ILLINOIS POWER AGENCY

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Illinois Power Agency
Renewable Portfolio Standard REC and Budget Forecast Update

February 27, 2025

Chapter 3 of the IPA's 2024 Long-Term Renewable Resources Procurement Plan ("2024 Long-Term Plan" or "Plan"), published on April 19, 2024, contains an overview of the Illinois Renewable Portfolio Standard ("RPS") goals, targets, and budget. In Section 3.1 of the Plan, the Agency stated that the "Tables and Figures contained in this chapter of the 2024 Long-Term Plan are based on data as of March 31, 2024. The Agency intends to begin releasing quarterly updated renewable energy credit ("REC") and Budget forecasts on the Agency's website beginning in 2024."[1]

This RPS REC and Budget Forecast Update is the second update released by the Agency since the publication of the 2024 Long-Term Plan.[2] It contains updated versions of the tables and figures related to the REC portfolio and the RPS budget, including future energy price curves, current and future REC delivery quantities, RPS collections and expenditures, and technical corrections.

This update also includes a discussion of the challenges in estimating future RPS expenditures, providing additional context for the RPS budget related to future activities authorized in the 2024 Long-Term Plan and those potentially authorized through future Long-Term Plans. The Agency plans to release the next update of the REC and Budget forecasts in late April 2025.

February 2025 Updates to the RPS REC and Budget Forecast Model

For this release of the RPS REC and Budget Forecast, the Agency made the following changes:

Technical Corrections and Updates

- The Agency has identified and corrected errors in the RPS REC and Budget spreadsheet. One such error concerns incorrectly using 2022 Indexed REC procurement strike prices for the 2024 procurements and as a projection of strike prices for future procurement. As strike prices have risen each year since 2022, this error resulted in under forecasting the budget impact of Indexed REC procurements. Adjusting for this error in the present model has resulted in a substantive increase in the projected future budget shortfall as displayed in the updated Tables 3-11 and 3-12, and in Figure 3-4, below. The tables and figure include an underlying assumption that the programs and procurement activities in future Long-Term Plans remain consistent with the current targets, providing a stable forecast of targets and drivers for the purposes of this analysis. By contrast, Figure 3 below reflects

[1] See 2024 Long-Term Plan at 48.

[2] The first update was released on October 17, 2024.

the current budget forecast consistent with the program and procurement activities authorized through the 2024 Long-Term Plan and does not include any activities from future long-term plans.

- The Agency has updated how current program year (2024-2025) activity of the Illinois Shines program is allocated between RECs under contract and projected RECs (and associated expenditures). The October RPS REC and Budget Forecast errantly counted current program year RECs under contract twice which slightly increased projected expenditures from Illinois Shines.
- The Agency incorporated updated Indexed REC project energization date information which resulted in adjustments to the REC delivery schedules for those updated projects. This information was obtained by the Agency after completing outreach to project developers requesting updates. Previously, the model forecasted utility-scale and brownfield site photovoltaic renewable system operation and associated REC deliveries commencing three years after the procurement date. The Agency also updated Indexed REC procurement volumes and average strike prices to reflect observed project attrition (resulting from one wind, one solar, and one brownfield project no longer moving forward under awarded REC delivery contracts) and the addition of one project from a FEJA Forward Procurement that was previously removed from budget modeling (contract performance has been suspended due to a force majeure claim, but the contract awardee recently communicated progress toward operation and appears will begin REC deliveries). The model does not presently incorporate assumptions about future project attrition that may occur, such as using an assumed attrition rate based on historical attrition rate as new contracts are awarded, but may consider doing so across further iterations of this model.
- The RPS REC and Budget spreadsheet now includes an expanded estimate of the budget impact of the Large Customer Self-direct Program.[3] The model previously only included the impact of 2023-2024 and 2024-2025 program participation on those program years, which under-estimated the impact of reduced RPS collections. The spreadsheet now includes the estimated budget impacts (through the reduction of RPS collections from very large customers) for future delivery years based on the projected future cost of RECs from utility-scale and brownfield site solar projects, using the current program size of 1 million annual RECs. The Agency will update the participation level in the next RPS REC and Budget update to reflect program applications received in the spring of 2025. The reduction in RPS compliance costs for participating customers is based on the proportion of RPS expenditures used for utility-scale RECs; consequently, changes to the forward price curve will have a commensurate impact on Large Customer Self-direct program crediting levels and the RPS budget impact of that program.

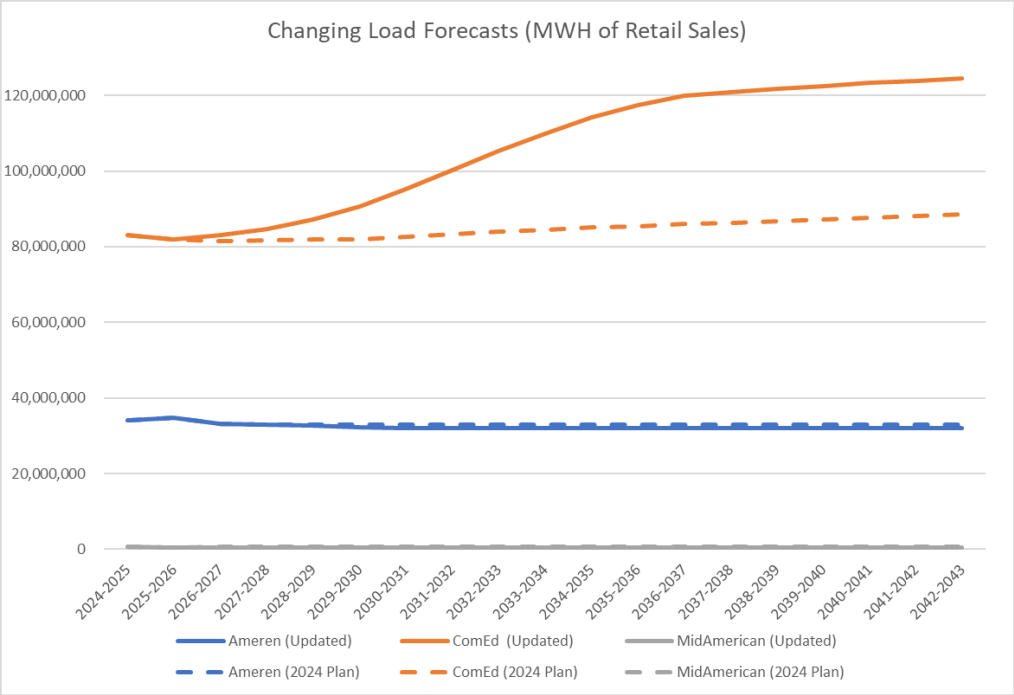
[3] For more information on the Large Customer Self-direct Program (which allows customers with over 10 MW of aggregated demand to reduce their RPS compliance cost in exchange for self-procuring and retiring RECs from new utility-scale wind or solar projects), see: https://ipa.illinois.gov/renewable-resources/self-direct-program.html.

- The Agency updated Indexed REC Procurement information to include the results of the Fall 2024 Indexed REC procurement.
- The Agency has also updated miscellaneous labels and cell formatting.

Updated Load Forecasts

- In December 2024, the Agency requested updated load forecasts from Ameren Illinois, ComEd, and MidAmerican. The RPS REC and Budget spreadsheet previously relied on load forecasts provided by the utilities in the summer of 2023 as part of the preparation of the 2024 Long-Term Plan. ComEd's load forecast update indicated a significant increase in projected load compared to the previous forecast (40% higher by 2040), while Ameren and MidAmerican's forecasts declined slightly compared to the prior forecasts (Ameren decreasing by approximately 3%, and MidAmerican by 5%). The updated ComEd load forecast likely reflects new load growth assumptions primarily resulting from data centers, while the other utilities have not changed assumptions at this time.
- The updated utility load forecasts translate to a projected increase in RPS collections (currently projected to be $607 million in 2030 versus the previously forecast $567 million, and $745 million in 2040 compared to the previous $593 million); it will also result in a larger RPS target. The 2040 target (50% of load) is also forecast to increase from 60.6 million RECs (previous target) to 77.9 million RECs. The change in load forecast does not impact the quantitative goal of 45 million new RECs by 2030.

Figure 1: Updated Load Forecasts

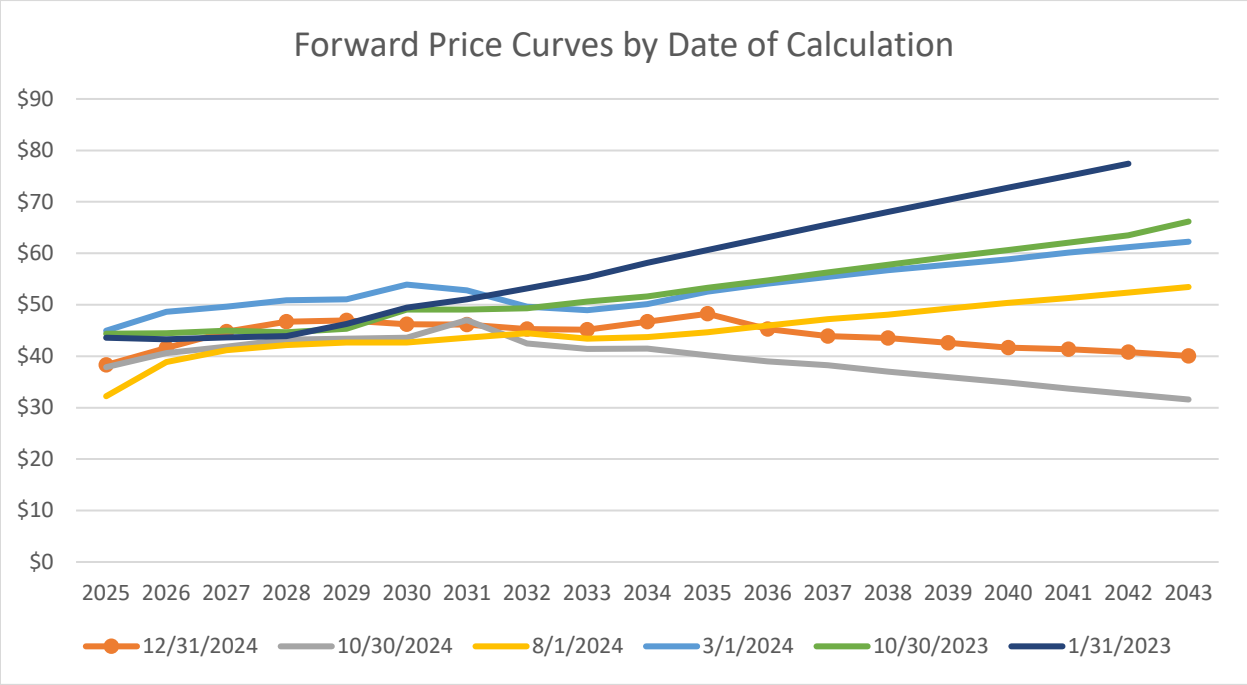


Updated Forward Price Curve

- The Agency incorporated an updated forward price curve to estimate the future price of Indexed RECs. Overall, the updated forward price curve shows a positive (e.g., an increase in energy prices) trend from 2025 through 2035, before showing a moderate decline thereafter. See Figure 2 below which provides the forward price curves for six distinct forward price data pulls. As also displayed in Figure 2, the recently updated forward price curve shows forward energy prices that are slightly higher through 2035 as compared to the forward price curve used in the October 2024 update (which were from August 2024). Comparing both price curves also finds that prices in the new curve remains well above the forward price curve used in the October 2024 update, even as the overall level of the prices themselves declines.
- The average forward price curve spread (i.e., the range in values for a given future year between the six price curves) from 2025 through 2035 is relatively small (comparing prior forward prices to the most recent update), averaging about $10/MWh. The Agency has also observed that long-term price forecasts have seen a substantive change in 2030 through 2043 price trending, with recent forward curves showing an overall decline in prices instead of the historically reported increases observed. Specifically, forward prices pulled in 2023 through mid-2024 indicated an overall price increase in the early 2030's through 2043, which flattened in the late summer of 2024 and saw a decline in fall of 2024. It is important to note that these outer years are fraught with uncertainty. The Agency will continue to monitor forward price curves and their changes over time, as price swings (such as those observed in Figure 2) can have an enormous impact on the RPS budget. Notably, approximately 75% of RECs used for RPS compliance are projected to be Indexed RECs, thus forward price swings in the outlying years have meaningful impacts on the RPS budget and how the Agency establishes its procurement targets.[4]
- The RPS REC and Budget spreadsheet now includes a table of forward price forecasts calculated at various dates and a toggle that allows the price forecast used in the spreadsheet to easily be changed between those forecasts.

[4] The Agency utilizes data from two industry data sources, Argus and EOX for the calculation of the forward price curve and has observed similar trends in both data sources.

Figure 2: Updated Forward Price Curve



A full set of tables and figures from the 2024 Long-Term Plan that have been updated are attached at the end of this update, and the full updated spreadsheet (Appendix B to the 2024 Long-Term Plan) is available here.

Procurement and Program Activities in the 2024 Long-Term Plans versus Future Long-Term Plans

Figure 3-4 of the 2024 Long-Term Renewable Resources Procurement Plan outlines projected future RPS expenditures by stacking each expenditure according to the period in which those expenditures will occur or otherwise be obligated – prior period, current period, or future period. The future expenditure assumptions are also reflected in Tables 3-12 and 3-13, which list annual expenditures and year-to-year RPS budget balances. (See pages 12-18 of this RPS REC and Budget Forecast update for the updated versions of Figure 3-4, and Tables 3-12 and 3-13.)

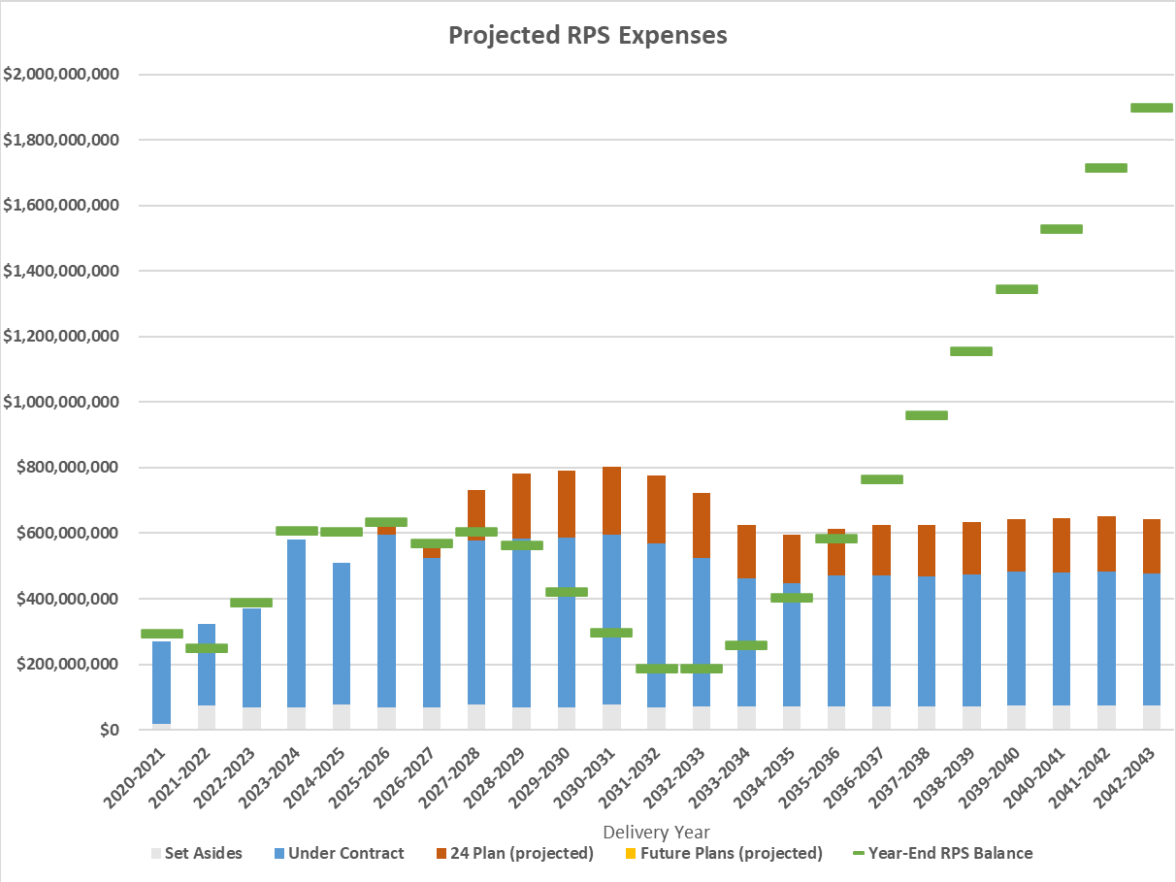
The expenditures shown in Figure 3-4 and Tables 3-12 and 3-13 reflect projects in three states: those already under contract; those projected to be contracted for through the remaining period covered by the 2024 Long-Term Plan; and those expected to be brought under contract through future Long-Term Plans. It is through this layered approach – including projects under contract and those forecast to be – that the RPS REC and Budget Forecast projects a budget shortfall starting in the 2028-2029 delivery year, and forecast to grow over time. However, it should be noted that this approach to forecasting future expenditures is a base case scenario that maintains

a future level of program and procurement activities designed to meet RPS goals. That base case does not take into consideration adjustments the IPA would need to make in coming years to program and procurement levels to prevent a shortfall from occurring.

While the approach to forecasting expected RPS budget-related expenses contained in the 2024 Long-Term Plan made reasonable assumptions about future activities, the Illinois Commerce Commission has only, to date, approved the program and procurement activities outlined in the 2024 Long-Term Plan (which covers the 2024-2025 and 2025-2026 periods). A draft of the next Long-Term Plan will be released in August 2025, and is not expected to be approved by the Commission until February 2026. Should that Plan continue to demonstrate that shortfalls are projected under the level of program and procurement activity authorized under prior Plans, then that Plan may necessarily contain sharply reduced program and procurement targets relative to those found in the 2024 Long-Term Plan to limit potential RPS budget shortfalls.

A key consideration when evaluating how expenditures impact the RPS Budget is that any expenditures included as a result of future Long-Term Plans (e.g., the 2026 Long-Term Plan and beyond) are purely speculative and subject to changes in elements of the plans themselves, legislative changes, and evolving market conditions. Figure 3 illustrates a shorter-term outlook of the RPS Budget that includes only projected expenditures from a) RECs already under contract and b) RECs projected to come under contract from the activities approved in the 2024 Long-Term Plan (e.g., the remaining capacity of 2024-2025 blocks and 2025-2026 blocks of the Illinois Shines program as well as the competitive procurements scheduled in 2025). This figure specifically excludes potential future expenditures that would be authorized in future Long-Term Plans, limiting the variability inherent in those plans at this time. This narrower focus enables the Agency and stakeholders to better understand the current state of the RPS Budget without the challenges and variability inherent with the inclusion of future Long-Term Plans.

Figure 3: Projected RPS Expenditures (through 2024 Long-Term Plan only)



The 2024 Long-Term Plan states that "[a]s previously committed to through the First Revised Plan, the Agency will seek to limit contractual obligations to no more than 95% of expected available funds for any given delivery year to guard against the potential payment reduction of existing contracts. The Agency has multiple opportunities in subsequent Long-Term Plans to adjust REC prices, procurement targets, or other factors as more information becomes available that will allow for the Agency to ensure that a shortfall does not occur and that future budgets remain within that 95% target. Appendix B includes additional information showing how these current assumptions would extend through the 2042- 2043 delivery year."[5]

As shown in Figure 3, the narrower focused forecast outlook[6] finds that each annual year-end balance (previous year RPS balance plus annual collections from ratepayers minus expenditures for the year; shown as the green line in Figure 3) remains positive – never falling below $195

[5] See 2024 Long-Term Plan at 71.

[6] Those expenditures already under contract or projected to be under contract through the 2025-2026 program year (i.e. those contracts under the 2024 Long-Term Plan); excluding all future Long-Term Plans.

million (compared to roughly $630 million in annual ratepayer collections that year). This means the currently forecast RPS Budget appears to be adequate to meet the needs of the current Long-Term Plan. Further, the current forecast does not require an adjustment to program and procurement activities to remain within the commitment to not create contractual obligations for more than 95% of expected available funds.[7]

When comparing the result of Figure 3 (expenditures only through the 2024 Long-Term Plan) versus Figure 3-4 (all current and future Long-Term Plan expenditures), it is clear that absent legislative changes to adjust the RPS collection amount and expenditure cap, the Agency will eventually need to implement reductions in program and procurement volumes to align with RPS budget projections. The Agency will continue to monitor the forward energy price changes and how those changes impact projected future spending for RECs from Indexed REC procurements.

Changes to the Indexed REC Procurement Process

In its Final Order approving the Agency's 2024 Long-Term Plan, the Commission adopted the IPA's proposed post-award workshop process and compliance filing for post-award adjustments described in Section 5.4.8 of the IPA's 2024 Long-Term Plan. The IPA proposed this process to work through challenges faced by utility-scale renewable energy project developers stemming from recent volatile market conditions and changing project economics. The IPA researched how other states have responded to renewable energy projects experiencing economic challenges. The IPA held discussions with five northeastern states where renewable energy projects have faced economic challenges. The IPA then conducted a series of five workshops across July through December of 2024 to discuss the challenges faced by renewable energy project developers, the approaches adopted by the other states, and potential solutions the Agency should consider implementing in its own procurements.[8]

As a result of these workshops, the Agency identified various terms and conditions in its Indexed REC contracts likely impacting financing of the renewable energy projects participating in its procurements. The major take-aways from the workshops included: (1) there is a heightened risk to project development costs occurring between contract execution and resulting financing and construction due to the changing market dynamics in that time period, (2) that projects may benefit from an inflation adjustment mechanism to account for the changing market dynamics in bid prices, (3) RPS Budget constraints plays a significant role in the developer's ability to finance its projects since a potential RPS deficit creates an unfinanceable project for a conservative financier, and (4) the inability to resize the system based upon development challenges can result in a risk premium to the resulting contract price.

[7] The 95% budget limit would occur, under this narrower outlook, at a spend of approximately $598.5 million, or with approximately $31.5 million in remaining budget.

[8] Materials used in the workshops can be referenced at: https://ipa.illinois.gov/renewable-resources/stakeholder-engagement/downstream-negotiation-for-indexed-rec-contracts.html.

Based upon the stakeholder feedback, the Agency has completed a Compliance Filing with the ICC on February 19th detailing the planned improvements to the future Indexed REC procurements starting with Summer 2025 procurement event, including implementing a one-time post-award inflation adjustment mechanism with a unique formula for each renewable energy technology type participating in its Indexed REC procurements. The Agency also plans to provide developers an option to request a one-time, post-award change to the annual REC delivery quantity defined in their Indexed REC contract.

Over the coming months, the Agency will develop and seek feedback on the inflation adjustment mechanism for each resource type (solar, wind, and hydro), to be included in future contracts beginning with the Summer 2025 Indexed REC procurement as well as the one-time reduction to the REC delivery obligations. While both updates are intended to reduce the risk associated with projects and therefore reduce associated cost premiums, they will also impact the RPS Budget and resulting forecasts – changing the quantity of RECs already contracted for and therefore increasing future REC contract targets, along with changing the Indexed REC contract prices by adding an additional cost variable. It is unclear at this time how such changes will impact the RPS Budget. When implemented, both elements will be incorporated into future RPS Budget forecasts.

HB 587/Public Act 103-1066

On January 7, 2025, the Illinois General Assembly passed HB 587 which was signed into law by Governor Pritzker on February 20, 2025 as Public Act 103-1066.[9] P.A. 103-1066 makes several changes to Illinois Power Agency Act including ensuring that existing REC delivery contract holders will continue to receive payment even if projections indicate the statutory annual rate impact cap may be exceeded, or is exceeded, in a given program year. It also permits the Agency to complete procurements for a program year before ceasing procurements given an identified potential for an RPS Budget overrun.

No budget overruns are currently forecast in the current program year that would trigger the new provisions of P.A. 103-1066. Rather, if the 2026 Long-Term Plan maintains a level of future program and procurement activities as were forecast for the 2026 Long-Term Plan in the 2024 Long-Term Plan, the first risk of a budget overrun (i.e., payment obligations exceeding collections authorized under the budget established through the statutory rate impact cap) would occur in the 2028-2029 delivery year. As noted above, the Agency may propose sharp reductions in program and procurement activities in the 2026 Long-Term Plan if forecasts do not change from what is contained in this update.

[9] See: https://www.ilga.gov/legislation/BillStatus.asp?GA=103&DocTypeID=HB&DocNum=587&GAID=17&SessionID=112&LegID=142420.

The analysis contained in this document does not include an analysis of the impact of Public Act 103-1066. For the next update planned for late April, 2025, the IPA may model additional scenarios of future procurement volumes where the RPS Budget is exceeded within a program year to determine the potential impact on customers collections to fund the contracted projects under this new statue.

Ongoing Need for Statutory Changes to the RPS

While P.A. 103-1066 contains significant changes that provide certainty to holders of REC delivery contracts, as this (and previous) RPS budget updates indicate, there remains a significant challenge for the Agency to be able to meet RPS goals within the existing RPS structure.

The current structure of the RPS introduces uncertainty around future Indexed REC prices, features very different payment structures for different types of projects (ranging from full payment of 15 years of anticipated RECs for small distributed generation projects upon energization to 20 year pay as delivered contracts for utility-scale, community solar, and public school projects), and features a Large Customer Self-Direct Program which will decrease available funds as it grows. Despite these moving parts and floating and unpredictable budget impacts due to Indexed REC prices that vary based on wholesale energy market indices, the Illinois RPS features a hard cap on collections and expenditures most recently revised in 2021—an approach distinct from other states that have established similarly ambitious renewable energy goals, and especially distinct from vertically integrated states through which project recoup all prudently incurred project development costs directly through rates.

This structure's limitations have become more acutely felt as the cost of successfully developing and constructing new renewable energy projects has increased. The Agency's first Indexed REC procurement conducted in May 2022 featured an average winning bid price of $52.43/MWh. The average winning bid price from the Agency's December 2024 Indexed REC procurement event was $76.98/MWh. This increase in project development costs is not unique to Illinois; similar increases have been observed nationally.

The challenges created by increasing winning bid prices relative to a fixed RPS Budget structure are uniquely felt in Illinois. To illustrate: against the backdrop of exemplary assumed energy revenues of, say, $50/MWh, the difference in REC price and thus RPS budget impact between the two procurement event outcomes is over 10x ($2.43/REC versus $26.98/REC). With an RPS structure that features a hard cap on expenditures, needing to provide 10x more (or whatever scale best applies based on assumed energy prices) in state-administered financial support to support the same level of renewable energy project development means that more resources need to be leveraged than previously thought.

To meet ambitious RPS goals, the structure and approach taken through the RPS budget must be statutorily revised to reflect 2025's reality rather than 2021's projections. Even though the Agency has been on balance lowering administratively-established Illinois Shines REC prices year over year (in some categories, prices may increase, but for most, prices drop, resulting in reduced prices on balance), these projections demonstrate that what may have seemed achievable in 2021 under the statutorily-established RPS budget is simply no longer realistic should today's market conditions persist.

Federal policy changes in coming years may also result in the need for more state-administered support than previously envisioned. While Federal policy is rapidly evolving, there are already several example of how costs could increase. The potential for new tariffs on steel and other components could drive up costs; a recent Politico article on the disruption that tariffs could bring notes that steel makes up 75% of wind turbines.[10] The possibility of rolling back federal tax credits would also increase REC prices. For example, the model used to determine REC prices for the Illinois Shines and Illinois Solar for All programs factors in a 30% Federal Investment Tax Credit. If that tax credit were to be eliminated, the Agency would need to make associated changes increasing REC prices for future program years.

The Spring 2025 legislative session will feature discussion of ambitious new energy initiatives. Based on bills introduced to date, proposals include leveraging ratepayer funds to support battery storage projects, an off-shore wind project, merchant transmission lines, and geothermal systems. Multiple bills seek to expand the Large Customer RPS Self-direct Program, with any increase in crediting levels serving to further decrease the RPS budget available to support new contract awards under the current statutory self-direct program structure. The work that has been done under the RPS in Illinois to date has been transformative, with over 6,000 MW of new wind and solar projects having been awarded REC delivery contracts in the last three years alone. Those projects, and others supported across 2019-2021 after passage of the Future Energy Jobs Act, are actively changing the electricity mix in Illinois and working to make hopes for a more diverse, resilient, and decarbonized electricity system into a reality.

The progress made should not be taken for granted. But based on current RPS budget projections, this progress will cease absent a decision to change the RPS structure to leverage additional resources for supporting additional renewable energy project development.

Consequently, the Agency stresses through this RPS Budget Update that fundamental statutory changes to the RPS budget appear necessary to help ensure that the state's plans for a fulsome transition of its energy economy – including 40% renewables by 2030, 50% renewables by 2040, and 100% clean energy by 2050 – can become a reality. While other critical initiatives may be worthy of state-administered support, progress to date on rooftop solar, community solar, utility-scale solar, and utility-scale wind projects should not be allowed to grind to a halt.

[10] See: https://www.eenews.net/articles/trump-tariffs-spark-fears-of-supply-chain-chaos-for-clean-energy/.

February 2025 Long-Term Plan Chapter 3 Updated Tables

The following tables are updated versions of tables contained in Chapter 3 of the 2024 Long-Term Plan. The full RPS Budget Model spreadsheet supporting these tables is available here. Tables that are unchanged from the 2024 Long-Term Plan are not presented here.

Figure 3-1: Current Statewide REC Portfolio (By Expected Delivery Year)

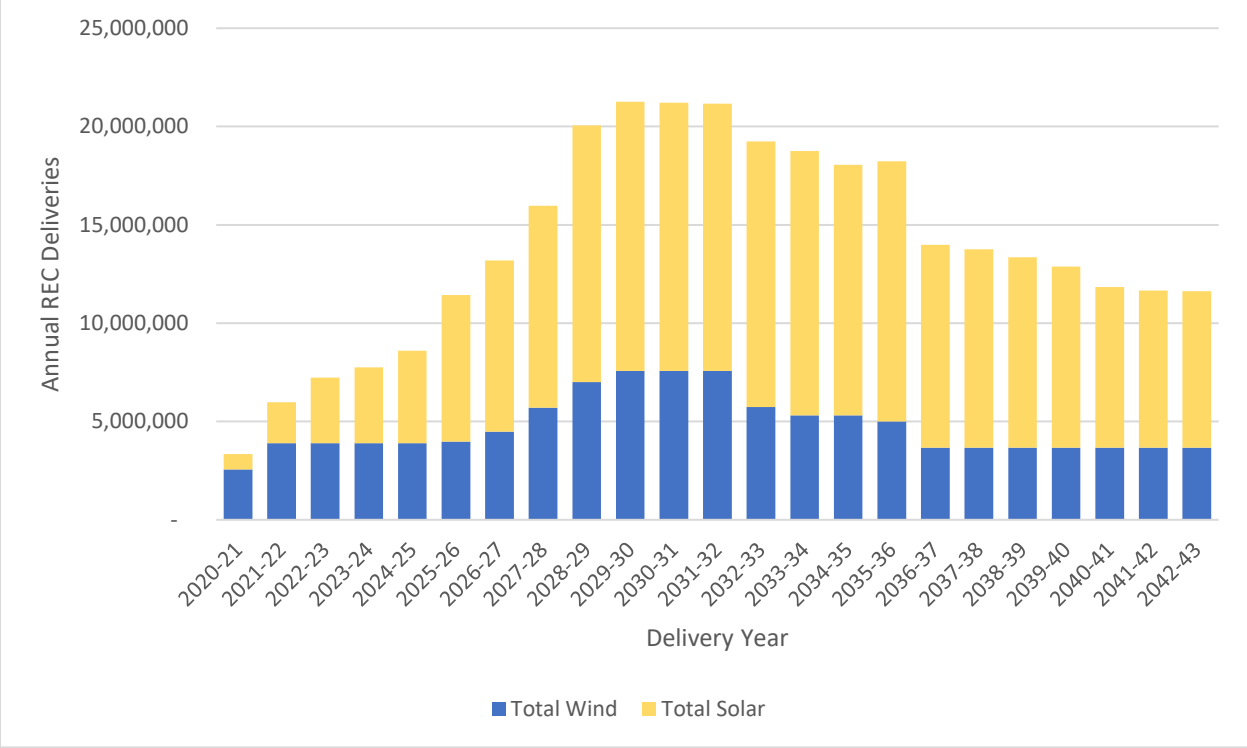
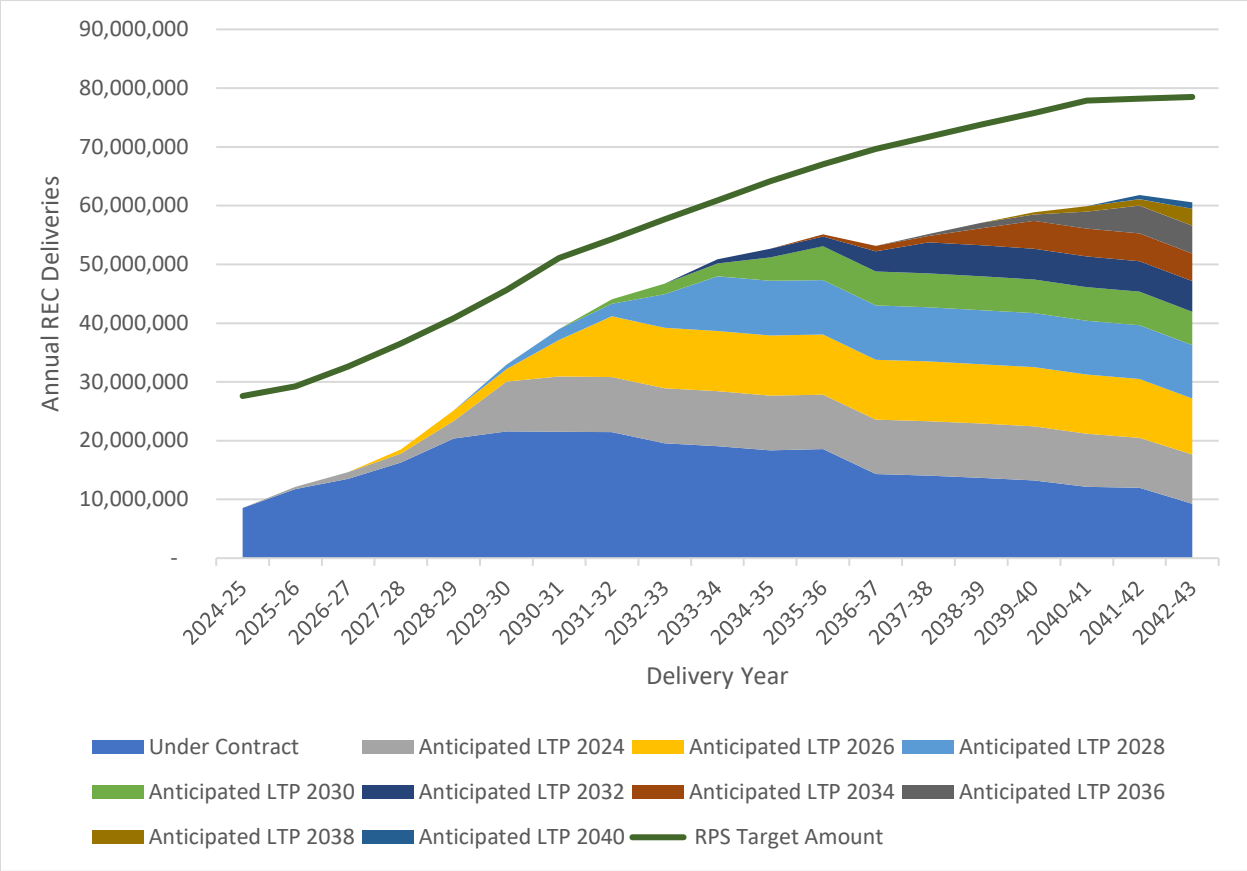


Table 3-1: Current REC Portfolio by Utility (By Expected Delivery Year)

Delivery Year	Ameren		ComEd		MidAm	
	Total Wind RECs	Total Solar RECs	Total Wind RECs	Total Solar RECs	Total Wind RECs	Total Solar RECs
2020-21	814,109	231,526	1,775,207	511,420	2,409	3,619
2021-22	1,205,816	605,123	2,714,612	1,442,500	6,816	10,488
2022-23	1,205,816	964,625	2,714,612	2,333,501	6,816	10,836
2023-24	1,205,816	1,084,315	2,714,612	2,717,402	6,816	18,921
2024-25	1,205,816	1,227,320	2,714,612	3,420,683	6,816	28,670
2025-26	1,227,892	2,047,661	2,768,379	5,339,390	7,197	34,787
2026-27	1,373,872	2,380,464	3,123,927	6,245,014	9,720	36,353
2027-28	1,730,290	2,820,745	3,992,017	7,314,848	15,878	43,973
2028-29	2,105,175	3,625,690	4,905,082	9,272,834	22,356	57,888
2029-30	2,269,042	3,811,307	5,304,195	9,722,598	25,187	61,104
2030-31	2,269,042	3,796,447	5,304,195	9,683,993	25,187	60,853
2031-32	2,269,042	3,781,251	5,304,195	9,644,564	25,187	60,606
2032-33	1,669,042	3,765,940	4,042,470	9,605,134	25,187	60,344
2033-34	1,542,923	3,749,979	3,740,008	9,565,656	23,768	60,082
2034-35	1,542,923	3,535,246	3,740,008	9,088,313	23,768	59,436
2035-36	1,454,933	3,680,754	3,528,988	9,415,148	22,778	59,697
2036-37	1,063,226	2,829,692	2,589,583	7,371,970	18,371	49,840
2037-38	1,063,226	2,771,968	2,589,583	7,193,098	18,371	48,849
2038-39	1,063,226	2,703,658	2,589,583	6,864,163	18,371	41,110
2039-40	1,063,226	2,648,630	2,589,583	6,466,487	18,371	31,812
2040-41	1,063,226	2,396,255	2,589,583	5,672,181	18,371	26,186
2041-42	1,063,226	2,366,220	2,589,583	5,530,954	18,371	26,055
2042-43	1,063,226	2,354,347	2,589,583	5,503,185	18,371	25,925

Figure 3-1 and Table 3-1 show the expected total quantity of REC deliveries *by delivery year* from projects under contract as of February 2025. For example, a utility-scale wind project that participates in a procurement event in 2025 is not expected to begin delivering RECs until three years later (e.g., 2028); consequently, a contract already awarded as of 2025 may not show up in the Figure and Table until years later based upon its expected operation date. As the IPA continues to administer programs and conduct procurements, the quantity of RECs under contract will increase, but there is an inherent time lag between the date when those RECs are contracted for and the year when actual deliveries of RECs begin (as shown in Figure 3-1 and Table 3-1). As described above, the Agency periodically surveys project developers to refine the actual projected dates of the start of REC deliveries.

Figure 3-2: Current and Future Expected REC Procurement Volumes[11]



In Figure 3-2, the colored areas indicate expected REC deliveries for each delivery year based on the Procurement Plan from which program or procurement activity was authorized, as projected in the 2024 Long-Term Plan. Each colored area adds on new quantities of RECs to the expected annual deliveries (with the assumption of deliveries of RECs from distributed generation occurring one year after program application, community solar two years after program application and utility-scale projects three years after the applicable procurement event).

In the 2024 Plan, based on the load forecasts at that time, the level of projected program and procurement activity would have fully met the "RPS Target Amount" identified as a green bar in that original figure. This updated figure shows that due to updated load forecasts projecting substantial load growth, more RECs than previously anticipated will be necessary to meet statutory RPS 40% by 2030 and 50% by 2040 goals. Consequently, future Long-Term Renewable

[11] Note the RPS Target has increased due to updated load forecasts received from the utilities in December, 2024. Under previous load forecasts, the RPS Target would have peaked at approximately 60 million RECs. The projected REC quantities for future Procurement Plans has been kept constant with those contained in 2024 Long-Term Plan and the October 2024 RPS REC and Budget Update.

Resource Procurement Plans will need to propose increased program and procurement targets to meet RPS goals.

Figure 3-3: Statewide Annual RPS Goal, Current REC Portfolio and REC Shortfall

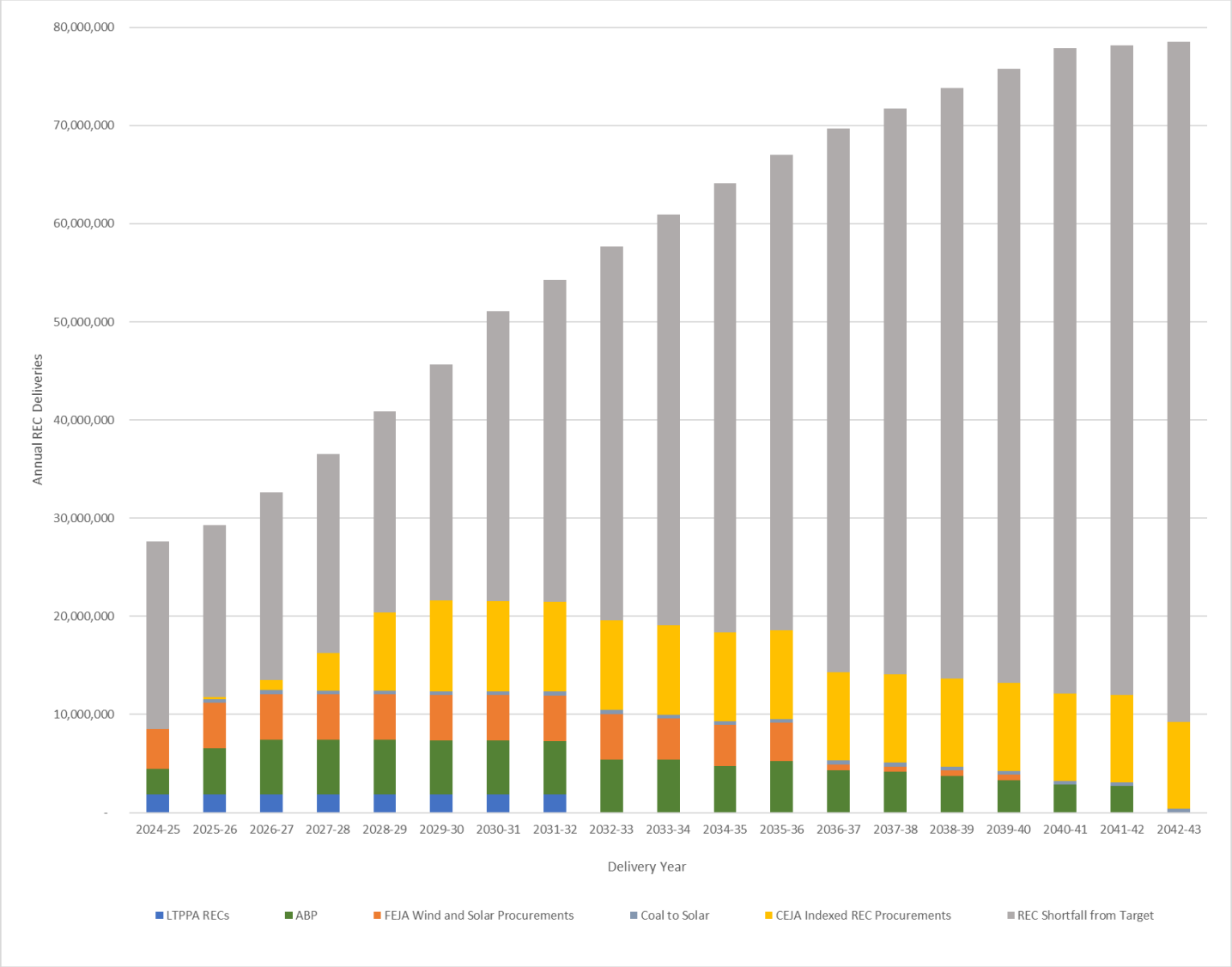


Figure 3-3 shows expected REC deliveries broken out by the source from which those RECs were contracted for, as of February 2025, rather than as they are shown in Figure 3-1 which is split by wind versus solar. The gray bars indicate the difference between RECs projected *to be delivered in that specific delivery year*, based on contracts executed to date, and the quantity of RECs that would be needed to meet the RPS percentage goals (e.g., the green line in Figure 3-2). Ongoing program and procurement activities authorized under the 2024 Long-Term Plan will fill in a

portion of those gray bars over the coming year and the remainder would be filled in by program and procurement activities under future Long-Term Plans as shown in Figure 3-2.

Figure 3-4: RPS Expenditures Compared to Annual Available Funds

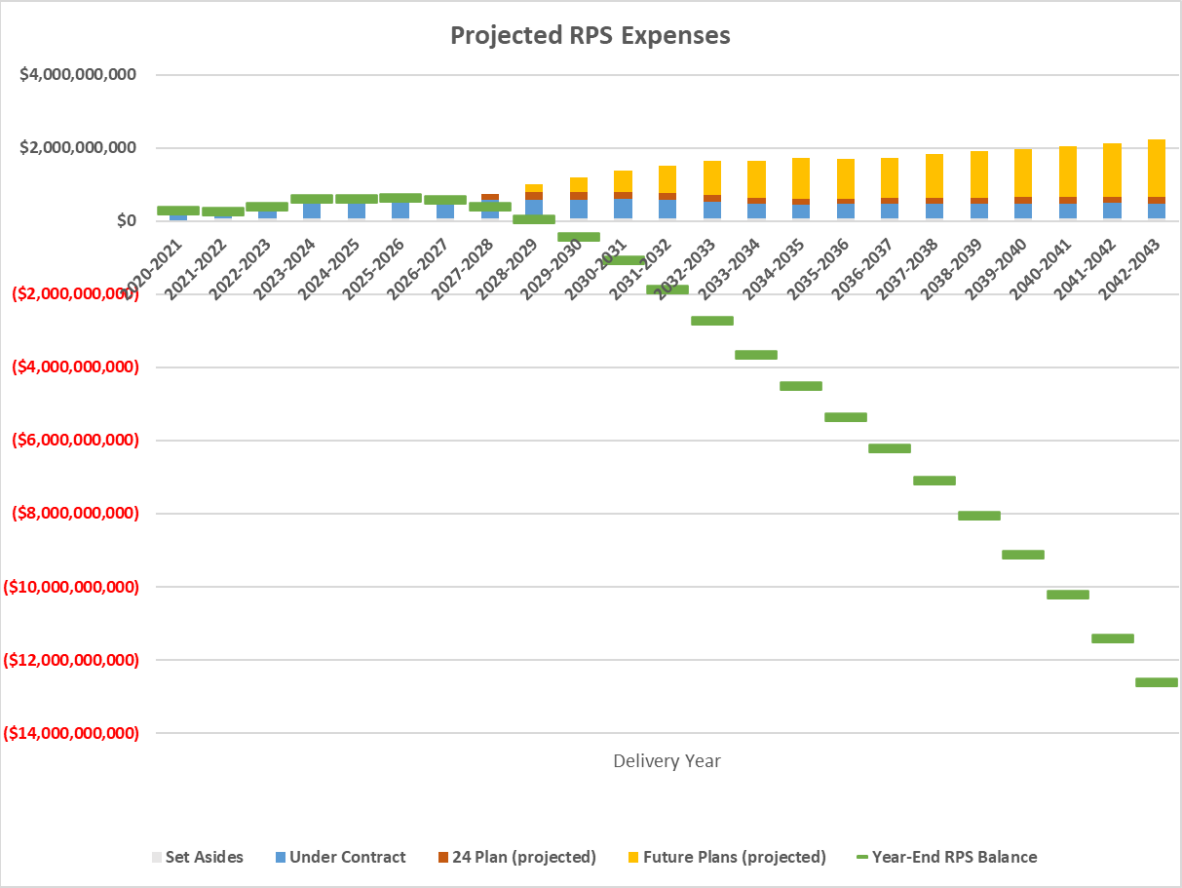


Figure 3-4 above, and Tables 3-11 and 3-12 below show annual expenditures and the year-end RPS budget balance assuming program and procurement activities continue in future Long-Term Plans at the level estimated in the 2024 Long-Term Plan. RPS funds collected in a given year and not spent can be rolled over to up to five additional delivery years (adjusted for any unpaid contractual obligations). In this way, the available RPS balance could grow in years where expenditures are less than collections, but will decrease in years where expenditures are greater than collections.

Figure 3-4 and Tables 3-11 and 3-12 do not reflect the adjustments the IPA would make to program and procurement activities to avoid an RPS budget shortfall, rather they are designed to illustrate the cumulative impact of striving to meet the RPS goals under the current regulatory structure. The figure and tables are estimates that are also highly volatile and sensitive to future REC prices. For example, a $4/REC average increase in the forward price curve through 2040 would reduce expenditures over that time (and thus the overall shortfall) by $1.2 billion. Figure

3 (page 7) removes the projected future plan expenditures from Figure 3-4. Removal of these future expenditures from future Long-Term Plan paints a very different picture of year-end RPS balances (never falling below $195 million).

Table 3-5: Statewide REC Shortfall, Current REC Portfolio

Delivery Year	2010 LTTPAs	ABP Under Contract	FEJA Forward Procurements	Coal to Solar	CEJA Indexed REC Procurements	ILSFA	Total RECs Under Contract	Overall RPS Target	REC Shortfall	% of Target Currently Met
2023-24	1,861,725	1,760,478	4,061,149	-	-	64,531	7,747,883	26,022,605	18,274,722	30%
2024-25	1,861,725	2,616,834	4,061,149	-	-	64,209	8,603,916	27,600,406	18,996,489	31%
2025-26	1,861,725	4,683,226	4,631,148	379,110	186,138	63,888	11,805,234	29,269,237	17,464,003	40%
2026-27	1,861,725	5,585,213	4,631,148	379,110	1,041,433	63,568	13,562,197	32,647,447	19,085,250	42%
2027-28	1,861,725	5,557,084	4,631,148	379,110	3,855,573	63,250	16,347,889	36,564,970	20,217,081	45%
2028-29	1,861,725	5,529,163	4,631,148	379,110	7,975,563	62,934	20,439,642	40,854,560	20,414,918	50%
2029-30	1,861,725	5,501,433	4,631,148	379,110	9,207,658	62,619	21,643,693	45,635,924	23,992,232	47%
2030-31	1,861,725	5,473,807	4,631,148	379,110	9,181,526	62,306	21,589,622	51,084,224	29,494,602	42%
2031-32	1,861,725	5,446,443	4,631,148	379,110	9,153,974	61,995	21,534,394	54,278,955	32,744,560	40%
2032-33	-	5,418,812	4,631,148	379,110	9,126,560	61,685	19,617,315	57,647,567	38,030,253	34%
2033-34	-	5,390,347	4,201,148	379,110	9,099,283	61,376	19,131,264	60,901,985	41,770,721	31%
2034-35	-	4,724,723	4,201,148	379,110	9,072,143	61,070	18,438,193	64,130,813	45,692,620	29%
2035-36	-	5,224,290	3,901,148	379,110	9,045,138	60,764	18,610,450	67,051,744	48,441,294	28%
2036-37	-	4,342,651	569,999	379,110	9,018,268	60,460	14,370,488	69,669,124	55,298,635	21%
2037-38	-	4,131,758	569,999	379,110	8,991,533	60,158	14,132,558	71,719,438	57,586,881	20%
2038-39	-	3,753,336	569,999	379,110	8,964,931	59,857	13,727,233	73,807,783	60,080,549	19%
2039-40	-	3,317,762	569,999	379,110	8,938,462	59,558	13,264,891	75,781,991	62,517,100	18%
2040-41	-	2,861,749	0	379,110	8,912,126	59,260	12,212,245	77,887,812	65,675,567	16%
2041-42	-	2,716,521	0	379,110	8,885,921	58,964	12,040,516	78,187,707	66,147,191	15%
2042-43	-	2,702,781	0	379,110	8,859,847	58,669	12,000,407	78,497,878	66,497,470	15%

Table 3-7: Projected Deliveries of Statewide Wind and Solar RECs in the Current Portfolio

Delivery Year	Solar RECs	Wind RECs	Combined Wind and Solar RECs
2020-21	777,881	2,560,409	3,338,290
2021-22	2,089,427	3,895,928	5,985,355
2022-23	3,340,278	3,895,928	7,236,206
2023-24	3,851,955	3,895,928	7,747,883
2024-25	4,707,988	3,895,928	8,603,916
2025-26	7,453,972	3,972,152	11,426,124
2026-27	8,706,884	4,476,202	13,183,087
2027-28	10,261,910	5,706,869	15,968,779
2028-29	13,059,235	7,001,297	20,060,532
2029-30	13,697,474	7,567,108	21,264,583
2030-31	13,643,403	7,567,108	21,210,512
2031-32	13,588,176	7,567,108	21,155,284
2032-33	13,501,505	5,736,699	19,238,205
2033-34	13,445,455	5,306,699	18,752,154
2034-35	12,752,383	5,306,699	18,059,083
2035-36	13,224,640	5,006,699	18,231,340
2036-37	10,320,198	3,671,180	13,991,378
2037-38	10,082,267	3,671,180	13,753,448
2038-39	9,676,943	3,671,180	13,348,123
2039-40	9,214,601	3,671,180	12,885,781
2040-41	8,161,955	3,671,180	11,833,135
2041-42	7,990,226	3,671,180	11,661,406
2042-43	7,950,117	3,671,180	11,621,297

Table 3-11: Projected RPS Expenses[12]

Delivery Year	ABP Under Contract	Utility Scale Under Contract	2024 Long-Term Plan	Total Future Plans	Fixed Spending Including ILSFA	Total Expenses
2023-24	$ 472,820,169.50	$ 40,315,921.56			$ 67,322,647.09	$ 580,458,738.15
2024-25	$ 392,806,235.60	$ 40,060,781.01			$ 77,198,419.56	$ 510,065,436.16
2025-26	$ 246,373,354.35	$ 67,422,694.73	$ 33,640,118.73		$ 67,132,903.48	$ 414,569,071.29
2026-27	$ 231,482,171.71	$ 142,850,053.38	$ 255,395,715.96		$ 67,073,440.26	$ 696,801,381.32
2027-28	$ 205,957,602.71	$ 246,039,364.41	$ 90,806,226.48	$ 284,088,874.11	$ 77,265,340.82	$ 904,157,408.53
2028-29	$ 187,942,968.04	$ 278,875,762.27	$ 90,266,979.40	$ 442,713,405.57	$ 67,575,655.38	$ 1,067,374,770.66
2029-30	$ 186,366,143.07	$ 284,784,895.00	$ 90,089,171.53	$ 612,167,720.65	$ 68,030,601.23	$ 1,241,438,531.47
2030-31	$ 183,073,305.22	$ 284,621,828.68	$ 89,912,252.70	$ 785,268,774.16	$ 78,665,513.98	$ 1,421,541,674.74
2031-32	$ 107,017,629.06	$ 291,568,601.98	$ 89,736,218.47	$ 934,045,283.95	$ 69,400,370.47	$ 1,491,768,103.93
2032-33	$ 106,550,267.82	$ 287,641,383.84	$ 79,418,412.29	$ 1,071,230,164.38	$ 70,163,061.78	$ 1,615,003,290.11
2033-34	$ 74,565,519.07	$ 270,497,588.02	$ 40,810,657.16	$ 1,095,345,370.22	$ 70,851,823.28	$ 1,552,070,957.75
2034-35	$ 74,192,270.92	$ 255,985,925.03	$ 34,507,973.30	$ 1,128,237,367.79	$ 71,490,826.64	$ 1,564,414,363.67
2035-36	$ 73,821,682.23	$ 279,606,406.60	$ 34,335,433.43	$ 1,127,927,613.29	$ 71,987,499.38	$ 1,587,678,634.93
2036-37	$ 73,452,727.30	$ 279,196,522.27	$ 34,163,756.26	$ 1,164,619,387.57	$ 72,351,264.63	$ 1,623,783,658.03
2037-38	$ 73,085,050.66	$ 275,816,323.53	$ 33,992,937.48	$ 1,265,899,260.43	$ 72,505,642.21	$ 1,721,299,214.31
2038-39	$ 72,719,608.26	$ 283,722,681.37	$ 33,822,972.79	$ 1,334,632,776.97	$ 72,653,574.38	$ 1,797,551,613.78
2039-40	$ 72,355,995.26	$ 290,866,031.92	$ 33,653,857.93	$ 1,395,327,846.35	$ 72,748,644.21	$ 1,864,952,375.67
2040-41	$ 71,993,881.06	$ 290,499,322.58	$ 33,485,588.64	$ 1,484,038,386.52	$ 72,867,695.11	$ 1,952,884,873.91
2041-42	$ 71,634,615.86	$ 294,650,133.35	$ 33,318,160.70	$ 1,508,079,188.38	$ 72,958,342.26	$ 1,980,640,440.55
2042-43	$ 71,276,306.54	$ 286,661,355.48	$ 33,151,569.89	$ 1,570,221,223.29	$ 73,051,630.09	$ 2,034,362,085.29

Table 3-12: RPS Funds and Expenditures

Delivery Year	Delivery Year Starting Balance	RPS Collections	Total Funds Available	Total Expenditures	Delivery Year Ending Balance
2023-24	$ 607,275,724	$ 577,421,570	$ 1,184,697,294	$ 580,458,738	$ 604,238,555
2024-25	$ 604,238,555	$ 573,280,652	$ 1,177,519,207	$ 543,705,555	$ 633,813,652
2025-26	$ 633,813,652	$ 571,096,783	$ 1,204,910,435	$ 636,324,669	$ 568,585,766
2026-27	$ 568,585,766	$ 569,114,675	$ 1,137,700,442	$ 758,021,005	$ 379,679,437
2027-28	$ 379,679,437	$ 575,511,361	$ 955,190,797	$ 904,157,409	$ 51,033,389
2028-29	$ 51,033,389	$ 585,855,179	$ 636,888,568	$ 1,067,374,771	$ (430,486,203)
2029-30	$ (430,486,203)	$ 601,020,041	$ 170,533,838	$ 1,241,438,531	$ (1,070,904,693)
2030-31	$ (1,070,904,693)	$ 622,183,799	$ (448,720,894)	$ 1,421,541,675	$ (1,870,262,569)
2031-32	$ (1,870,262,569)	$ 646,679,016	$ (1,223,583,553)	$ 1,491,768,104	$ (2,715,351,657)
2032-33	$ (2,715,351,657)	$ 672,102,059	$ (2,043,249,597)	$ 1,615,003,290	$ (3,658,252,888)
2033-34	$ (3,658,252,888)	$ 695,060,776	$ (2,963,192,112)	$ 1,552,070,958	$ (4,515,263,069)
2034-35	$ (4,515,263,069)	$ 716,360,888	$ (3,798,902,181)	$ 1,564,414,364	$ (5,363,316,545)
2035-36	$ (5,363,316,545)	$ 732,916,646	$ (4,630,399,899)	$ 1,587,678,635	$ (6,218,078,534)
2036-37	$ (6,218,078,534)	$ 745,042,154	$ (5,473,036,380)	$ 1,623,783,658	$ (7,096,820,038)
2037-38	$ (7,096,820,038)	$ 750,188,074	$ (6,346,631,964)	$ 1,721,299,214	$ (8,067,931,179)
2038-39	$ (8,067,931,179)	$ 755,119,146	$ (7,312,812,032)	$ 1,797,551,614	$ (9,110,363,646)
2039-40	$ (9,110,363,646)	$ 758,288,140	$ (8,352,075,506)	$ 1,864,952,376	$ (10,217,027,882)
2040-41	$ (10,217,027,882)	$ 762,256,504	$ (9,454,771,378)	$ 1,952,884,874	$ (11,407,656,252)
2041-42	$ (11,407,656,252)	$ 765,278,075	$ (10,642,378,177)	$ 1,980,640,441	$ (12,623,018,617)
2042-43	$ (12,623,018,617)	$ 768,387,670	$ (11,854,630,948)	$ 2,034,362,085	$ (13,888,993,033)

[12] Fixed spending includes overhead expenditures for program administration as well as the $50 million annual set-aside for the Illinois Solar for Program included in Section 1-75(c)(1)(O) of the IPA Act.