



March 24, 2023

TO: Illinois Power Agency

FR: Climate Jobs Illinois (CJI)

RE: Proposed 2023-2024 REC Prices for the Illinois Adjustable Block Program and the Illinois Solar for All Program

Please direct questions and comments to:

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About Us

Climate Jobs Illinois is a coalition of labor organizations advocating for a pro-worker, pro-climate agenda in Illinois. Our mission is to advocate for a clean energy economy at the scale climate science demands, create good union jobs and support more equitable communities. Our coalition represents hundreds of thousands of Illinois working men and women who are the best trained and skilled to build Illinois' new clean-energy economy from the ground up. By focusing on the construction of clean energy sources as a way to combat the climate crisis, Climate Jobs Illinois offers a compelling new approach to creating an equitable and clean economy. Building a clean energy economy is an opportunity for labor to lead in climate by creating high-quality family-sustaining jobs that spur economic development while reducing carbon emissions.

Climate Jobs Illinois is a state affiliate of the Climate Jobs National Resource Center. Climate Jobs Illinois is directed by a coalition representing hundreds of thousands of union members across Illinois, our Executive Committee is comprised of leadership from:

- Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers Union Chicago & St. Louis
- Mid-American Carpenters Regional Council
- International Brotherhood of Electrical Workers Local 134
- International Brotherhood of Electrical Workers State Council
- Illinois Education Association
- Illinois Federation of Teachers
- International Union of Operating Engineers Local 150
- Midwest Region of Laborers International Union of North America
- Great Lakes Region Laborers International Union of North America
- Service Employees International Union State Council
- International Association of Heat and Frost Insulators and Allied Workers

Background

On March 1, the Illinois Power Agency (IPA) posted a [Request for Feedback](#) on a set of proposed REC prices for the Illinois Adjustable Block Program and the Illinois Solar for All Program for program year 2023-2024. These prices would go into effect starting June 31, 2023. Climate Jobs Illinois would like to submit the following recommendations on behalf of our coalition members and their rank-and-file union members.

Recommendations

We encourage the IPA to maintain or increase current REC prices for the Public Schools block through the 2023-2024 program year, in response to chronic undersubscription in this block. We understand that the IPA's proposed REC prices reflect the fine balance between the Agency's duty to incentivize solar statewide, and its responsibility to steward program resources wisely. However, we encourage the IPA to reevaluate its stance on reducing REC prices across most segments of the Public Schools Block.

Reducing REC prices for the Public Schools block will further constrain schools' ability to pursue solar and make it even more difficult for the IPA to attract program participants to this block. Instead, the IPA should extend the block's current REC prices into the 2023-2024 program year, as described in the table on the next page:

Recommended 2023-2024 Prices: Public Schools Block

	Group A	Group B
0 – 25 kW	\$74.95	\$81.16
25 – 100 kW	\$65.57	\$70.42
100 – 200 kW	\$66.40	\$66.59
200 – 500 kW	\$58.94	\$61.18 *
500 – 2000 kW	\$56.73	\$56.26 *
2000 – 5000 kW	\$45.72	\$41.23 *

* For Group B projects greater than 200 kW, we encourage the IPA to adopt the REC prices proposed in the March 1 Request for Feedback. We feel these rates represent an appropriate increase over last year's pricing.

Rationale

As part of our statewide Carbon Free Healthy Schools campaign, Climate Jobs Illinois has been meeting with school districts across the state to help them take advantage of state and federal solar incentives. Many of the schools we spoke with did not know how to access RECs through the Adjustable Block Program or felt intimidated by the application process. It is important to remember that public school districts are not as nimble as private solar developers, and we encourage the IPA to give schools additional flexibility in their price-setting models.

The Public Schools Block is one of the newest additions to the Adjustable Block Program, and schools have not had sufficient time to consider the budgetary impacts of solar installation. With many school districts operating on a July to June fiscal calendar, only one budget cycle has passed since this block was created. Schools are also waiting for guidance from the U.S. Treasury Department on implementation of the Inflation Reduction Act's new direct-pay tax credits, which will account for at least 30% of school solar costs. Lastly, the IPA must recognize that public school districts are constrained by state procurement standards and lengthy school board approvals, which can delay project implementation. We have spoken with many school districts that are just now ready to invest in renewable energy.

This administrative lag is reflected in the volume of applications received by the IPA. As of March 6, 2023, only 6 projects had applied for REC incentives under the Public Schools Block. Those projects represent just 3% of the block's total capacity for 2022-2023. This is a trend that

we observed in the 2021-2022 program year as well. This is a strong market signal that the IPA should maintain high REC prices in the Public Schools Block to encourage additional uptake.

Given that the IPA is in the midst of an independent review of its REC pricing model, we encourage the IPA to be conservative in its approach to the Public Schools block. In a March 14 Listening Session, IPA's independent evaluator, Sustainability Energy Advantage (SEA) indicated that it may recommend "well-timed and appropriately scaled adjustments" to the IPA's pricing model, including adjustments to REC prices based on block uptake and overall capacity levels. This may include mid-year price boosts of up to 10% for undersubscribed blocks, such as Public Schools. If these changes may be coming for the Adjustable Block Program, it would be prudent for IPA to hold steady on prices for low-capacity blocks through the 2023-2024 program year.