ILLINOIS POWER AGENCY

# 2026 Long-Term Plan Stakeholder Workshop #3:

# REC Portfolio, RPS Budget and Program REC Pricing

June 23, 2025

# Agenda

1. Welcome
2. Workshop Purpose and Discussion Format
3. RPS Budget and REC Portfolio
4. REC Prices for Illinois Shines and Illinois Solar for All
5. Next Steps

# Welcome

# Workshop Purpose and Discussion Format

# Workshop Format and Purpose

## Format and Guidelines

- Please mute yourself when not speaking
- Please post questions in chat or use the raise hand function
- Please identify yourself when speaking or commenting in the chat, include organization and/or utility service territory as appropriate
- Q&A is embedded throughout the workshop
- The workshop is not being recorded

## Purpose

- To initiate an informed update to the Illinois Power Agency's 2026 Long-Term Renewable Resources Procurement Plan – in particular, Chapter 3 (REC Portfolio, RPS Goals, Targets, and Budgets), and Program REC Prices
- Gather both qualitative and quantitative feedback on the REC portfolio, RPS Budget and Program REC Pricing
  - This workshop includes prompted questions
  - Shortly after this workshop written questions will be released for stakeholder input

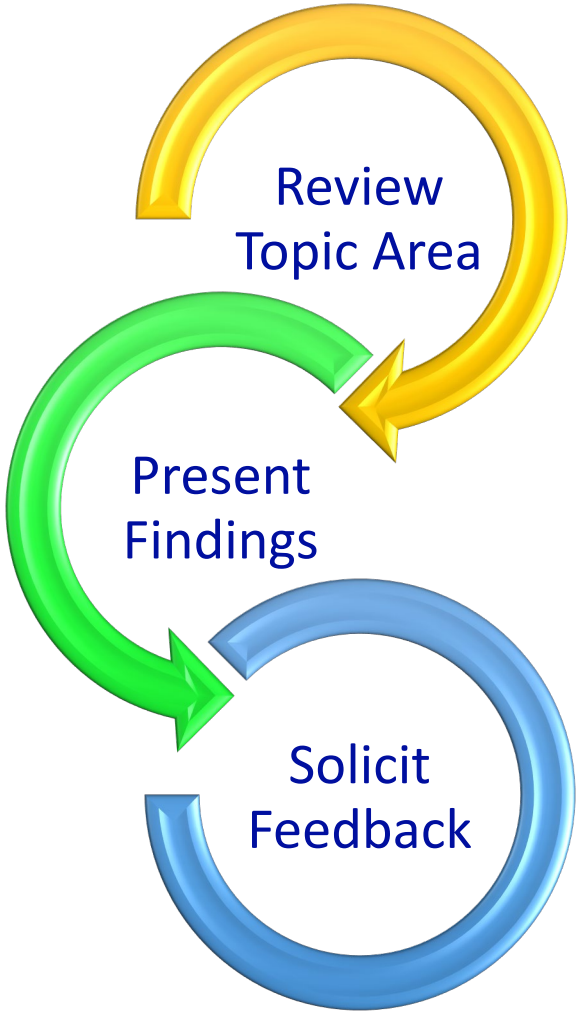
# Workshop Structure

## Workshop Topics

- Current Operating Environment
  *Legislative, Economic/Market, Programmatic*
- RPS Portfolio and Budget Process
- REC Pricing

*How Each Workshop Topic Will Be Discussed*

## Discussion Structure




To include:
- → REC Portfolio
- → RPS Budget Forecast
- → REC Pricing

- → Requirements per statute or other provision
- → Historical context
- → Discussion of opportunities & challenges

Seeking:
- → Specific & detailed
- → Quantitative where possible

# Workshop Topics Not Covered Today

**There are a number of topics that may be important to consider in the context of a broader narrative surrounding the RPS Budget Forecast, but are outside of the scope of today's discussion, including:**

1. Legislative proposals or broader changes to RPS Collections, including the Rate Cap
2. Changes to the RPS Budget or REC procurements that require legislative action rather than through the Long-Term Plan
3. The structure of competitive procurements for RECs from utility-scale projects
4. Other Long-Term Plan chapter topics, such as the administration of Illinois Shines, Illinois Solar for All, or the Minimum Equity Standard

# RPS Budget and REC Portfolio

# RPS Budget Forecast Model Updates

The IPA issued its most recent RPS Budget Forecast update in May 2025 where the following aspects of the RPS Budget model were improved:

- ✓**Structural Reorganization:** Updated the model to have an "input-calculation-output" structural flow
- ✓**User Customization:** Now accommodates dynamically adjustable variables such as annual projects for Illinois Shines and IREC procurements, forward energy prices, REC pricing scenarios etc.
- ✓**Aligned REC procurement timelines across different programs:** All programs now follow a delivery year framework of June through May
- ✓**Adjusted REC Delivery and Spending for Illinois Shines Small DG:** Energization of RECs assumed to be half in the same procurement year and remaining in subsequent procurement year as opposed to the one-year lag previously
- ✓**Corrected Model Errors**
- ✓**Refreshed Data:** Updated forward price curves, REC prices etc.

# RPS Budget Expense Categories

| Program | Definition | Under Contract? | Projected? (Balance of 2024 Plan and future Plans) |
|---|---|---|---|
| Indexed REC | Competitive procurement of utility-scale solar, wind, hydro, and brownfield projects with indexed REC pricing | ✓ | ✓ |
| Illinois Shines/ABP | Incentive program supporting distributed generation systems and community renewable generation projects | ✓ | ✓ |
| IL Solar for All | Incentive program for low-income residential and nonprofit customers for distributed generation and community solar | ✓ | ✓ |
| 2017-2019 Forward Procurement | Competitive forward procurements for utility-scale solar and wind projects under fixed-price REC contracts | ✓ | |
| 2010 Long-Term Procurement Purchase Agreement (LTPPA) | Legacy 20-year contracts for wind projects to supply bundled energy and RECs, executed under the 2010 Long-Term Plan | ✓ | |
| Other | E.g., Legacy DG, Administrative expenses | ✓ | |

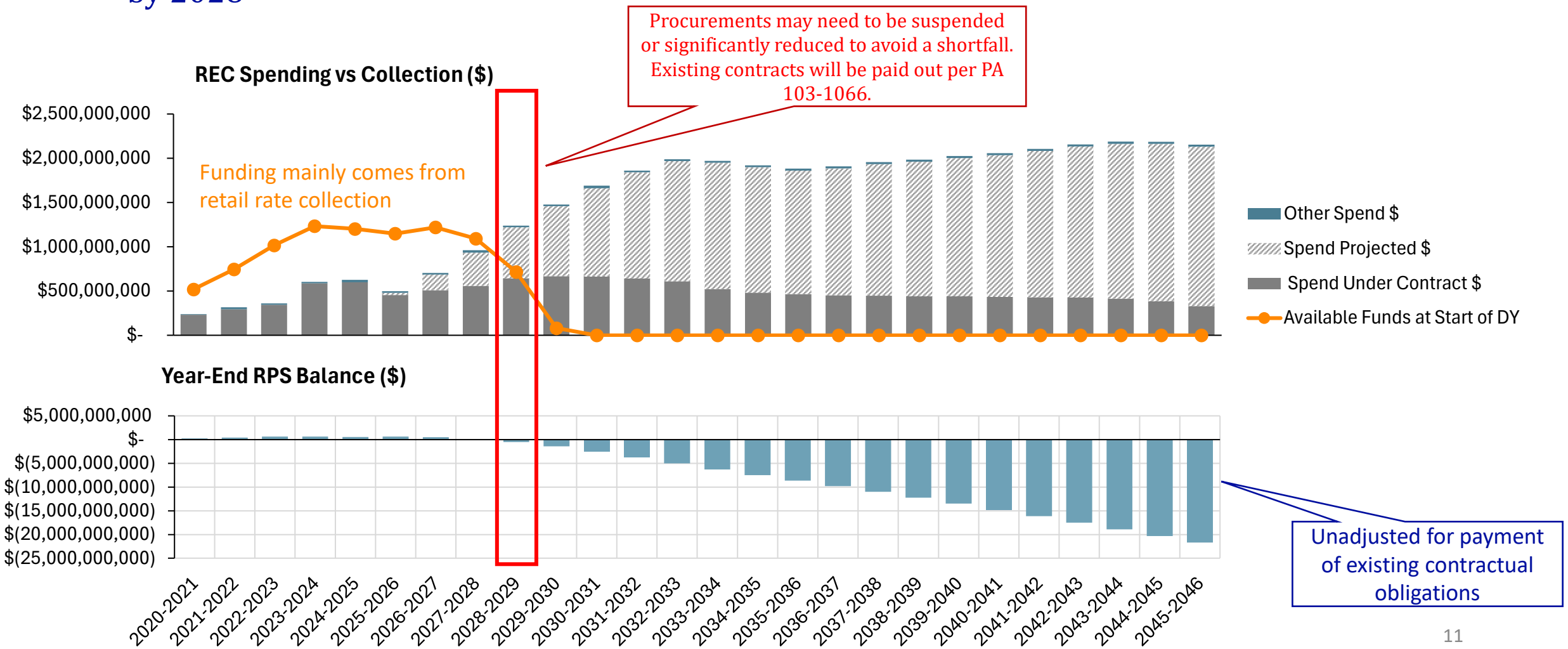
# Public Act 103-1066

- **Public Act 103-1066**
  - Passed in January 2025; enacted in February 2025
  - Contains several energy policy provisions including Energy Storage workshops/report
- **Changes to RPS Budget (See Section 1-75(c)(1)(E))**
  - Provisions for the payment by utilities for REC contracts even if payments would exceed the RPS cost cap. Should reduce risk to project developers
  - If the IPA determines in a delivery year that expenditures would exceed collections and previously collected and held funds (e.g., a budget shortfall), the IPA will notify the ICC and suspend or reduce programs and procurements
    - Suspension or reduction does not occur until the end of the program year that the determination is made
    - Annual review until shortfall is resolved
    - Allows for ongoing program and procurement activity and significant notice to stakeholders before suspension or reductions are implemented

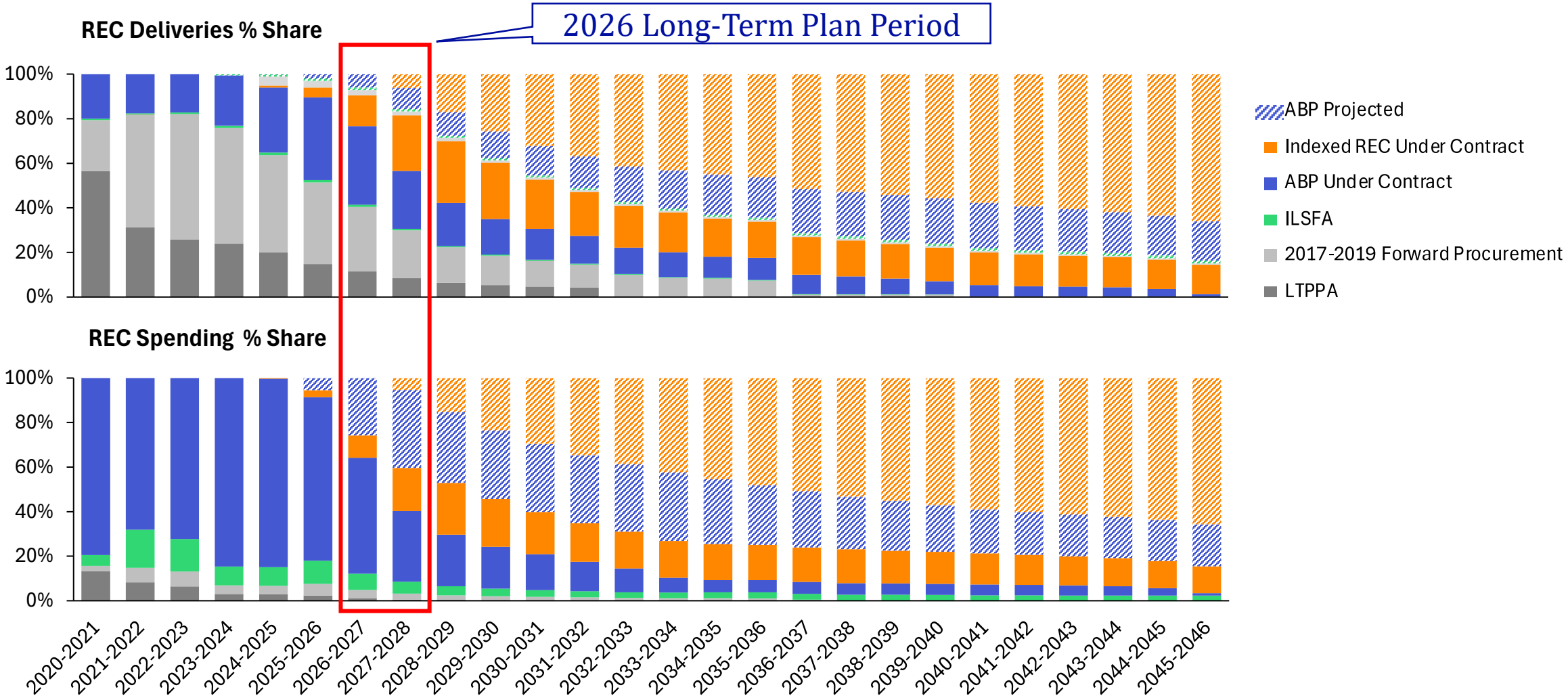
# Current RPS Forecast

ILLINOIS POWER AGENCY

## REC expenditures higher than the collected funds, possibly leading to shortfall by 2028

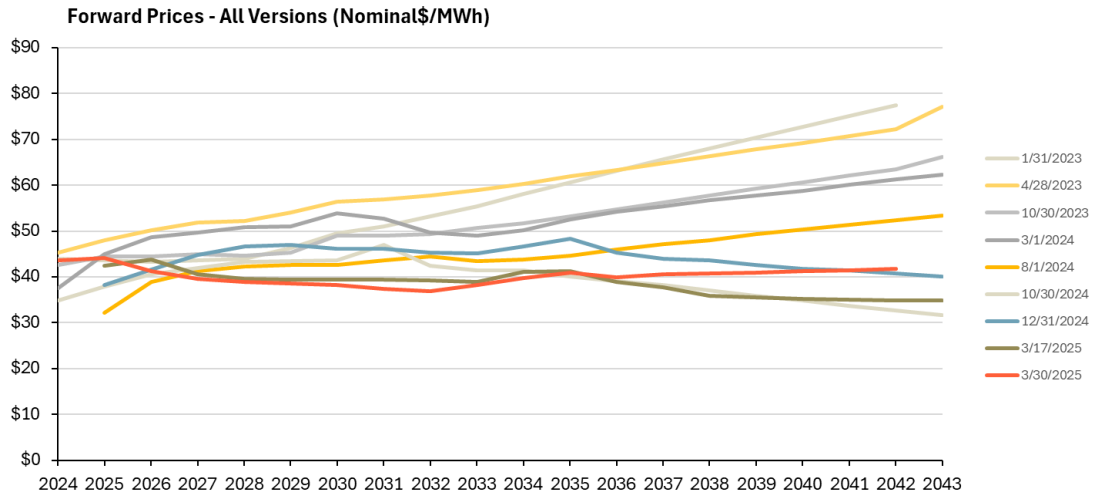


# REC Expenditures vs. REC Deliveries



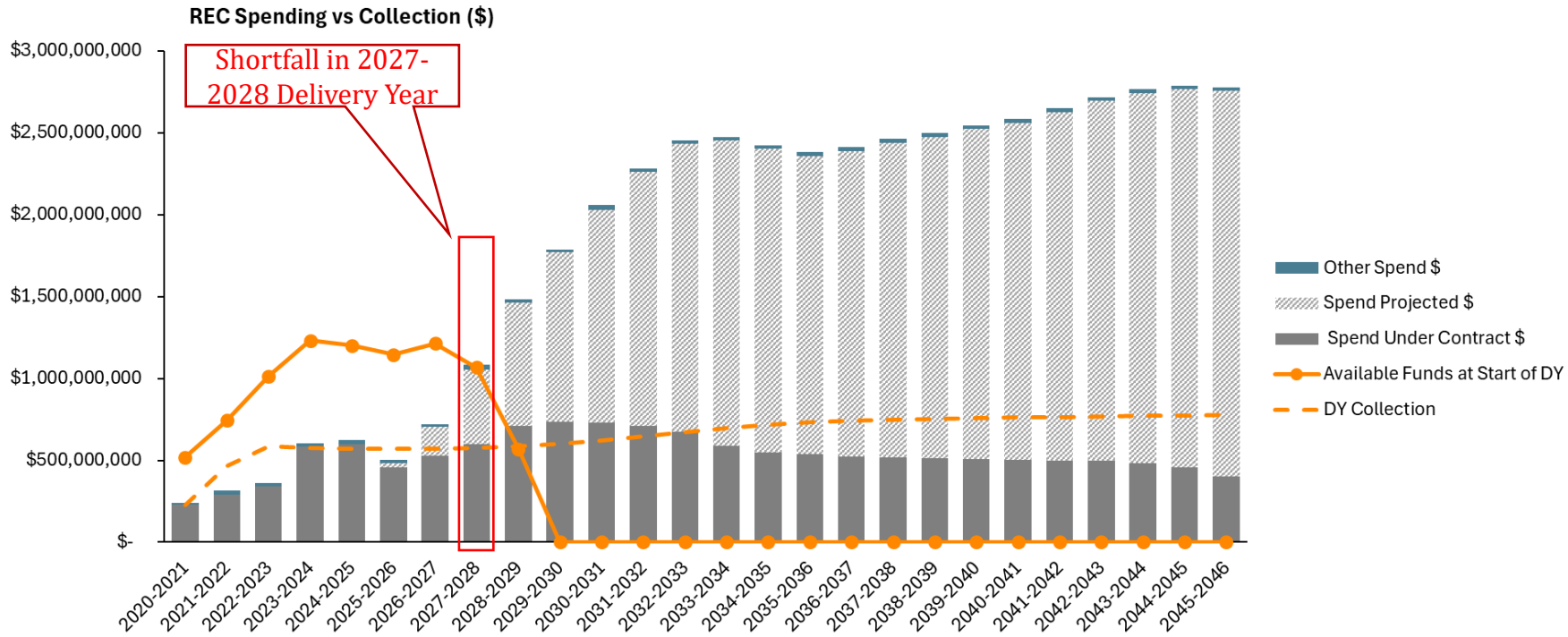
# Forecasting Shortfall Year

- **Current forecast is shortfall will not occur until the 2028-2029 Delivery Year**
- **Key current unknowns**
  - **Changes in load forecasts**
    - **Are current predictions of increasing electricity use accurate? RPS collections are based on a volumetric rate**
  - **Illinois Shines REC prices**
    - **Front-loaded nature of Illinois Shines REC payments will have significant impact on near-term expenditures**
  - **Future electricity prices**
    - **Decrease in electricity price will result in higher Indexed REC price**
    - **Main impact for projects already under contract and coming online in the next two years**



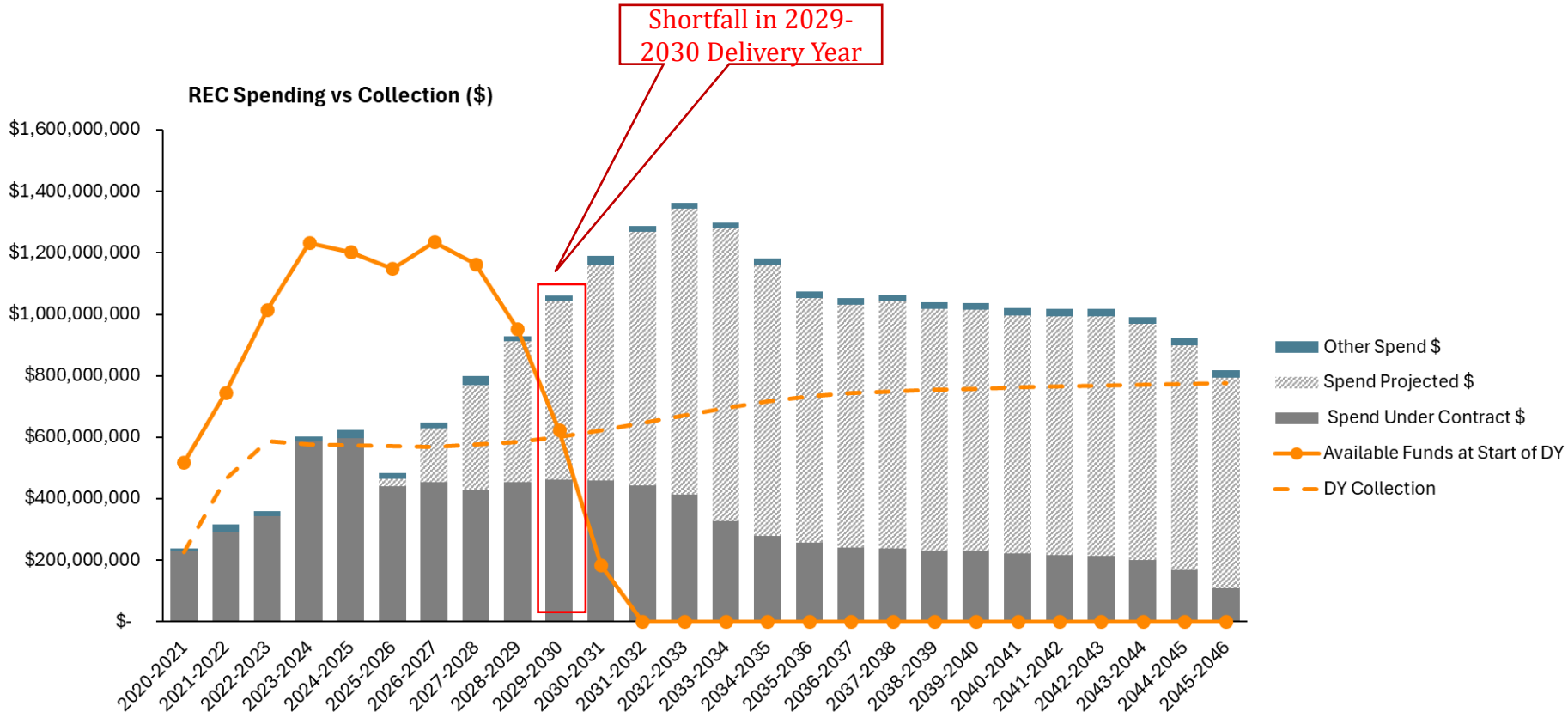
# Illustrative Example of Accelerated Shortfall Date

- 20% decrease in forward price curve (compared to May, 2025 RPS Budget forecast)
- 50% increase in Illinois Shines REC prices for 2026-2027 (compared to 2025-2026 prices)



# Illustrative Example of Delayed Shortfall Date

- **60% increase in forward price curve (compared to May, 2025 RPS Budget forecast)**



# REC Procurement and RPS Budget Adjustments

## Can be adjusted through Long-Term Plan

1. **Wind/hydro vs. Solar split**
   - 45% of annual RECs from wind / eligible hydro
   - 55% from solar
2. **Within the solar carve-out**
   - 50 % of all solar RECs procured through Illinois Shines
   - 50 % (balance) may come from indexed REC procurement
     - 3% from brownfield site solar
3. **Frequency of REC procurements**

## Cannot be adjusted through Long-Term Plan

1. **"Fixed" RPS charges (Rate Cap)**
   - Each utility may collect RPS charges up to 4.25 % of the ¢/kWh it charged customers in May, 2009
   - That equals a ~$4–5 /MWh cost cap, setting the annual RPS budget
   - Unspent funds can roll over for up to 5 years

# Stakeholder Questions: RPS Model Inputs

There are a series of key model inputs that have highly significant impacts to the resulting RPS Budget model outputs and conclusions. These include, for example, project strike prices and forward energy prices. While each are informed by market drivers – wholesale market prices, developer costs and considerations, project fundamentals – they are also often subjective, requiring additional context and nuance to be considered given the forward-looking nature of the analysis and they volatility inherent in the market.

**The following questions seek stakeholder feedback on the RPS Model Inputs, which will be later expanded upon through a request for written Stakeholder feedback to questions.**

# Model Input-Specific Considerations

**Currently the RPS Budget Model utilizes the same forecast prices when forecasting Indexed REC prices (i.e., the same forecast "strike price" is maintained during forecasted years for all utility-scale projects regardless of project type), which are also held constant for each forecast year. These prices are later replaced with the actual strike prices realized following a procurement. This choice was previously completed to maintain consistency and reduce unintended error, especially given both market volatility and project-specific nuances that are difficult to predict.**

**Question 1:**

*Should the IPA consider varying Indexed REC forward prices by resource type and by year?*

- *If yes, what are the most important factors to consider if the Agency were to consider varying the forecast strike prices by resource?*
- *What are the most important factors to consider if the Agency were to consider varying the forecast prices by year?*

# Model Input-Specific Considerations (cont.)

**In addition to Index REC forecasted strike prices, the model also utilizes a standard term to forecast future Illinois Shines REC prices, based upon the most recent, final Illinois Shines REC Prices used by the Program. This process implements a standard 4% annual decrease to the REC prices, expecting increased market efficiencies, declining hardware and installation costs, and improved customer awareness and thus declining acquisition costs.**

**Question 2:**

*Should the IPA revisit the 4% annual decrease in Illinois Shines REC prices?*

- *If reconsidered, what percentage should be used? And based upon what underlying data or statistics?*
- *Should the change vary by Program category? If yes, why?*
- *Should there be a point (year) at which a standard value is used given the lack of data or information? (e.g., after 5 years a standard X% decline is used for the remaining years.)*

# Model Input-Specific Considerations (cont.)

**On May 22nd, the Agency held a workshop to provide stakeholders with an increased understanding of the updated RPS Budget Forecast Model. During that session, few comments were provided by stakeholders on the functionality of the model or if there were any questions concerning its configuration or use.**

## Question 3:

*Do stakeholders have any feedback at this time about the model updates?*

- *This could include updates stakeholders might like to see or configurations or scenario capabilities that would benefit from being added*
- *This could also include questions on the model's use, where inputs are located or could be updated, or the theory underlying specific calculations*

# Stakeholder Questions: Model – Big Picture

ILLINOIS POWER AGENCY

**Through the passage of Public Act 103-1066, a series of changes were made concerning the REC targets set for wind and solar projects along with when the RPS Budget is fully consumed and procurements must cease.**

**Specifically :**

> *"The Agency may propose adjustments to these percentages… through its long-term renewable resources plan… as necessary based on developer interest, market conditions, budget considerations, resource adequacy needs, or other factors."*

**Further – concern budget use and procurement conclusions:**

> *"If, for a particular delivery year, the amount of renewable energy resourced to be procured… would result in an insufficient collection of funds to fully pay amounts due to seller[s] under existing contracts… the Agency shall suspend or reduce new contract awards… until a determination is made… that additional procurements would not cause the rate impact limitation... If a determination is made that additional procurements can be made without exceeding the [budget], then procurement shall be authorized… [otherwise] the Agency shall suspend any new contract awards… until a new rate impact determination is made.*

# Big Picture Considerations

**Under the new provisions in P.A. 103-1066, the Agency has the ability to propose changes to percentage targets set for utility-scale procurements and Illinois Shines. While no budget shortfall is currently forecast during the 2026 Long-Term Plan period, the Agency could propose implementing changes to the wind/hydro and solar split to seek additional supply from highly performing renewable energy resource types (e.g., those that are oversubscribed in Illinois Shines, have higher cost to REC production ratios, or are simply bid in greater volumes).**

**Question 4:**

*Should the Agency change the 45% : 55% wind/hydro-to-solar split? If yes, to what percentages and why?*

- *Should a change to the target percentages be consistent for all program years, or change based upon the results of an indexed REC procurement and/or participation (over/under-subscription) in an Illinois Shines category?*
- *Should any consideration on the cost-to-REC production ratio be considered? (i.e., emphasis in procuring more projects that produce more RECs at the least cost, thus acquiring more RECs under the RPS Budget) If yes, what weighting should be considered?*

# Big Picture Considerations (cont.)

**Currently the Agency's RPS Budget Forecast projects a budget shortfall during the 2028-2029 program year; however, if forecasts change and a shortfall is forecasted earlier (2026-2027 or 2027-2028), the Agency could consider implementing actions to adjust its procurements to extend the budget and maximize the number of projects contracted to provide RECs and support progress toward achieving the Illinois RPS and clean energy targets.**

**Question 5:**

- *In the event of an imminent RPS Budget Forecast shortfall, should the Agency implement a process to adjust project targets for utility-scale renewable procurements and the Programs (RECs) to extend the RPS budget and delay the shortfall?*
  - *If so, which projects should be reduced or suspended (e.g., utility-scale wind, hydro, utility-scale solar, Illinois Shines projects, etc.)*

**Question 6:**

- *Under a constrained RPS budget, are stakeholders open to a project/program adjustment mechanism to optimize the remainder of the budget and maximize the number of RECs under contract in support of Illinois RPS and clean energy targets?*
  - *Should the IPA consider changing the indexed REC procurement allocation between solar and wind/hydro?*
  - *Should the IPA consider changing the solar carve outs between utility-scale and Illinois Shines?*

# REC Prices
# for Illinois Shines and Illinois Solar for All

# Key REC Price Provisions

- **Publish one set of REC prices each Program-Year for each category/sub-program**
  - **Each delivery year should open with "a single block of nameplate capacity, [and] a price for renewable energy credits within that block"**
- **Use administratively-set prices rather than bid prices**
  - **IPA developed cost-based model based on NREL CREST model**
  - **Key drivers of REC Prices are cost inputs and assumptions on revenue from participants based on a share of net metering value**
  - **Community solar projects have an adder to account for the cost of acquiring and managing small subscribers (requirement for at least 50% of subscriptions from small subscribers, e.g., subscriptions under 25 kW)**
- **Mid-year flexibility cap ( ± 10 %):** The IPA may change a block price during a Program Year without further ICC review so long as the adjustment does not deviate more than 10 % from the Commission-approved value
  - **This provision has not been used to date**

# Participation by Program Category

| Program | Solar Type | Program Participation (2024-2025) |
|---|---|---|
| Illinois Shines | Small DG (<25 kW) | Over Filled |
| Illinois Shines | Large DG (>25 kW) | Under Filled |
| Illinois Shines | Community Solar | Over Filled |
| Illinois Shines | Community-Driven Community Solar | Over Filled |
| Illinois Shines | Equity Eligible Contractor | Over Filled |
| Illinois Shines | Public Schools | Under Filled |
| Illinois Solar for All | Distributed Generation (1-4 units) | Fully Filled |
| Illinois Solar for All | Distributed Generation (5+ units) | Under Filled |
| Illinois Solar for All | Community Solar | Over Filled |
| Illinois Solar for All | Non-profit & Public Facility | Fully Filled |

# Illinois Shines REC Prices

ILLINOIS POWER AGENCY

**Illinois Shines REC Prices**
**2025-2026 Program Year**

| Distributed Generation | Final 2025-2026 Prices | | Change from 2024-2025 Prices ($) | | Change from 2024-2025 Prices (%) | |
|---|---|---|---|---|---|---|
| | Group A | Group B | Group A | Group B | Group A | Group B |
| 0 - 10 kW | $66.34 | $75.48 | -$7.37 | -$8.39 | -10.0% | -10.0% |
| >10 - 25 kW | $57.18 | $69.78 | -$6.35 | -$7.75 | -10.0% | -10.0% |
| >25 - 100 kW | $59.53 | $69.65 | $3.64 | -$0.58 | 6.5% | -0.8% |
| >100 - 200 kW | $55.63 | $65.09 | $2.01 | $1.75 | 3.7% | 2.8% |
| >200 - 500 kW | $45.64 | $53.40 | -$0.94 | -$1.20 | -2.0% | -2.2% |
| >500 - 2000 kW | $42.37 | $49.57 | -$1.40 | $0.08 | -3.2% | 0.2% |
| >2000- 5000 kW | $31.96 | $37.39 | -$1.07 | $0.34 | -3.2% | 0.9% |

| Traditional Community Solar | | | | | | |
|---|---|---|---|---|---|---|
| | Group A | Group B | Group A | Group B | Group A | Group B |
| 0 - 25 kW | $57.49 | $70.91 | $0.00 | $0.00 | 0.0% | 0.0% |
| >25 - 100 kW | $58.84 | $72.15 | $0.00 | $0.00 | 0.0% | 0.0% |
| >100 - 200 kW | $57.50 | $69.58 | $0.00 | $0.00 | 0.0% | 0.0% |
| >200 - 500 kW | $53.46 | $64.20 | $0.00 | $0.00 | 0.0% | 0.0% |
| >500 - 2000 kW | $46.02 | $54.24 | $0.00 | $0.00 | 0.0% | 0.0% |
| >2000- 5000 kW | $33.99 | $39.98 | $0.00 | $0.00 | 0.0% | 0.0% |

| Community-Driven Community Solar | Final 2025-2026 Prices | | Change from 2024-2025 Prices ($) | | Change from 2024-2025 Prices (%) | |
|---|---|---|---|---|---|---|
| | Group A | Group B | Group A | Group B | Group A | Group B |
| 0 - 25 kW | $73.82 | $91.47 | $0.00 | $0.00 | 0.0% | 0.0% |
| >25 - 100 kW | $75.40 | $92.92 | $0.00 | $0.00 | 0.0% | 0.0% |
| >100 - 200 kW | $73.28 | $89.36 | $0.00 | $0.00 | 0.0% | 0.0% |
| >200 - 500 kW | $67.73 | $82.24 | $0.00 | $0.00 | 0.0% | 0.0% |
| >500 - 2000 kW | $57.93 | $68.95 | $0.00 | $0.00 | 0.0% | 0.0% |
| >2000- 5000 kW | $41.94 | $49.79 | $0.00 | $0.00 | 0.0% | 0.0% |

| Public Schools | | | | | | |
|---|---|---|---|---|---|---|
| | Group A | Group B | Group A | Group B | Group A | Group B |
| 0 - 25 kW | $77.17 | $93.17 | $0.00 | $0.00 | 0.0% | 0.0% |
| >25 - 100 kW | $68.57 | $84.96 | $0.00 | $0.00 | 0.0% | 0.0% |
| >100 - 200 kW | $65.81 | $76.91 | $0.00 | $0.00 | 0.0% | 0.0% |
| >200 - 500 kW | $57.72 | $66.88 | $0.00 | $0.00 | 0.0% | 0.0% |
| >500 - 2000 kW | $54.51 | $61.04 | $0.00 | $0.00 | 0.0% | 0.0% |
| >2000- 5000 kW | $42.15 | $46.74 | $0.00 | $0.00 | 0.0% | 0.0% |

# Illinois Solar for All REC Prices

ILLINOIS POWER AGENCY

**ILSFA REC Prices**
**2025-2026 Program Year**

**Distributed Generation (1-4 Units)**

| | Final 2025-2026 Prices | | Change from 2024-2025 Prices ($) | | Change from 2024-2025 Prices (%) | |
|---|---|---|---|---|---|---|
| | Group A | Group B | Group A | Group B | Group A | Group B |
| 0 - 10 kW | $194.82 | $185.02 | $14.14 | $4.73 | 7.8% | 2.6% |
| >10 - 25 kW | $164.39 | $163.75 | $14.94 | $10.10 | 10.0% | 6.6% |
| >25 - 100 kW | $132.30 | $137.93 | $12.03 | $12.54 | 10.0% | 10.0% |
| >100 - 200 kW | $129.00 | $129.24 | $11.73 | $11.75 | 10.0% | 10.0% |
| >200 - 500 kW | $120.41 | $119.30 | $10.95 | $10.85 | 10.0% | 10.0% |
| >500 - 2000 kW | $116.65 | $113.64 | $10.60 | $10.33 | 10.0% | 10.0% |
| >2000- 5000 kW | $101.37 | $97.45 | $9.22 | $8.86 | 10.0% | 10.0% |

**Distributed Generation (5+ Units)**

| | | | | | | |
|---|---|---|---|---|---|---|
| | Group A | Group B | Group A | Group B | Group A | Group B |
| 0 - 10 kW | $109.11 | $122.43 | $0.00 | $0.00 | 0.0% | 0.0% |
| >10 - 25 kW | $92.52 | $107.72 | $0.00 | $0.00 | 0.0% | 0.0% |
| >25 - 100 kW | $78.52 | $91.88 | $0.00 | $0.00 | 0.0% | 0.0% |
| >100 - 200 kW | $76.66 | $85.12 | $0.00 | $0.00 | 0.0% | 0.0% |
| >200 - 500 kW | $69.64 | $76.92 | $0.00 | $0.00 | 0.0% | 0.0% |
| >500 - 2000 kW | $66.61 | $72.18 | $0.00 | $0.00 | 0.0% | 0.0% |
| >2000- 5000 kW | $55.45 | $58.84 | $0.00 | $0.00 | 0.0% | 0.0% |

**Low-Income Community Solar**

| | Final 2025-2026 Prices | | Change from 2024-2025 Prices ($) | | Change from 2024-2025 Prices (%) | |
|---|---|---|---|---|---|---|
| | Group A | Group B | Group A | Group B | Group A | Group B |
| 0 - 25 kW | $105.44 | $119.00 | $3.91 | -$1.64 | 3.8% | -1.4% |
| >25 - 100 kW | $107.17 | $120.92 | $3.91 | -$1.27 | 3.8% | -1.0% |
| >100 - 200 kW | $103.86 | $118.43 | $2.58 | -$0.08 | 2.5% | -0.1% |
| >200 - 500 kW | $93.66 | $109.82 | -$1.92 | -$1.49 | -2.0% | -1.3% |
| >500 - 2000 kW | $84.13 | $95.72 | -$0.61 | -$0.91 | -0.7% | -0.9% |
| >2000- 5000 kW | $71.43 | $77.49 | $5.03 | $2.47 | 7.6% | 3.3% |

**Non-Profit & Public Facilities**

| | | | | | | |
|---|---|---|---|---|---|---|
| | Group A | Group B | Group A | Group B | Group A | Group B |
| 0 - 25 kW | $101.93 | $115.57 | $0.27 | -$7.96 | 0.3% | -6.4% |
| >25 - 100 kW | $103.34 | $112.93 | $0.15 | -$7.38 | 0.1% | -6.1% |
| >100 - 200 kW | $98.75 | $104.60 | -$1.21 | -$6.06 | -1.2% | -5.5% |
| >200 - 500 kW | $88.79 | $94.04 | -$3.72 | -$7.28 | -4.0% | -7.2% |
| >500 - 2000 kW | $84.81 | $87.55 | -$4.54 | -$8.38 | -5.1% | -8.7% |
| >2000- 5000 kW | $70.80 | $73.84 | -$4.16 | -$5.21 | -5.6% | -6.6% |

# Stakeholder Questions: REC Pricing Model Inputs

There are a series of key REC Pricing Model inputs that can have significant impacts to the resulting REC Prices used in the Illinois Shines and ILSFA Program. These can include, for example, forecasted project costs and rates of return, hardware costs, net energy metering and other incentives, etc. The Agency assesses various data streams (public data sets, reports, etc.) to inform the establishment of the value; however, it is also vital that developers and related stakeholders provide their experiences, supported by quantitative details, to also inform the process.

**The following questions seek stakeholder feedback on the REC Pricing Model Inputs, which will be later expanded upon through a request for written Stakeholder feedback to questions.**

# REC Pricing Model Input Questions

**Various incentives are available to developers and/or customers beyond that of the Illinois Shines and ILSFA Programs. However, the incorporation the incentives and the resulting impact on costs of solar project development are often less transparent. The following questions seek greater information on incentives and their role in project costs and development, as translated to the customers they support.**

## Question 7:

- *In Illinois Shines, participant savings are assumed to be 20%, and under ILSFA, 100% for small residential, and 50% for other subprograms, of net metering value. In other words, 80% of the net metering value of an Illinois Shines project is used as revenue in the REC Pricing Model. Do these savings rates align with what stakeholders are seeing with their projects? Is there variability within each Program's categories and if so, to what extent?*

# REC Pricing Model Input Questions (cont.)

## Question 8:

- *To calculate the net metering revenue for a reference system, the model currently assumes system self-consumption is at a rate of 60% (which receives the full-retail rate) and 40% is exported energy (which receives only the supply rate). Is this 60/40 split what developers are seeing with systems?*
  - *If not, what is the split realized?*
  - *Do project size or orientation result in different consumption vs. export rates?*

## Question 9:

- *Do interconnection costs vary by program (Illinois Shines vs. ILSFA) or project size? If yes, is there a range or rule of thumb used? Are the variations consistent across utilities?*
- *How do inverter costs vary with project type or size? Is there a range or ratio of cost to project type/size that can be used?*
- *What are common/standard project construction terms (i.e., from contract execution to system operation)? Have these terms been shortening or extending over time? If extending – what is causing the extension and to what degree?*

# REC Pricing Model Input Questions (cont.)

## Question 10:

- *While the REC Pricing Model utilizes a large number of variables and inputs to best model project costs and revenues, the Agency also recognizes there may be additional variable not currently incorporated that may aid in improving the accuracy of the model results. Are there additional inputs the Agency should consider incorporating?*
  - *If yes, what inputs? Are these inputs used for all projects, or specific to project types/size?*
  - *What sources can the Agency use to qualify and quantify these inputs?*

## Question 11:

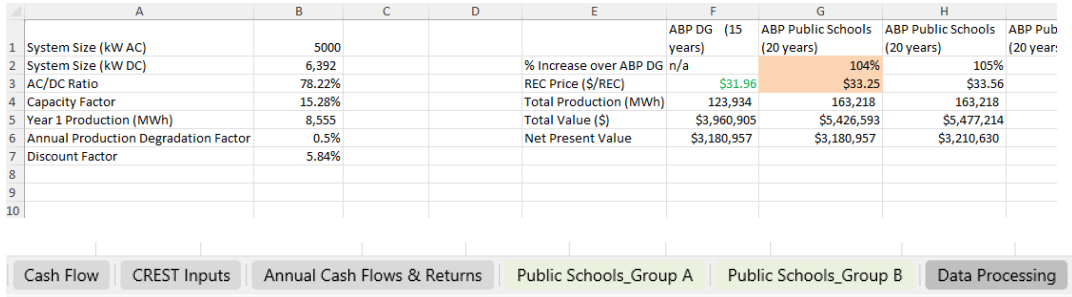
- *Do stakeholders have a recommendation on how best to calculate the community solar program adder which is intended to account for the cost of acquiring and maintaining small subscribers? Do stakeholders have data or cost estimates from another jurisdiction or similar process? If yes, please explain.*

# Proposed Model Change: Revisit REC price calculation methodology for public schools

## Current Status

REC prices for public schools are calculated in separate tabs and are based on DG REC prices.

*"Public Schools_Group A" Tab in the current REC Pricing Model*



| | A | B | C | D | E | F | G | H | |
|---|---|---|---|---|---|---|---|---|---|
| 1 | System Size (kW AC) | 5000 | | | | ABP DG (15 years) | ABP Public Schools (20 years) | ABP Public Schools (20 years) | ABP Pub (20 year |
| 2 | System Size (kW DC) | 6,392 | | | % Increase over ABP DG | n/a | 104% | 105% | |
| 3 | AC/DC Ratio | 78.22% | | | REC Price ($/REC) | $31.96 | $33.25 | $33.56 | |
| 4 | Capacity Factor | 15.28% | | | Total Production (MWh) | 123,934 | 163,218 | 163,218 | |
| 5 | Year 1 Production (MWh) | 8,555 | | | Total Value ($) | $3,960,905 | $5,426,593 | $5,477,214 | |
| 6 | Annual Production Degradation Factor | 0.5% | | | Net Present Value | $3,180,957 | $3,180,957 | $3,210,630 | |
| 7 | Discount Factor | 5.84% | | | | | | | |
| 8 | | | | | | | | | |
| 9 | | | | | | | | | |
| 10 | | | | | | | | | |

Cash Flow | CREST Inputs | Annual Cash Flows & Returns | Public Schools_Group A | Public Schools_Group B | Data Processing

## Proposed Change

Simplify current calculations and/or integrate them into the calculation flows of the other program REC price calculations. Solicit feedback and request necessary data to complete this.

*Possible Solutions*

Public Schools_Group A
Public Schools_Group B
→ Public Schools

Public Schools_Group A
Public Schools_Group B
→ ABP Scenario InputAssumptions

## Potential Impact on REC Prices

Depends on inputs

# REC Pricing Model Input Questions (cont.)

## Question 12:

- *The REC Pricing Model currently calculates REC prices for Public Schools based on the CREST results for DG projects, adjusted for the 20-year payment term for public schools rather than calculating Public Schools REC prices via different inputs into the CREST model itself. The IPA is considering aligning Public School REC price calculations with the other programs.*
  - *Should REC prices for Public Schools be calculated separately from DG projects?*
  - *Do stakeholders have feedback or suggestions as to how calculations should be integrated with the other program calculations?*
  - *Are there costs or considerations that are unique to Public Schools projects that should be considered if calculating Public School projects separately? Please provide details.*

# Stakeholder Questions: REC Pricing Model – Big Picture

In addition to prior REC Pricing Model questions targeting stakeholder feedback on key model inputs, there are a series of broader Program questions that the Agency is currently considering to improve the model's function and resulting REC prices.

**The following questions specifically seek stakeholder input and/or feedback on these broader "Big Picture" REC Pricing Model considerations, providing valuable insight into additional potential model updates to ultimately produce improved REC prices. These questions will be later expanded upon through a request for written Stakeholder feedback to questions.**

# Big Picture REC Pricing Model Questions

## Question 13:

- *The Agency has identified large swings in participation levels for certain Illinois Shines and ILSFA project categories. For example, Illinois Shines DG projects often go to waitlists, while the Public Schools categories has been underperforming. Similarly, the ILSFA non-profit/public facilities subprogram typically meet its target while residential 5+ unit subprogram is underperforming (and the 1-4 unit subprogram had under performed in earlier program years).*
  - *What key factors related to REC prices are contributing to under-participation in Illinois Shines and/or ILSFA categories/subprograms? Further, what actions could the Agency consider related to REC prices to improve participation? Are these REC Pricing Model improvements or some other consideration?*
  - *What key factors related to REC prices are contributing to the over-participation (waitlisted projects) in Illinois Shines and/or ILSFA?*
  - *How does REC pricing impact project participation? Please provide details into key drivers and/or how REC pricing translates to customer rates and savings.*

# Big Picture REC Pricing Model Questions

ILLINOIS POWER AGENCY

**Question 14:**

- *Have stakeholder seen or participated in a program that utilized an improved process or methodology to create REC Prices (or a similar product) such as in a peer jurisdiction or alternative application? If yes, please provide details or references.*

**Question 15:**

- *Do stakeholders have any additional ideas not discussed today on ways the REC Pricing Modeling can be improved, either through additions or alterations to model inputs, fundamental changes to the underlying model methodologies, or broader process and modeling configurations?*

# Next Steps

# Next Steps

- **The IPA will issue a series of questions, seeking stakeholder written feedback**
  - The questions covered during the workshop will be included to provide stakeholders with an additional opportunity to provide feedback on them and especially to provide reference and detailed responses (including input details that may be confidential and can be held as such)
  - Further, the Agency intends to include additional questions that are quantitative in nature, and/or may result in stakeholders providing confidential data or information in response (and can be held as such)
- **The Agency will be issuing draft REC Prices as a component of the 2026 Long-Term Plan (draft to be issued in August 2025)**
  - Importantly, these are ONLY DRAFT and may be later refreshed or updated prior to filing the 2026 Long-Term Plan with the Illinois Commerce Commission
  - Additionally, final REC Prices will be modeled and issued in March 2026 to support the subsequent Illinois Shines and ILSFA Program Year starts in June 2026

# Questions?

# Thank You