VIA ELECTRONIC MAIL

Illinois Power Agency

180 N. Wabash Ave., Ste. 500

Chicago, IL 60601

Tel: (312) 793-0263

Email: IPA.Solar@illinois.gov, eec@illinoisshines.com

Proposed Renewable Energy Credit Prices for the 2025-2026 Program Year

The Joint EEC Parties present the following response to the Illinois Power Agency ("the Agency") to raise high concern regarding the decrease in REC Pricing for the 2025-2026 Program Year proposed by the Agency on March 7th, 2025. The Agency proposed a 15.2% decrease in REC price for ComEd Group B projects > 500-2000 kW AC and a 15.9% decrease for ComEd Group B projects > 2000 – 5000 kW AC in the 2025-2026 Program Year from the previous 2024-2025 Program Year. If enacted, there is a strong probability that many Illinois community solar projects will no longer be economically viable, especially for EECs.

Concerning Trends for EECs:

The Agency has not considered the repercussions this decreased REC pricing structure will have on EECs' participation in the market through EEC – developer – long-term owner/operator relationships. If the Group B ComEd Community Solar REC price drops to $33.62, EECs will no longer have a niche in the Illinois community solar market. Due to strain on developer/long term owner-operator financial modeling, EECs will be the first cost that is cut from developer – asset owner financial budgets. This is counterproductive to the Agency's goal to increase the percentage in the Equity Eligible Contractor category to 40% of program capacity and to increase the participation of EECs in IPA programs and procurements. Many EECs in the community solar industry engage with developers and long-term asset owners in co-development arrangements, contractor accelerator programs, and mentorship programs that assist EECs with capital and experience to build up our businesses. Additionally, EECs also greatly benefit from the direct labor opportunities of participating on Traditional Community Solar projects scored with EEC points. Including EEC participation into community solar projects adds additional costs as compared to projects that otherwise do not utilize an EEC. The Joint EEC Parties are already witnessing a trend where the number of EEC Block co-development partnerships with developers and long-term asset owners is becoming limited. Rather than participating in Illinois Shines, many Illinois developers and long-term asset owners are monetizing RECs through third-party PJM REC trading contracts. They are doing this to avoid added costs associated with program compliance such as including EEP labor under Minimum Equity Standard and abiding by residential/small commercial subscriber ratios. If EEC community solar REC pricing drops to $33.62, there will be no incentive for developers and asset owners to partner with EECs in the program, as opposed to eschewing Illinois Shines altogether. Further, if the delta between third-party PJM REC contracts and Traditional Community Solar contracts decreases, there will be no financial motive for developers to even pursue the Traditional Community Solar category of the Illinois Shines Program. These third-party PJM RECs are being sold to buyers outside of the Illinois market – hindering Illinois from meeting its statutory Renewable Portfolio Standard ("RPS") 40% by 2030 and 50% by 2040 goals.

The Joint EEC Parties are also recognizing a trend showing a reduced number of Traditional Community Solar projects scored with EEC points, a statistic shown on the Traditional Community Solar waitlists. Due to pre-existing budget constraints in the market, aside from decreased REC pricing, developers and long-term asset owners of community solar projects will not afford or agree to include EECs on their projects. If trends showing decreased EEC participation are already occurring with a smaller annual decrease in REC pricing, The Joint EEC Parties urge the IPA to apprehend what these trends will resemble with a 15.9% decrease to the EEC community solar Group B category. The EEC community relies on the IPA's commitment to DEI through regulations that maintain successful business practices.

In the 2024 LTRRPP, the IPA and the ICC acknowledged that EECs need to partner with more experienced developers and investors for project financing to participate in the solar market. The Agency wrote that it does not wish to prohibit these arrangements which would prevent developers and investors from assisting EECs with accessing capital and unlocking the wealth-building value of state incentives. Without financing or with impaired financing from the Illinois Shines program and from strategic co-development partners, EECs are at a severe disadvantage competing in the solar industry. For this reason, The Joint EEC Parties are asking the Agency to extend the EEC Program a lifeline to save our participation in the Illinois community solar market by increasing the REC price for the EEC category and for Traditional Community Solar projects scored with EEC points. Our collective objective is to provide the Agency with adequate context to set REC prices for the program to provide the appropriate incentives for EECs that spur the workforce development and equal opportunity for disadvantaged businesses - a goal CEJA created for Illinois.

EPC Costs for EECs:

The Joint EEC Parties believe the Agency should consider data for the 2025-2026 PY REC Pricing Model unique for EECs to set REC prices for the EEC category. EEC development and EPC costs currently shown in the NREL Capital Costs tab are inaccurate for EECs. [redacted] Larger non-EEC contractors experience price efficiencies by leveraging their purchasing power and balance sheets, taking advantage of economies of scale and attractive financing rates. EECs do not benefit from these same competitive advantages. EEC face challenges with start-up costs and learning curves that must be accounted for, such as higher bonding, employee recruitment, higher equipment costs, and more expensive overhead costs to maintain qualified employees. [redacted]

[redacted]

Long-Term Renewable Resources Procurement Plan Structure:

The IPA's RPS Budget features an annual change in REC pricing based on updating inputs into the IPA's REC Pricing Model each year, taking market-based price adjustments into consideration. A price reduction greater than 10% in the 2025-2026 Program Year is not permitted according to the Illinois Power Agency Act:

"Program modifications to any block price that do not deviate from the Commission's approved value by more than 10% shall take effect immediately and are not subject to Commission review and approval. Program modifications to any block price that deviate more than 10% from the Commission's approved value must be approved by the Commission as a long-term plan amendment under Section 16-111.5 of the Public Utilities Act" (20 ILCS 3855/).

Filing an amendment to the 2024 LTRPPP for review with the ICC two months before the 2025-2026 Program Year begins is illogical and administratively burdensome for the Agency, its constituents, and its stakeholders. The Joint EEC Parties request the Agency revisit REC pricing during the draft 2026 LTRRPP process in August 2025. As such, the Agency has not taken statutory procedures or market-based price adjustments into consideration when proposing these drastic REC price reductions for Group B, which are greater than 10% from the previous 2024-2025 Program Year. This will have detrimental effects on the Illinois community solar market for EECs, developers, and long-term owner/operators alike on projects that do not even include EEC labor or participation. The October 2024 REC Budget Forecast outlines that REC prices for Illinois Shines are impacted by factors including, but not limited to, the future value of net metering credits, project development costs, tax policies, and expected returns for developers. These factors may result in future Illinois Shines REC prices that are higher or lower than the assumed 4% annual decrease. If the Agency does not take action to raise REC prices from what has been proposed, given the uncertainty with Investment Tax Credits, community solar projects that include EEC participation will no longer be cost-effective. The Joint EEC Parties petition the Agency to take measures to prevent this from happening as announced in the subsequent 2025 REC Budget Forecast: February 2025 REC Budget Forecast:

- *The possibility of rolling back federal tax credits would also increase REC prices*

- *Federal policy changes in coming years may also result in the need for more state-administered support than previously envisioned*

- *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

Specifically, the March 7th, 2025, REC Pricing Model Spreadsheet assumes a 30% ITC with a 100% utilization factor while many long-term owner/operators in the Illinois market trade these tax credits at $0.86-$0.90 on the dollar. In preparation for a worst-case scenario, the Agency should produce an alternative model with the 30% ITC input omitted.

[redacted]

[redacted]

[redacted]

Respectfully Submitted,

The Joint EEC Signatories:
ADL Solutions, LLC
ARF Solar LLC
Black Tech Solutions Corp.
LiveWire Electrical Systems, Inc.
Millennium Solar Electric
Sesenergi Eco Solutions Enterprise, LLC
Staylitt Electric, LLC
UpSouth Energy, LLC
548 Energy Solutions