

February 22, 2022

Illinois Power Agency
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RE: PSG Energy Group Comments to the Illinois Power Agency's
Draft 2022 Long-Term Renewable Resources Procurement Plan

To Whom It May Concern:

PSG Energy Group appreciates the opportunity to submit the following two comments to the Illinois Power Agency's ("IPA") 2022 Draft Plan for Public Comment dated January 13, 2022 ("Plan"). First, public schools in low income school districts should continue to be eligible for the Illinois Solar For All ("ILSFA") Incentives for Non-Profits/Public Facilities sub-program. Second, Adjustable Block Program ("ABP") Renewable Energy Credits ("RECs") should continue on the upfront seven-year spread payment schedule versus the 20 year payout feature reflected in the Draft Plan. These comments are discussed below.

1. Section 8.5.6.1 - Public schools serving low income areas should remain eligible for the ILSFA Non-Profit/Public Facilities sub-program.

K-12 public schools in low income areas should remain eligible for the Illinois Solar for All Program ("ILSFA") Non-Profit/Public Facilities sub-program. The new language in Section 1-75 establishing a category in the ABP to serve public schools does not warrant the exclusion of public schools in low income schools districts from this sub-program.

The conclusion otherwise fails to recognize that financial viability varies across school districts. Not all school districts – namely those located in low income areas -- are able to finance a project without the higher REC rates available via this sub-program. Also, given the competing needs within a low income school district, large up-front investments create a significant barrier to renewable energy development. The grants available through this sub-program remove that obstacle.

School districts are often the largest item on tax bills, as well as one of the largest property owners and employers in a community. These public facilities in low income areas should not be limited in what funds they can access; low income district schools should have the same opportunity to compete as other low income public facilities. Accordingly, the recent change to the ABP should be viewed as an expansion of opportunities for public schools, not a limitation on opportunities for the most vulnerable of these institutions.

While interest in this sub-program may be significant, that does not warrant the exclusion of K-12 public schools in low income areas. These Critical Service Providers are the essence of the ILSFA and should continue to be eligible for this sub-program. They are the quintessential public sector customers taking service at public buildings. As such K-12 public schools are well situated to continue to fulfill the intention of this program.

Public schools are established facilities and serve a unique and valuable community need. There is a very low risk that a K-12 public school will move out of a facility and the occupancy changed to a for-profit entity after energization. This is important because the solar projects developed through this sub-program will deliver RECs for 15 years. The underlying contract enables the public facility to benefit from reduced utility costs. An entity that vacates the premises prior to the end of the contract term negates the objective of the sub-program. A public school is highly likely to occupy the facility for the next 15+ years and thus is well positioned to fulfill the fundamental purpose of the sub-program as well as further other key program objectives.

An on-site solar array and corresponding data provide a variety of curriculum engagement opportunities in math, science and other areas. For example, the project can enrich the curriculum by allowing students to study, firsthand, power outages, the impact of weather on power production, and the fundamentals of data analysis.

Improving the learning environment in low income schools also directly benefits the surrounding community. PSG Energy Group has seen firsthand how an on-site solar project can influence students to pursue careers in renewables. The substantial changes to the Illinois Renewable Portfolio Standard through the enactment of the Climate Change and Equitable Jobs Act (“CEJA”) recognizes there is a workforce shortage and reshapes the law to support the development of the clean energy work force. Sparking student interest develops the local workforce and compliments the opportunities provided by the CEJA. This in turn develops community wealth and advances the goal of providing direct and tangible connection between the ILSFA projects and the communities which they serve.

The ILSFA program recognizes that interest in green energy in low income areas is challenged by barriers to entry that are overcome by this sub-program. Long-term budget sustainability and predictability are particularly important in addressing budget challenges of low income school districts and meeting community needs.

A solar project developed under this sub-program provides a minimum of 50% savings (65% with Investment Tax Credit) with no upfront cost to the school district. This makes a huge difference to low income school districts. The ability to install a solar array via this sub-program helps low income school districts stabilize their budgets and makes them far less vulnerable to utility price increases. Reducing a low income school district’s operating budget positions the district to allocate additional dollars towards classrooms – a critical need when so much damage has been done by the pandemic in these underserved areas. While there are short term federal funds available to help those efforts, the negative impacts of the pandemic are likely to extend long after those funds are gone.

Therefore, the ILSFA Non-Profit/Public Facilities sub-program should continue to include K-12 public schools as eligible participants.

2. Section 7.4.4: ABP RECs should continue the upfront seven-year spread payment and not mandate a 20 year payout.

Section 7.4.4 directs public school ABP projects to feature 20 year REC delivery contracts that pay for RECs over time as they are delivered. To the extent this prohibits the front-loaded payment schedule previously allowed in the ABP, it would introduce barriers to entry that the previous payment schedule mitigated. Furthermore, because the upfront payment schedule would remain available for other ABP categories, imposing a constraint on the public school category would create an un-level playing field and unnecessarily create additional challenges for public school districts.

The REC values for public school ABP projects will likely require upfront investment from the participating school districts. A 20 year payout will increase, not diminish, the upfront investment needs.

Front loading the value of the contract to the first half of the contract period is a common means of managing financing needs and is particularly beneficial in addressing public school renewable energy needs as it better positions these valuable institutions to take advantage of the ABP while managing other school district needs. Therefore, the Plan should be revised to clarify that contracts in the ABP public school category may continue to front load the REC payout schedule in the same way permitted for other ABP categories.

3. Conclusion.

PSG Energy Group appreciates the Agency's consideration of these comments. Proposed revisions to the Plan are included in the attached redline version of the Plan document. Questions or concerns regarding these comments may be directed to the undersigned representative. Finally, confirmation of receipt of this transmittal is appreciated.

Sincerely,



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Attachment