March 26th, 2025

TurningPoint Energy
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RE: Request for Feedback on Draft Program Guidebook, Consumer Protection Documents, and REC prices

TurningPoint Energy ("TPE") greatly appreciates the opportunity to provide comments on the IPA's request for feedback on draft REC prices. We thank the IPA for the transparency with which they conduct this process, and its dedication to ensuring the success of this great program. TPE has reviewed the CREST model and draft REC prices and hereby submits the following comments:

Omission of the Agreed Upon Fix to Estimated Subscription Revenues for Community Solar Projects

In reviewing the proposed CREST pricing model, TPE noticed that the Community Solar revenue on the net metering tab still inaccurately reflects the full revenue stack for the commercial and industrial rates in its calculations, whereas community solar projects actually receive supply credits equivalent to the residential Price to Compare (i.e. just the residential Energy Charge & Transmission Charge).

This issue was pointed out in the last Long-Term Plan proceeding, which the IPA acknowledged in its Response to Objections, stating that they intended to correct the issue:

> ComEd also states that the REC Pricing Model does not use the correct supply rate values in estimating subscription revenues for community solar on cells U7 to U12 of the "Net Metering Credit Tab" of Appendix E. In support of this statement, ComEd explains that all community solar subscribers receive supply credits equivalent to the residential Price to Compare, and the REC Pricing Model references commercial and industrial rates in its calculations, rather than the residential rates. The Agency recalls that the Joint Solar Parties raised alternative concerns surrounding the net metering credits for commercial and industrial customers in the litigation surrounding the 2022 Long-Term Plan. **The Agency is committed to reflecting the correct net metering values in the REC Pricing Model and will ensure that the values in these cells reflect the correct level of compensation to customers that is outlined in the utility tariffs.**

Fortunately, updating the model to reflect the correct bill credit values for community solar projects is fairly simple and straightforward. The IPA should add two additional lines to the "Annual Expected Net Metering Revenue ($)" rows at the bottom of the Net Metering Credit tab: "ComEd Community Solar" and "Ameren Community Solar." For these rows, rather than using the "Total Charge ($/kWh)" lines (i.e. rows 13, 25, 36, and 47) for the C&I or Res Tariffs that are used in the current equations, the Community Solar lines would utilize the sum of just the residential Energy and Transmission charges (i.e. rows 16-17 for ComEd, rows 39-40 for Ameren). The "Net Metering

Credit" references on the 'ABP Scenario InputAssumptions' and 'ILSfA Scenario Input Assumptions' tabs would then just have to be updated to reference the correct corresponding rows for community solar projects.

Bonus Depreciation Updated to Reflect Current Percentage

The current REC pricing model leaves the Federal Bonus Depreciation value at 60%, whereas current Federal Bonus Depreciation sits at 40% for 2025, dropping to 20% in 2026, before dropping to 0% in 2027 – a phase out schedule spelled out in the Tax Cuts & Jobs Act of 2017.

Lease Pricing is Significantly Lower than Current Market Rates

The "Land Lease ($/kWdc-yr)" rate in this model remains at $5, which is now vastly below current market rates. In Reviewing historical models, this number appears to be the original assumption from the draft 2022 LTRRPP filing. The Joint Solar Parties raised the concern that this number was too low by approximately half in its LTRRPP Objections back in 2023, and in its Response to Objections in the LTRRPP process, the IPA committed to reviewing and updating this number in this program year:

> In recognition of the fact that it has been several years since this input has been updated, **the Agency commits to undertaking a survey in 2024 to review contractual lease rates and update the input to the REC Pricing Model as appropriate for the 2025-26 Program Year.**

For reference, most leases are executed on a $/acre number rather than a $/kW number. Using 5 acre/ MWdc as a reasonable proxy, the $5/kW-year translates to $1,000/acre-year. Even prior to program re-opening in 2022, the lowest lease rates TPE saw in IL were [redacted], but more commonly rates were closing at [redacted]. As noted previously, the Joint Solar Parties raised that the $5/kW number was low *by half* back in 2023, and while that was accurate at the time, the gap in 2025 has grown considerably since then. Given the saturation of available land, current lease rates in ComEd territory are transacting around [redacted], with many closing above [redacted]. So while "$5/kWdc-yr" has always been a little low, and $10/kWdc-yr may have been more accurate in 2023, [redacted] would be a more accurate reflection of market lease rates in 2025. TPE strongly encourages the IPA to re-review feedback it received in during the REC Inputs update request in February, or otherwise ascertain current market pricing from reputable sources knowledgeable in Illinois, and update as appropriate. If the IPA determines that there is a differential between land costs in Ameren and ComEd, TPE would also be supportive of bifurcating this input to reflect such a division.

Term Debt Reflects Pricing Before Interest Rate Hikes

Term Debt in this model remains at 6%, which is not reflective of the interest rate increases the market has seen over the last several years. TPE recommends that the IPA consult with reputable sources to confirm market term debt pricing in 2025 and update the model to reflect a more accurate number. TPE recommends 6.75% as the current market rate.

Conclusion

TPE once again appreciates the opportunity to comment on this critical matter and thanks the IPA for the importance they have placed on transparency and public input. We look forward to continuing to work in this great program.

Respectfully submitted,

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