



Credits and Rebates for Installing Solar

Three types of credits, each with a different meaning and value to customers:

- » **Renewable Energy Credits:** Produced by solar projects and sold to utilities.
- » **Net Metering Credits:** Based on electricity provided back to the grid; appears on customer electric bills to reduce bill amount.
- » **Tax Credits:** Based on cost of system, reduces federal tax liability.

Renewable Energy Credits (RECs)

A REC is produced when one megawatt-hour (MWh) of electricity is generated from a renewable resource (such as solar, wind, etc.) and delivered to the grid.

In Illinois, the [Illinois Shines](#) and [Illinois Solar for All](#) Programs provide incentives for the installation of new solar projects for residential and commercial customers through contracts for the sale of RECs to Illinois utilities. These contracts are not directly with each homeowner or business that installs solar, but instead are managed by Approved Vendors.

Customers may utilize different approaches for financing a new solar project. For systems that are purchased, the Approved Vendor may pass along the value of the RECs to the customer or may use that value to reduce the purchase price. Under a lease or Power Purchase Agreement (PPA), the value of RECs generally reduces monthly payment obligations.

For community solar projects, the sale of RECs by the Approved Vendor supports the development and management of the projects and allows the Approved Vendors and their partners to offer subscriptions that provide value to customers.

For more information, please see the [RECs Fact Sheet](#) and [Exploring Illinois Shines and Illinois Solar for All](#) on the IPA Publications page.

Net Metering Credits

If a home or business generates more solar power than it consumes, that excess electricity is supplied to the electricity grid and the customer is compensated for that electricity through net metering credits on their electric bill.

Consumers who subscribe to a community solar project receive net metering credits on their electric bill based on the size of their subscription and the output of the project.

Federal Tax Credits

The Investment Tax Credit (ITC) is a dollar-for-dollar Federal Tax Credit for up to 30% of the eligible cost of a solar project. Adders (and additional requirements) may increase the percentage of the credit for certain non-residential solar projects.

For systems that are acquired via lease or Power Purchase Agreement (PPA), the ITC is not available to the homeowner or business on their annual tax return, but can be used by the company that owns the solar projects and passed on via the lease or PPA.

The ITC reduces tax liabilities and for tax-exempt entities, they may be able to monetize the credit through the Elective Pay mechanism. More information on Elective Pay can be found on the IPA website.

For more information, visit irs.gov/credits-deductions/clean-electricity-investment-credit

- For customer-owned residential projects, only projects that have commenced construction by December 31, 2025 are eligible.
- Commercially-owned projects that commence construction after January 1, 2026 will face additional eligibility requirements.
- Tax credits will be unavailable after 2027 for projects that have not started construction by July 4, 2026.

Smart Inverter Rebate

A smart inverter is a device that allows the utility to manage the flow of electricity from a solar project to the grid. In Illinois, ComEd and Ameren offer the Smart Inverter Rebate to customers for installing solar panels and another rebate for installing an energy storage device. That rebate is not available to customers of municipal utilities or rural electric cooperatives.

