



September 29, 2023

TO: Illinois Power Agency

FR: Climate Jobs Illinois (CJI)

RE: Draft 2024 Long-Term Renewable Resources Procurement Plan

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 on 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, and 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
- Illinois Pipe Trades Association

Background

On August 16, the Illinois Power Agency (IPA) released the [Draft 2024 Long-Term Renewable Resources Procurement Plan](#) and invited stakeholders to submit feedback. On behalf of our coalition members and their rank-and-file union members, Climate Jobs Illinois submits the following feedback.

Chapter 7: Illinois Shines

1. Due to new state and federal policies, rooftop solar energy systems now have extraordinary benefits for schools, but school administrators are still catching up to the new paradigm.

The passage of the Inflation Reduction Act in August 2022 created a game-changing opportunity for public and nonprofit entities to invest in renewable energy projects. Through the Direct Pay mechanism, eligible non-profits and government entities can now directly receive 30-50% of the project costs from the federal government as a cash payment when they directly own solar projects.¹

Before the Inflation Reduction Act, tax-exempt entities were not able to directly access the benefits of the Investment Tax Credit (“ITC”) subsidies that the private sector has relied on to

¹ IRA Sec. 13801, US Tax Code § 6417

support their renewable energy projects. Non-profit and government customers that did own rooftop solar typically needed to sign Third-Party Ownership agreements that were complex and produced lower lifetime net savings.

The Direct Pay ITC mechanism is a new policy that significantly upends the status quo, and public building owners are still learning how to use it. In fact, the U.S. Treasury Department did not release guidance on how the mechanism would be implemented until June 2023.²

Solar Renewable Energy Credits (RECs) are also a new concept for most school leaders, and we have heard from many administrators who are confused and intimidated by the Illinois Shines application process or unaware of the program altogether.

2. Accelerating subscription will require a commitment to educating school districts on Direct Pay ITCs and Illinois Shines, while ensuring that RECs are available at rates and quantities that can attract school administrators to the program and lend confidence that Illinois is committed to bringing renewable energy public schools.

The Draft 2024 Long-Term Renewable Resources Procurement Plan has, in most cases, increased REC Prices for Public Schools. We support these changes, as they will improve the economics of solar on schools and reduce uncertainty for interested school administrators that engaging in the process for installing solar energy systems will pencil out.

Category	Project Size	Group A	Group B	Group A REC PRICE Change from 2023-2024 Delivery Year (%)	Group B REC PRICE Change from 2023-2024 Delivery Year (%)
Public Schools	0 - 25 kW	\$73.33	\$86.44	-1.62 (-2.2%)	5.28 (6.5%)
	25 - 100 kW	\$67.27	\$78.84	1.7 (2.6%)	8.42 (12.0%)
	100 - 200 kW	\$68.38	\$74.63	1.98 (3.0%)	8.04 (12.1%)
	200 - 500 kW	\$60.30	\$65.90	1.36 (2.3%)	6.09 (10.2%)

² Internal Revenue Service. "IRS releases guidance on elective payments and transfers of certain credits under the Inflation Reduction Act | Internal Revenue Service." IRS, 14 June 2023, <https://www.irs.gov/newsroom/irs-releases-guidance-on-elective-payments-and-transfers-of-certain-credits-under-the-inflation-reduction-act>. Accessed 13 September 2023.

	500 - 2000 kW	\$56.43	\$58.74	-0.3 (-0.5%)	5.15 (9.6%)
	2000 - 5000 kW	\$45.08	\$44.41	-0.64 (-1.4%)	7.18 (19.3%)

Table 7-11. Proposed Illinois Shines REC Prices (\$/REC) for 2024-25 Program Year³

On the other hand, the Draft 2024 Long-Term Renewable Resources Procurement Plan reduced the block capacity allocation from 15% to 13%, by 2%. Additionally, the year-end rollover of school RECs would be reduced from 50% to 25% on unused capacity. These changes are understandable given the mandate to increase the Equity Eligible Contractor Projects category.

However, we would recommend that the IPA considers restoring the original 15% allocation and the 50% rollover rate in the future, should subscription rates accelerate due to increases in administrator familiarity with rooftop solar on schools and the possible expansion of the Public Schools category to new entities such as public higher education.

3. IPA must ensure strict enforcement of prevailing wage standards within the Illinois Shines and Illinois Solar for All programs.

We recommend that IPA strengthen the language on prevailing wage enforcement in Section 7.6, to read:

“If, during the Part II review, the Program Administrator finds that a participating project was not compliant with the provisions of the PWA, the Approved Vendor and its contractor or subcontractor **must** cure this defect through providing backpay to impacted workers, provide documentation of such backpay, file the required CTPs with IDOL, and provide a copy of those CTPs to the Agency.”

We would also encourage IPA to enumerate the penalties for not curing the non-compliance of prevailing wage requirements, and to incorporate the full enforcement language into Section 8.9.2, which covers prevailing wage requirements under the Illinois Solar for All program.

³ Illinois Power Agency. Draft 2024 Long-Term Renewable Resources Procurement Plan. 15 August 2023. Illinois.gov, p 188 [https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/procurement-plans/2024/2024-draft-long-term-plan-\(15-Aug-2023\).pdf](https://ipa.illinois.gov/content/dam/soi/en/web/ipa/documents/procurement-plans/2024/2024-draft-long-term-plan-(15-Aug-2023).pdf). Accessed 13 September 2023.