongly supports this provision and urges that the Plan make clear that it also applies to community renewable generation projects covered under the Illinois Solar for All program.

B. Block Structure and REC Prices and Co-Location

Under the general market Adjustable Block Program, the Draft Plan proposes administratively set REC prices based on which utility service territory group the system is located in (Group A for Ameren, Mt. Carmel, and rural electric cooperatives or Group B for ComEd, MidAmerican, and municipal utilities). The Draft Plan currently does not propose an additional geographic incentive, as the IPA believes that the block split between two utility service territory groups achieves sufficient geographic diversity while making the block sizes more administratively manageable. The Sierra Club supports the creation of two utility service territory block groups with higher REC payments in the Ameren group to better incentivize the downstate development of distributed generation and community solar projects. Although Sierra

³ The Sierra Club has the same concerns for similar sized projects under the Illinois Solar for All program. Under that program, projects also have to be submitted by Illinois Solar for All Approved Vendors through the same batch process as the Adjustable Block Program, and similar 10 percent collateral values are also required. These requirements may be too burdensome for projects under 10 kW and disincentive the development of low-income distributed generation projects, thereby preventing robust participation opportunities for low-income residential customers.

Club is concerned about sufficient numbers of community solar projects being developed in MidAmerican, rural electric cooperatives, and municipal utility territories due to the lack of a subscriber billing rebate in those areas, Sierra Club recognizes that a third utility service group territory would probably be too small to draw industry to the market. However, IPA may want to consider REC price adjustments to further incentivize projects in MidAmerican territory if needed.

Pursuant to statute, each utility service group is allocated 25 percent block capacity for small distributed generation systems up to 10 kW, 25 percent block capacity for large distributed generation systems greater than 10 kW and up to 2000 kW, 25 percent block capacity for community solar projects up to 2 MW, and then the remaining 25 percent block capacity can be allocated amongst the other three system types at the discretion of the agency. However, under the Draft Plan, the IPA proposes a 33.3 percent allocation for each of the three system categories per utility service group and notes it will revisit the agency's discretionary allocation amount in the 2019 Plan Update. The Sierra Club supports the Draft Plan's allocation until the 2019 Plan Update, so the IPA can establish which system category may need additional allocation based on demand over the next two years.

In addition to the Draft Plan proposing REC prices based on utility service territory group and system size and type, the plan also sets out two additional REC price adjustments called "adders" to incentivize certain types of projects. One of the adders proposed in the Draft Plan offers additional REC payments for those community solar projects in the Adjustable Block Program that have a higher level of residential subscribers.⁴ Such payments are designed to offset some of the additional costs that such projects face, such as the cost of acquiring and managing subscribers, along with the reduced eligibility for direct-energy related revenues as compared to distributed generation systems. The Draft Plan bases the residential adder incentive on the system's percent energy output subscribed to residential subscribers rather than the number of residential subscribers. For example, a system with 50 percent or greater residential energy demand will earn an additional \$7.89 per REC, and a system with 75 percent or greater will earn an additional \$11.83 per REC. Although community projects do not have to demonstrate that they have acquired subscribers at the time of the initial project application, the additional payment for residential participation will only be added to the REC price if the project demonstrates the requisite level of residential participation at the time of energization.

The Sierra Club supports the residential adder, as the IPA has a clear responsibility under the Future Energy Jobs Act to ensure robust participation opportunities for residential customers in community solar and other community renewable generation projects. However, the Sierra Club urges that every community solar project should have at least 25 percent residential participation, so at a minimum, there should be an additional adder for that level. The Sierra Club also urges the IPA to monitor how successfully the additional REC payments incentivize Approved Vendors to subscribe high levels of residential participants in community solar projects, and if robust participation is not achieved, the agency should increase the incentive levels as needed.⁵ In particular, Sierra Club recommends that IPA should track the portion of subscribers to systems less than 25 kW and consider future adders to not only incentivize residential subscribers to these projects, but also small commercial customers as well.

⁴ Pursuant to FEJA, a subscriber's subscription to a community renewable generation facility may not constitute more than 40 percent of the facility's nameplate capacity.

⁵ The IPA has authority under Section 1-75(c)(1)(M) of the Illinois Power Agency Act to immediately modify REC prices, block capacity, or any other Adjustable Block Program element that do not deviate from the Illinois Commerce Commission's approved value by more than 25 percent. Accordingly, the IPA does not need to wait until the 2019 Plan Update to adjust incentive levels and REC prices. For example, if the U.S. International Trade Commission applies a price floor to photovoltaic panels in its upcoming December 2017 decision, the IPA should update this cost in the CREST model and reissue REC prices immediately.

The second adder proposed in the Draft Plan offers additional REC payments for subsets of larger system sizes greater than 10 kW and up to 2000 kW in both the distributive generation and community solar categories. Given the economies of scale for larger systems, the IPA is concerned that a single REC price for all systems between 10 kW to 2000 kW will over-incentivize large projects and under-incentivize small projects. Therefore, the Draft Plan offers additional incentives for smaller priced projects within these categories. For example, the Draft Plan proposes an additional \$28.50 to be added to the REC price for a system size over 10 kW up to 100 kW versus only an additional \$2.50 for a system size over 200 kW. The Sierra Club supports these size category adjustments as a necessary proactive market-driven approach to better ensure the development of smaller projects for residential, small community, and small commercial customers. Without such measures, these customers could be left behind. Sierra Club urges IPA to monitor the success of smaller project development and small customer participation, and if robust participation is not achieved, the IPA should increase the incentives as needed to ensure such participation.⁶ Sierra Club also urges that additional incentives may need to be created for a new and separate 10 to 25 kW size category in order to encourage residential and small commercial participation, especially prior to the net metering cap being met.⁷

To ensure that a project developer does not divide a larger project into smaller systems in order to qualify for the higher incentives offered to smaller projects, the Draft Plan clarifies that the total capacity of a system at a customer's location will be considered a single system. For community renewable generation projects, the Draft Plan also sets out a proposed co-location standard that provides: (1) for each parcel of land, no more than 2,000 kW of generation may be installed; (2) the parcel of land may not have been divided into multiple parcels in the 2 years prior to project application; and (3) if there are multiple projects owned by a single entity or non-separate entities 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. The Sierra Club supports this standard, as the General Assembly expressly included a size limit for community renewable generation projects of no more than 2,000 kW in the Future Energy Jobs Act, and we do not believe this clear legislative intent should be ignored. Without such a strong co-location standard, a number of smaller projects could be concentrated over a few large sites, thereby disadvantaging community-driven projects and limiting the equitable distribution of project development and associated benefits and job opportunities to residents, communities, and small businesses across the entire State. Although Sierra Club supports the proposed co-location standard, we urge the IPA to remove the loophole for multiple projects developed, but not owned by, the same entity.

In addition, the Sierra Club recognizes that a waiver process could be developed to allow narrow deviation from the co-location standard in limited circumstances where clear public interest reasons exist, therefore allowing the combining of small renewable energy projects at one site. For example, multiple small projects could be allowed to be developed on brownfield sites. Allowing such co-location of community solar projects on brownfields would enable full site re-use in the case of large contaminated sites, provide cost advantages to otherwise more expensive brownfield development, and could help incentivize community solar development on brownfields, even though community renewable generation projects are excluded from the RPS' specific quantity-based targets for RECs from brownfield site solar projects. There may also be compelling public interest reasons to allow for more co-location flexibility for the development of community solar sites in environmental justice

⁶ *Id.*

⁷ Pursuant to the Illinois Public Utilities Act, net energy metering is generally credited at a value that accounts for both the value of energy and delivery until net metering accounts for 5 percent of the total peak demand of each electricity provider's eligible customers. Once the 5 percent cap is met, net metering for any new installations will be for energy only.

communities under the Illinois Solar for All Program. The Sierra Club refers the IPA to the recommendation made by the Illinois Solar for All Working Group.

III. Illinois Solar for All Program

The Illinois Solar for All Program is administered separately from the Adjustable Block Program with a separate Program Administrator, but is similarly modeled on the Adjustable Block Program.⁸ The REC prices are administratively determined based on system size and type and in which utility service territory group the project is located in, but with additional considerations specific to Illinois Solar for All, such as a different set of incentives, Illinois Solar for All specific and separate contracts, and additional requirements to ensure low-income and environmental justice community involvement, consumer protections, and eligibility.

Sierra Club participates in the Illinois Solar for All Working Group (“Working Group”), which formed from a subset of the members of the Illinois Clean Jobs Coalition. Following passage of the Future Energy Jobs Act in December 2016, the Clean Jobs Coalition expanded into the Illinois Solar for All Working Group, an open membership group that includes experts on environmental justice, environmental advocacy, consumer protection, solar business, low-income solar policy, energy efficiency, job training, program design, and other areas, who have substantive research and experience to bring to bear on implementation of Illinois Solar for All. The Illinois Chapter of the Sierra Club encourages the IPA to refer to the Working Group’s joint comments and suggested edits to the Draft Plan’s proposed program design for the Illinois Solar for All Program. The Sierra Club also offers several specific comments below that touch on some of the major issues raised by the Working Group.

A. Program Structure, Budget, and Incentives

There are four subprograms under the Illinois Solar for All Program, which are annually funded by \$20 million from the Renewable Energy Resources Fund (“RERF”) and by at least \$10 million from the utilities.⁹ Under the Future Energy Jobs Act, 22.5 percent of the annual RERF funds must be allocated to Low-Income Distributed Generation incentive REC payments, 37.5 percent of the annual RERF funds must be allocated to Low-Income Community Solar incentive REC payments, 15 percent of the annual RERF funds must be allocated to Nonprofit and Public Facilities On-Site Projects incentive REC payments, and 25 percent of the annual RERF funds must be allocated to Low-Income Community Solar Pilot Projects incentive REC payments.¹⁰ Although the funds provided by the utilities are not subject to the

⁸ When issuing the Request for Qualifications (“RFQ”) for both the Program Administrator for the Adjustable Block Program and the Program Administrator for the Illinois Solar for All Program, the IPA should require detailed responses to the RFQ to ensure that the potential Program Administrators have concrete plans for and expertise in developing program portals and platforms, along with sufficient experience in administering low-income energy programs and overseeing statewide clean energy or energy efficiency services.

⁹ Utilities must allocate 5 percent of their funds collected through the Renewable Portfolio Standard customer tariffs, or \$10 million per year, whichever is greater, to the Illinois Solar for All Program.

¹⁰ Pursuant to FEJA, all Approved Vendors submitting a Low-Income Community Solar Project need to include in their application a description of a partnership with community stakeholders in the community where the project will be located. The Draft Plan provides that “community stakeholders” can either be satisfied by the definition in the federal Elementary and Secondary Education Act or by the definition used by the National Community-Based Organization Network. The Sierra Club recommends that the latter definition of a “community-based organization” from the National Community-Based Organization Network is the strongest and should be the appropriate guidance on how to identify community stakeholders. Nonprofits and Public Facilities are also eligible to receive incentives for on-site solar projects, but FEJA does not specify what types of nonprofit organization or public sector customers may be eligible. The Draft Plan provides that it could be reasonable to infer that (1) all

same percentage allocations as the funds from the RERF, the Draft Plan proposes the utility-supplied funding be allocated at the same relative weightings for now.¹¹ The Sierra Club recommends that the IPA closely monitor the amount of project development under each of the subprograms, and if one subprogram needs additional funding to boost REC payment incentives to spur development, then the IPA should shift utility-supplied funding as needed. The Sierra Club is particularly concerned that additional budgetary funding may be needed to boost incentives to overcome some of the additional financial barriers that developers face with Illinois Solar for All projects, since low-income residential participants do not have to provide up-front payments or subscription fees.

As noted in the Illinois Solar for All Working Group joint comments, there is another way to boost incentives and provide greater budgetary opportunities under the Illinois Solar for All program. Approved Vendors who develop projects in low-income communities should be able to access the REC prices provided under the Adjustable Block Program and then apply for the additional incentives provided under the Illinois Solar for All program. This would allow for more funds for the Illinois Solar for All program, since the entire REC price would not have to come from the Illinois Solar for All budget. This would also allow for a bigger pool of money to be available for greater project development in low-income communities, which is consistent with the clear directive under the Future Energy Jobs Act to prioritize funding for the Illinois Solar for All Program, *after* the procurement of RECs from new wind and solar projects under the competitive procurement schedule and Adjustable Block Program. It would also allow for the Illinois Solar for All incentive amounts to be higher, which may be needed to spur robust project development in low-income and environmental justice communities.

B. Job Placement for Job Trainees

Pursuant to the Future Energy Jobs Act, companies participating in the Low-Income Distributed Generation Incentive program that install solar panels must commit to hiring job trainees for a “portion” of their low-income installations. To ensure that a sufficient portion of projects use job trainees, the Draft Plan proposes that Approved Vendors who participate in the Illinois Solar for All program must demonstrate that at least 33 percent of projects include the use of one or more job trainees from the solar training pipeline program. This recommendation may need additional clarity, as it is ambiguous whether the 33 percent number is based on number of projects in an Approved Vendor’s entire, Illinois Solar for All, or Low-Income Distributed Generation project portfolio, or whether the 33 percent number is based on kW capacity of projects. It is also potentially concerning that an Approved Vendor could use a single job trainee across one-third of its projects and be deemed in compliance.

The Sierra Club refers the IPA to the recommendation submitted by the Illinois Solar for All Working Group, but this is certainly an issue that warrants more deliberation from the agency and may need additional adjustment in the 2019 Plan Update if sufficient job placement for solar training pipeline program trainees is not being achieved. It’s important to emphasize that simply creating job training opportunities does not fulfill the intent of the Future Energy Jobs Act. Rather, there must be real *career pathways* to solar job *placement* and *employment* in the low-income communities that the Illinois Solar

such entities would be eligible to participate or (2) the nonprofits and public sector customers must in some manner serve low-income communities. Sierra Club recommends that only those nonprofit organization and public facilities that are located in and serve low-income communities be eligible for the incentives under this subprogram.

¹¹ The exception, as required by statute, is the Low-Income Community Solar Pilot Project subprogram, which does not participate in the administratively determined REC price model. Instead, it can only be funded by the RERF, and REC contracts must be competitively procured. Accordingly, this subprogram receives no utility-supplied funding.

for All program is designed to benefit. The Sierra Club also recommends that the IPA encourage Approved Vendors who participate in the Adjustable Block Program to seek the hiring of job trainees from the three job training programs developed under ComEd's workforce development plan, as the original intent of the training programs was to provide a workforce for *both* Illinois Solar for All and Adjustable Block Program projects.

C. Environmental Justice Communities

Pursuant to statutory requirements of the Illinois Solar for All Program, at least 25 percent of funds from the Low-Income Distributed Generation Incentive, the Low-Income Community Solar Project Initiative, and Incentives for Nonprofits and Public Facilities must be allocated to projects located in environmental justice communities. The Draft Plan proposes how to define "environmental justice communities," a methodology for determining which Illinois communities should be considered environmental justice communities, and how the IPA proposes to implement the 25 percent funding allocation.

On how to define environmental justice communities, the Draft Plan proposes a streamlined approach that takes the concept of the more rigorous California Communities Environmental Health Screening Tool and simplifies it for use in Illinois by applying readily available data from the U.S. Environmental Protection Agency's EJ Screen tool, which will allow for the analysis of several environmental and demographic indicators that the EJ Screen tool provides. The Sierra Club supports the use of the federal EJ Screen, so that not only are economically disadvantaged communities accounted for but also communities of color. However, the Sierra Club recommends that the proposed list of environmental and demographic indicators to be used in the federal EJ Screen is expanded to include additional factors, such as the sensitive population indicators of Asthma Emergency Department Visits, Low Birth Weight Infants, Cardiovascular Disease, and Heart Attack Emergency Department Visits.

The Draft Plan also proposes that any community not initially defined as an environmental justice community using the IPA's adapted approach based on the CalEnviroScreen and EJ Screen Tool can request for self-designation as an environmental justice community based on a consideration of demonstrated environmental and/or socioeconomic factors that were not adequately captured in the proposed screening method. The agency will then release draft maps and accept feedback for adjusting Census tract boundaries based on proposals for self-designation. The Sierra Club strongly supports the ability for communities to self-identify as environmental justice communities but urges that self-identification should not require a high bar of scientific evidence, and instead personal descriptions, media coverage, and other relevant evidence should be deemed sufficient.

For each category of projects under the Illinois Solar for All Program that must set aside 25 percent of annual funding to support projects in environmental justice communities, the Draft Plan proposes that if after nine months in each budget year, the reserved funds are remaining and unallocated to environmental justice community projects, the funds will be released to projects not in environmental justice communities. The Sierra Club opposes this approach during the initial stages of the Illinois Solar for All Program, as nine months is a wholly inadequate amount of time for environmental justice communities to self-designate, let alone collectively organize to identify and pursue potential site and project development in the first two years of the program. The IPA may want to consider holding off on any timeline requirement for funds to be used until at least the 2019 Plan Update, so that grassroots education and community outreach efforts have sufficient time to raise program awareness and ensure that environmental justice communities are able to take full advantage of their funding allocations.¹²

¹² The Future Energy Jobs Act directs IPA to allocate up to 5 percent of the funds available under the Illinois Solar for All Program to community-based groups to assist in grassroots education. However, the Draft Plan provides

D. Consumer Benefits, Eligibility, and Protection

One of the most important aspects of the Illinois Solar for All program is that requirement that projects must deliver tangible economic benefits for eligible low-income customers, including those that live in multifamily buildings. In order to ensure these benefits, the Draft Plan proposes that Approved Vendors must 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. Approved Vendors must also provide documentation to both the program participant customer and to the Illinois Solar for All Program Administrator on how the projects will result in a cash-flow positive experience. The Sierra Club recommends that the IPA require a meaningful and quantifiable level of savings to be achieved, otherwise an undefined “cash-flow positive experience” could result in a residential participant simply saving one dollar a month, which certainly would not equate to a real and tangible economic benefit as required under the law.¹³

In order for a customer to be eligible under the Illinois Solar for All Program, income verification is required. Under the statute, low-income means persons and families whose income does not exceed 80% of area median income, adjusted for family size and revised every 5 years. The Draft Plan proposes several approaches to determining income eligibility. For projects that participate in the Low-Income Distributed Generation Incentive, verification of income must be done at the household level and can include (1) review of the most recent federal income tax returns, (2) income verification through a third-party income verification system, or (3) verification of participation in another low-income energy program (such as LIHEAP or IHWAP) or in HUD’s housing assistance programs. For two to four-unit buildings, at least two of the households must qualify, and for a multi-family building over four units, either at least 50 percent of the households must qualify, or the building owner must demonstrate that the building qualifies as affordable housing under the Illinois Affordable Housing Act.

For projects that participate in Low-Income Community Solar, the Draft Plan allows a subscriber to be verified using the same provisions as the Low-Income Distributed Generation Incentive or if they reside in a HUD Qualified Census Tract, they can simply provide a signed affidavit that they meet the income qualification level. The Draft Plan provides that the Approved Vendors must track subscribers and document income eligibility for community solar projects, and Approved Vendors must file annual reports to the IPA on subscription rates.

little detail for how education efforts should be carried out and only notes that the grassroots education funding will be “prioritized” toward environmental justice communities. The Plan, at a minimum, should provide the specific amount that should be allocated to grassroots education efforts in environmental justice communities. For the purposes of prioritization, the Sierra Club recommends that at least 3 percent of the funds available under the Illinois Solar for All Program be directed toward grassroots education efforts in environmental justice communities.

¹³ Even though Low-Income Community Solar Pilot Projects must be competitively procured, these projects must still comply with the requirement that such projects result in economic benefits to the members of the community in which the project is located. The Draft Plan proposes that this provision can be partially met by requiring projects to adhere to the same provisions as the Low-Income Community Solar Projects, such as providing a commitment to local hiring and offering fee-free subscriptions to community residents. The Sierra Club is concerned that Low-Income Community Solar Pilot Projects will have to offer the lowest REC price in order to be competitively awarded REC procurements, and therefore project developers will not have the financial ability to cover the costs needed to provide real and measurable benefits to low-income communities. The Sierra Club therefore recommends that the IPA require a meaningful and quantifiable level of savings to be achieved for Low-Income Community Solar Pilot Projects as well.

The Sierra Club is concerned that the proposed income verification requirements may be too burdensome and costly, especially if income verification must be redone every year as part of the Approved Vendors' annual subscription rate reports that must be submitted to the IPA. For community solar projects especially, the transaction costs of proving income eligibility along with the costs of signing up and tracking subscribers may be comparatively higher than the value of incentives offered for such projects, thereby discouraging the development of low-income community solar projects. The requirement that at least 50 percent of households in a multi-family building must also be income eligible may also be overly burdensome and costly compared to the incentives offered for low-income distributed generation projects. The Sierra Club recommends that the verification process be as simplified, automated, and streamlined as possible and refers the IPA to the suggested approaches offered by the Illinois Solar for All Working Group.

The same consumer protections required under the Adjustable Block Program must also apply to the Illinois Solar for All program, but the Draft Plan provides additional protections that Approved Vendors must comply with. The Sierra Club supports as strong as consumer protection standards as possible and refers to the additional recommendations provided by the Working Group. It is critical that consumers across the State are protected as clean energy projects are deployed.

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Thank you for the opportunity to submit comments for your consideration. Sierra Club appreciates the hard and thorough work that the IPA put into the Draft Plan, and we look forward to working with the agency to ensure successful implementation of the procurement programs so that new renewable energy resources are equitably developed across the State and that all Illinois residents and communities have robust participation opportunities in the new clean energy economy afforded under the Future Energy Jobs Act.

Sincerely,



Rebecca Judd
Clean Energy Advocate
Sierra Club Illinois